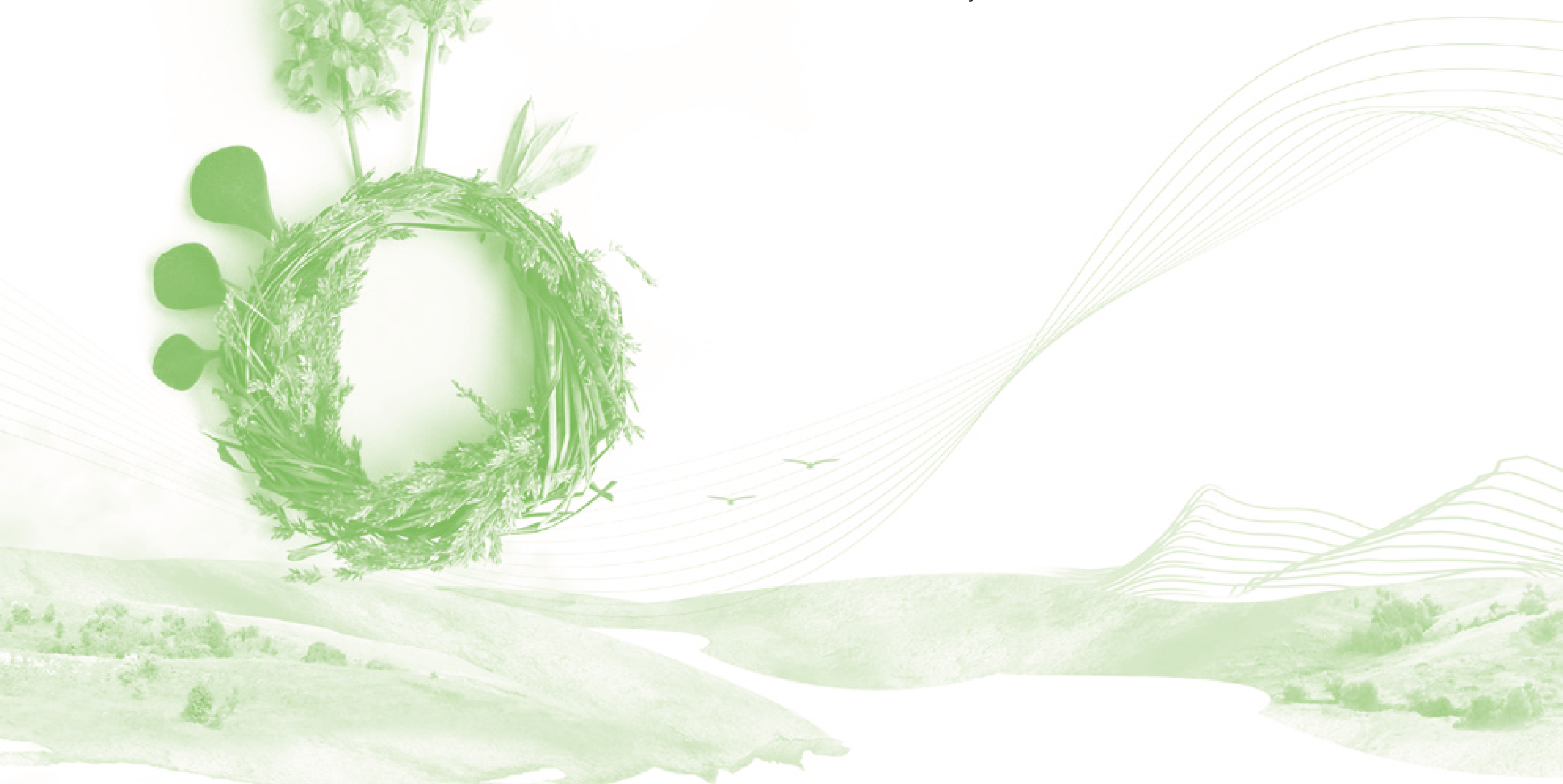
友川集團控股有限公司
NEWTREE GROUP HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1323)

Annual Report 2018/2019

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

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

Principal Place of Business in Hong Kong
Suites 2804-07, 28/F.
Shui On Centre
6-8 Harbour Road, Wanchai
Hong Kong

Principal Share Registrar and Transfer Office in Cayman Islands
SMP Partners (Cayman) Limited
Royal Bank House
3rd Floor, 24 Shedden Road
P.O. Box 1586, Grand Cayman
KY1-1110, Cayman Islands

Branch Share Registrar and Transfer Office in Hong Kong
Tricor Investor Services Limited
Level 54, 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
ZHONGHUI ANDA CPA Limited
Unit 701, 7/F
Citicorp Centre
18 Whitfield Road
Causeway Bay, Hong Kong

Chairman's Statement

Dear Shareholders,

On behalf of the board (the "Board") of directors (the "Director(s)") of Newtree Group Holdings Limited (the "Company"), I am pleased to present to you the audited annual results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2019 (the "Year").

Result of the Group

During the Year, the Group recorded a revenue from continuing operations of approximately HK$115.2 million (2017/18: approximately HK$115.7 million), representing a slight decrease of 0.5% as compared to the same period of last year. The decrease was mainly due to decrease in sales in our household consumables business. Loss attributable to owners of the Company from continuing operations for the Year amounted to approximately HK$15.5 million as compared to approximately HK$77.0 million (as restated) last year. The decrease in loss for the Year was mainly due to the increase in gross profit primarily arising from Money Lending Business, decrease in impairment loss on trade and loan receivables and decrease in one-off share-based payment expenses. These positive drivers were partially offset by increase in finance costs, increase in administrative expenses and decrease in other income.

Dividend

The Directors do not recommend for payment of a final dividend for the year ended 31 March 2019.

Prospect

With more geopolitical and economic uncertainties, the forthcoming year will be full of challenges. Uncertainties surrounding Brexit and the slowing of economic growth in England and Wales put our household consumables business segment into a challenging position and adversely affected its revenue. The Group will continue to orient our position to increase the profitability and shareholders' return by change in its product mix and explore new sales opportunities. In addition, the Group is optimistic in the growth in its sales revenue with the return of its previous customer and strong market position which will continue to attract new customers. During the Year, our household consumables business contributed a gross profit of approximately HK$8.6 million (2017/18: approximately HK$10.0 million), representing 12.1% to the Group's total gross profit.

The Group believes the money lending industry will continue to grow considering the volatile stock and property markets in Hong Kong. While expanding the loan portfolio, the Group continues to exercise prudent and cautious approach which produce a more solid and healthy position in our loan business. The Group has always been focusing on reinforcing its internal control and risk management systems and be proactive in adopting timely measures to balance our risk and return in the long run. During the Year, our money lending business contributed a gross profit of approximately HK$51.9 million (2017/18: approximately HK$32.3 million), representing 73.1% to the Group's total gross profit.

Chairman's Statement

Prospect *(Continued)*
With the development of the Belt and Road initiative, Hainan province of China is expected to play a great role in constructing an economic cooperation zone around the South China Sea and will see major influx of new investments and constructions of infrastructures in its near future. In February 2018, the Group acquired 20% interest of Alpha Youth Limited which, together with its subsidiary, is engaged in the concrete production business in Hainan province. During the Year, Alpha Youth Limited shared a profit of approximately HK$9.3 million (2017/18: approximately HK$1.4 million). We believe it will continue to yield a long term sustainable profit stream for the Group. The Group will closely monitor its business and financial performance and will consider to exercise the call option to acquire its remaining equity interest if and when deem appropriate and suitable.

The Group will continue to deploy its best endeavor to maximise return for shareholders and business growth. We are looking to the future with confidence and are excited about the opportunities and challenges that lie ahead. We are committed to continue to explore new markets and opportunities with an aim to enhancing the competitiveness of the Group and ultimately archive positive returns for our shareholders.

Gratitude
I wish to take this opportunity to thank my fellow Directors, the management and all our staffs for their continuous dedication, commitment and hard work throughout the past year. Thank you also to our business associates, suppliers, customers and most importantly our shareholders and investors for keeping faith in us. Together, we shall take the Company towards success.

Wong Wai Sing
Chairman
25 June 2019

Management Discussion and Analysis

Business and Financial Review

During the year, 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 recorded a net loss attributable to owners of the Company of approximately HK$15.5 million as compared to approximately HK$31.3 million (as restated) for the year ended 31 March 2018.

The Company has reviewed the terms and conditions of the Convertible Bonds 2019 (as defined below) and restated certain figures for the year ended 31 March 2018. The Group understated interest expenses on the Convertible Bonds 2019 (as defined below) and understated share-based payment expenses for the year ended 31 March 2018 by approximately HK$3,782,000 and HK$41,654,000 respectively. In addition, the Group understated the equity component of the Convertible Bonds 2019 (as defined below) as at 31 March 2018 by approximately HK$58,047,000 and overstated the liability component of the Convertible Bonds 2019 (as defined below) as at 31 March 2018 by approximately HK$11,453,000. Please refer to Note 3 to the consolidated financial statements in this report for details.

Continuing Operations

Revenue

The Group's revenue from continuing operations slightly decreased by approximately HK$0.5 million or 0.5% from approximately HK$115.7 million for the year ended 31 March 2018 to approximately HK$115.2 million for the corresponding period in 2019.

The following table sets forth a breakdown of the Group's revenue from continuing operations by segments and geographical locations and as a percentage of the Group's total revenue from continuing operations for the year ended 31 March 2019, with comparative figures for the corresponding period in 2018:

	Year ended 31 March			
	2019	**2019**	2018	2018
	HK$'000	**%**	HK$'000	%
By segment:				
Household Consumables Business	**44,533**	**38.7**	52,147	45.1
Digital Technology Business	**2,021**	**1.8**	6,194	5.3
Coal Business	**–**	**–**	–	–
Education Business	**16,722**	**14.5**	25,054	21.6
Money Lending Business	**51,888**	**45.0**	32,330	28.0
Total	**115,164**	**100.0**	115,725	100.0

Management Discussion and Analysis

Business and Financial Review *(Continued)*
Continuing Operations *(Continued)*
Revenue *(Continued)*

	Year ended 31 March			
	2019 HK$'000	**2019 %**	2018 HK$'000	2018 %
By geographical location:				
The People's Republic of China (the "PRC")	**9,791**	**8.5**	20,938	18.0
United Kingdom (the "UK")	**44,533**	**38.7**	52,147	45.1
Macau	**–**	**–**	38	0.1
Hong Kong	**60,840**	**52.8**	42,602	36.8
Total	**115,164**	**100.0**	115,725	100.0

The Group's revenue from Household Consumables Business decreased by approximately HK$7.6 million or 14.6% from approximately HK$52.1 million for the year ended 31 March 2018 to approximately HK$44.5 million for the corresponding period in 2019 was mainly due to decrease in sales volume resulted from loss of major customer, the slowdown of economy in the UK and Brexit-related uncertainty over the business environment.

No revenue was generated from Coal Business for both years ended 31 March 2019 and 2018. During the year ended 31 March 2019, the trading transactions continued to be suspended while the long outstanding trade receivables from customer was getting reduced as certain trade receivables and trade payables have been sold to an independent third party. The Group will only consider the resumption of this segment when trade receivables further lessen to an acceptable level.

Revenue from Digital Technology Business decreased by approximately HK$4.2 million from approximately HK$6.2 million for the year ended 31 March 2018 to approximately HK$2.0 million during the corresponding period in 2019 was mainly due to intensive competition among the industry and rapid development in information technology which resulted in decrease in sales volume.

Revenue from Education Business decreased by approximately HK$8.3 million or 33.3% from approximately HK$25.1 million for the year ended 31 March 2018 to approximately HK$16.7 million during the corresponding period in 2019 was mainly due to the decrease in revenue from the provision of English language proficiency tests in both Hong Kong and the PRC.

During the year ended 31 March 2019, Money Lending Business generated significant revenue by providing loan financing services in Hong Kong. Approximately HK$51.9 million loan interest income was generated representing an increase in approximately HK$19.6 million from approximately HK$32.3 million for the year ended 31 March 2018. The increase in revenue was due to increase in average loan to customers from approximately HK$154.4 million for the year ended 31 March 2018 to approximately HK$287.9 million for the corresponding period in 2019.

Management Discussion and Analysis

Business and Financial Review *(Continued)*
Continuing Operations *(Continued)*
Gross Profit and Gross Profit Margin

The following table sets forth the Group's gross profit and the gross profit margin from continuing operations by business segment for the year ended 31 March 2019, with comparative figures for the corresponding period in 2018:

	Year ended 31 March			
	2019 HK$'000	**2019 GP%**	2018 HK$'000	2018 GP%
By segment:				
Household Consumables Business	**8,614**	**19.3**	10,043	19.3
Digital Technology Business	**680**	**33.6**	4,929	79.6
Coal Business	**–**	**–**	–	–
Education Business	**9,791**	**58.6**	10,385	41.5
Money Lending Business	**51,888**	**100.0**	32,330	100.0
Overall	**70,973**	**61.6**	57,687	49.8

Gross profit from continuing operations increased by approximately HK$13.3 million or 23.0% from approximately HK$57.7 million for the year ended 31 March 2018 to approximately HK$71.0 million year-on-year.

The Group's gross profit margin for Household Consumables Business remained constant at approximately 19.3% for both years ended 31 March 2019 and 2018.

No gross profit margin for Coal Business for both financial years which was resulted from the continuous suspension of trading transactions in this segment.

Gross profit margin for Digital Technology Business decreased from approximately 79.6% for the year ended 31 March 2018 to approximately 33.6% for the corresponding period in year 2019 primarily due to decrease in sales volume resulted in 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 41.5% for the year ended 31 March 2018 to approximately 58.6% for the same corresponding period in 2019 as the demand from provision of educational technology solutions through online education programs increased, which has a higher profit margin as compared to the provision of English language proficiency tests services.

The gross profit margin for Money Lending Business is 100% for both financial years which contributed a positive impact to the Group's gross profit margin since its acquisition.

Management Discussion and Analysis

Business and Financial Review *(Continued)*

Continuing Operations *(Continued)*

Other Income

Other income from continuing operations mainly consists of bank interest income, rental income and sundry income. Other income significantly decreased by approximately HK$4.5 million from approximately HK$5.9 million for the year ended 31 March 2018 to approximately HK$1.5 million for the corresponding period in 2019 as no interest income from bond and other receivables and no dividend income from the unlisted equity investment were recognised during the year.

Other Gains and Losses, Net

Other gains and losses, net from continuing operations for the year ended 31 March 2019 mainly comprise of fair value loss on derivative financial asset of approximately HK$28.6 million and the impairment loss on goodwill arised from Digital Technology Business of approximately HK$7.0 million. The loss was partially offset by a fair value gain on investments at fair value through profit or loss ("FVTPL") of approximately HK$12.4 million, reversal of impairment loss on loan receivables of approximately HK$8.6 million and net gain on sales of trade receivables and payables to an independent third party of approximately HK$36.4 million.

For the corresponding period in 2018, the restated other gains and losses, net mainly comprise of fair value gain on investments at FVTPL and derivative financial asset amounting to approximately HK$16.0 million, gain on disposal of available-for-sale financial asset of approximately HK$2.8 million; whereas offset by impairment loss on loan receivables of approximately HK$21.6 million, impairment loss on trade receivables of approximately HK$4.1 million, impairment loss on goodwill arised from Digital Technology Business of approximately HK$4.8 million and share-based payment expenses in relation to the convertible bonds of approximately HK$41.7 million.

Further details in relation to the above impairment losses are discussed under paragraphs headed "Impairments" in this report.

Selling and Distribution Expenses

Selling and distribution expenses from continuing operations mainly consist of transportation expenses and commissions paid to sales agents. Approximately HK$0.6 million was recognised during the year ended 31 March 2019 which remains similar compared with the corresponding period in 2018.

Administrative Expenses

Administrative expenses from continuing operations mainly consist of staff costs (including directors' remuneration), legal and professional fees, consultancy fees and rental expenses. Administrative expenses increased by approximately HK$4.3 million or 7.8% from approximately HK$55.8 million (as restated) for the year ended 31 March 2018 to approximately HK$60.1 million for the corresponding period in 2019 mainly due to increase in staff benefits.

Business and Financial Review *(Continued)*

Continuing Operations *(Continued)*

Finance Costs

Finance costs from continuing operations mainly represent interest expenses on convertible bonds. The finance costs increased by approximately HK$22.8 million or 89.7% from approximately HK$25.4 million (as restated) for the year ended 31 March 2018 to approximately HK$48.1 million for corresponding period in 2019 as new convertible bonds with principal amount of HK$200.0 million were issued in August 2017, approximately 12-month interest expenses were recognised for current year, while for the year ended 31 March 2018, approximately 8-month interest expenses were accounted for.

Loss before Income Tax

The Group recorded a loss before income tax from continuing operations of approximately HK$4.2 million for the year ended 31 March 2019 as compared to approximately HK$72.5 million (as restated) for the year ended 31 March 2018. The decrease in loss for year ended 31 March 2019 was mainly due to the increase in gross profit of approximately HK$13.3 million primarily arising from Money Lending Business; the decrease in impairment loss on trade and loan receivables of approximately HK$25.6 million; decrease in one-off share-based payment expenses of approximately HK$41.7 million and the gain on disposal of a subsidiary amounted to approximately HK$7.8 million. These positive drivers were partially offset by increase in finance costs of approximately HK$22.8 million, increase in administrative expenses of approximately HK$4.3 million and decrease in other income of approximately HK$4.5 million.

Income Tax Expense

The Group recorded an income tax expense from continuing operations of approximately HK$7.7 million during the year ended 31 March 2019 as compared to approximately HK$4.9 million (as restated) during the year ended 31 March 2018. The subsidiaries operating in Hong Kong were subject to Hong Kong Profits Tax at two-tiered profits tax rates regime for the year ended 31 March 2019. Under the two-tiered profits tax rates regime, the first HK$2.0 million of profits of the qualifying group entity is calculated at 8.25%, and for profits above HK$2.0 million is taxed at 16.5% (2018: 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 general enterprise income tax rate of the PRC entities was 25% from 1 January 2008 onwards, the majority subsidiaries operating in the PRC was subject to a tax rate of 25% (2018: 25%) except for a subsidiary which was recognised as a high and new technology enterprise is subject to a preferential tax rate of 15% (2018: 15%). For the subsidiary operating in Macau, profit was exempted from Macao Complementary Tax for both years.

The increase in income tax expense was mainly resulted from increase in profit from Money Lending Business as compared with the same period in 2018.

Management Discussion and Analysis

Business and Financial Review *(Continued)*

Continuing Operations *(Continued)*

Impairments

During the year under review, the Group had recognised impairment losses on goodwill of approximately HK$7.0 million in relation to the Digital Technology Business. An independent professional valuer was engaged to perform impairment assessment and found that the recoverable amount of the cash generating unit ("CGU") was less than the carrying amount of the CGU. Thus impairment on the goodwill is considered necessary. The impairment loss was mainly attributable to the increase in competition among other market participants, loss of competitiveness and the change in customers' needs, which led to slowdown in our development growth rate in our cash flow projection.

Total Comprehensive Loss for the Year Attributable to Owners of the Company

The total comprehensive loss for the year attributable to owners of the Company approximately HK$20.9 million for the year ended 31 March 2019 as compared to approximately HK$40.2 million (as restated) for the year ended 31 March 2018.

Results of Performance Guarantees on Acquisitions

Chengxin

On 15 December 2016, the Group entered into a sale and purchase agreement with an independent vendor for acquisition of the entire equity interest in Chengxin Finance Limited ("Chengxin") at total nominal consideration of HK$50.0 million. The acquisition was completed on 29 December 2016. Pursuant to the sale and purchase agreement, the vendor guaranteed that the net profit before taxation of Chengxin for the year ended 31 December 2017 and year ended 31 December 2018 will not be less than HK$5.0 million (the "2017 Guaranteed Profit") and HK$5.0 million (the "2018 Guaranteed Profit") respectively.

The Company has received the certificates issued by the auditor of Chengxin which confirmed that the 2017 Guaranteed Profit and 2018 Guaranteed Profit have been fulfilled.

Alpha Youth Group

On 21 September 2017, the Company entered into a sale and purchase agreement with an independent vendor for acquisition of the 20% equity interest in Alpha Youth Limited at the consideration of HK$119.0 million. The acquisition was completed on 15 February 2018. Pursuant to the sale and purchase agreement, the vendor guaranteed that audited net profit after tax of the 海南華盛混凝土有限公司 (Hainan Huasheng Concrete Company Limited*), a wholly-owned subsidiary of Alpha Youth Limited for the year ended 31 December 2017 and year ended 31 December 2018, shall not be less than RMB42.0 million (the "Alpha 2017 Guaranteed Profit") and RMB47.0 million (the "Alpha 2018 Guaranteed Profit") respectively.

The Company has received certificates from the auditor of Hainan Huasheng Concrete Company Limited which confirmed the Alpha 2017 Guaranteed Profit and the Alpha 2018 Guaranteed Profit have been fulfilled. Further details are set out in the announcements of the Company dated 18 April 2018 and 18 April 2019.

* *For identification purpose only*

Business and Financial Review *(Continued)*

Liquidity and Financial Resources

As at 31 March 2019, the Group had debts comprising promissory notes and liability component of convertible bonds amounting to approximately HK$189.6 million (2018: approximately HK$213.4 million (as restated)).

As at 31 March 2019, the Group had cash and cash equivalents of approximately HK$45.4 million (2018: approximately HK$67.0 million) which were mainly denominated in HK$, RMB and GBP.

As at 31 March 2019, the Group's current ratio, calculated based on current assets over current liabilities, was approximately 1.7 (2018: approximately 1.5 (as restated)), reflecting the abundance of financial resources. The Group's gearing ratio was approximately 48.0% (2018: approximately 53.9% (as restated)), calculated based on the total debts of approximately HK$189.6 million (2018: approximately HK$213.4 million (as restated)) over shareholder's equity of approximately HK$395.2 million (2018: approximately HK$396.3 million (as restated)).

Capital Structure

The capital structure of the Group as at 31 March 2019 are summarised as follows:

(A) Share Capital

As at 31 March 2019, the Company has 2,423,783,201 ordinary shares (2018: 2,378,783,201 ordinary shares) in issue with total shareholders' equity of the Group amounted to approximately HK$395.2 million (31 March 2018: approximately HK$396.3 million (as restated)). During the year ended 31 March 2019, the Company issued a total of 45,000,000 ordinary shares (2018: Nil) due to exercise of share options.

(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 to certain Directors and employees 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 7,300,000 share options were outstanding as at 31 March 2019.

(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$200.0 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 year ended 31 March 2019, no Convertible Bonds 2019 has been converted into shares of the Company; while on 29 March 2019, principal amount of HK$50.0 million was early redeemed by the Company. As at 31 March 2019, the outstanding principal amount of the Convertible Bonds 2019 was HK$150.0 million, representing a maximum of 326,086,956 new shares may be issued upon its full conversion.

Management Discussion and Analysis

Business and Financial Review *(Continued)*

Capital Structure *(Continued)*

(C) Convertible Bonds *(Continued)*

Further details are set out in the announcements of the Company dated 4 August 2017, 11 August 2017 and 29 March 2019 and Note 28 to the consolidated financial statements of this report.

(D) Promissory notes

On 15 February 2018, the Group completed the acquisition of 20% equity interest in Alpha Youth Group, for a consideration of HK$119.0 million. Part of the consideration was satisfied by the Company's issue of promissory notes in an aggregate principal amount of HK$24.0 million to the vendor. The promissory notes are unsecured, interest-free and repayable on 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.

Upon fulfillment of the Alpha 2017 Guaranteed Profit and the Alpha 2018 Guaranteed Profit as detailed under the paragraphs headed "Results of Performance Guarantees on Acquisitions" in this report, the promissory notes in the principal amount of HK$8.5 million and HK$15.5 million were released to the vendor respectively.

During the year ended 31 March 2019, the promissory note in the principal amount of HK$8.5 million was early redeemed by the Company. As at 31 March 2019, the outstanding principal amount of the promissory note was HK$15.5 million, which has been early redeemed by the Company as at the date of this report.

Further details are set out in Note 29 to the consolidated financial statements of this report.

Currency and Interest Rate Exposure

Certain sales transactions of the Group are denominated in foreign currencies, which expose the Group to foreign currency risks. Currently, the Group does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise. Certain monetary financial assets are denominated in foreign currencies as at 31 March 2019. The exposure in exchange rate risks mainly arose from fluctuations of United States Dollar ("USD"), British Pound ("GBP"), Renminbi ("RMB") and Macau Pataca ("MOP") to Hong Kong Dollar ("HKD"). The Group's currency risk exposure in relation to the monetary financial assets is expected to be minimal as USD is pegged with HKD. Also, the Group does not have significant monetary financial assets denominated in MOP.

The Group's cash flow interest rate risk is mainly concentrated on the fluctuation on interest rates arising from the Group's bank balances and the Group's exposure to interest rate risk on bank balances is expected to be minimal.

Charge on Assets

As at 31 March 2019, the Group did not have any assets under charge/pledged (2018: Nil).

Contingent Liabilities

As at 31 March 2019, the Group did not have any contingent liabilities or guarantee that would have a material impact on the financial position or results of operations (2018: Nil).

Business and Financial Review *(Continued)*

Capital Commitment

As at 31 March 2019, the Group had the following commitments:

	2019 HK$'000	2018 HK$'000
Capital commitment contracted but not provided for:		
Equity interest in Treasure Profit Limited	–	109,740

Operating Lease Commitments

As at 31 March 2019, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2019 HK$'000	2018 HK$'000
As lessee		
Within one year	11,520	2,759
In the second to fifth years, inclusive	14,945	3,272
	26,465	6,031

Significant Events, Material Acquisition and Disposal

(i) Treasure Profit Limited

On 27 March 2018, the Group entered into acquisition agreement with an independent vendor to acquire the entire issued share capital in Treasure Profit Limited ("Treasure Profit") and the shareholder's loan at an aggregate cash consideration of approximately HK$146.3 million. Treasure Profit was principally engaged in property investment and was the sole owner of a commercial property located at 23rd Floor (including lavatories), Far East Consortium Building, No.121 Des Voeux Road Central, Hong Kong. The acquisition was completed on 28 September 2018.

On 20 March 2019, the Group entered into a disposal agreement with an independent third party to dispose the entire issue share capital of Treasure Profit and the shareholder's loan, at a cash consideration of HK$155.0 million. The disposal was completed on 27 March 2019. A gain on disposal of Treasure Profit of approximately HK$7.8 million was recognised during the year ended 31 March 2019.

In view of the current volatile property market conditions, the Board considered that the disposal of Treasure Profit provided an opportunity for the Group to realise a capital gain and generate additional financial resources for the Group.

Further details are set out in the announcements of the Company dated 27 March 2018, 28 September 2018, 20 March 2019 and 27 March 2019.

Significant Events, Material Acquisition and Disposal *(Continued)*

(ii) Early Redemption of the Convertible Bonds 2019

On 29 March 2019, the Company made early partial redemption of the Convertible Bonds 2019 at the principal amount of HK$50.0 million. The fund for the early redemption was satisfied by internal resources of the Group and the proceeds from the disposal of Treasure Profit as disclosed in the paragraphs headed "Treasure Profit Limited" above. As at 31 March 2019, the outstanding principal amount of the Convertible Bonds 2019 was HK$150.0 million.

Further details are set out in announcement of the Company dated 29 March 2019 and Note 28 to the consolidated financial statement of this report.

Significant Investments Held

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

During the year ended 31 March 2019, Alpha Youth Group contributed approximately HK$9.3 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 continued 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 exercising its call option to acquire the remaining 80% of the issued share capital of Alpha Youth Limited if it would benefit the Company and its shareholders as a whole.

Save as aforesaid or as otherwise disclosed herein, there was no other significant investment made during the year ended 31 March 2019.

Significant Event after the Reporting Period

Save as disclosed in the paragraphs headed "Results of Performance Guarantees On Acquisitions" in this report, the Group has also involved the following significant event after the reporting period:

Placing of shares under general mandate

On 29 April 2019, the Company has issued and allotted 84,500,000 ordinary shares, which represented approximately 3.37% of the issued share capital of the Company as enlarged by the allotment and issue of the placing shares, at the placing price of HK$0.53 each to not less than six placees, who and whose ultimate beneficial owners (if applicable) shall be independent third parties as defined under the rules governing the listing of securities on the Stock Exchange (the "Placing"). The closing market price was HK$0.57 per share of the Company on the date on which the terms of the issue were fixed. The newly issued shares by Placing rank pari passu in all respects with the existing shares. The gross proceeds from the Placing was approximately HK$44.79 million, and the net proceeds (after deducting the placing commission and other costs and expenses) was approximately HK$43.65 million (approximately HK$0.517 per share).

Significant Event after the Reporting Period *(Continued)*

Placing of shares under general mandate *(Continued)*

The Directors considered that the Placing represented an opportunity to raise additional funding for the business operations of the Group and would strengthen the Group's financial position, and enlarge shareholders' base of the Company which might in turn enhance the liquidity of the shares, and provide working capital to the Group to meet any financial obligations of the Group.

Details of the use of proceeds are set out as below:

Net proceeds raised	Intended use of proceeds as disclosed in the announcement of the Company dated 29 April 2019	Actual use of net proceeds as at the date of this report
Approximately HK$43.65 million	(i) approximately HK$30.0 million for business development of Money Lending Business; and	(i) approximately HK$30.0 million for business development of Money Lending Business; and
	(ii) approximately HK$13.65 million for general working capital of the Group	(ii) approximately HK$13.65 million for general working capital of the Group, of which approximately HK$10.5 million being used for partial repayment of promissory notes of the Company.

As at the date of this report, the net proceeds raised from the Placing have been fully utilised, and they were used according to the intentions previously disclosed in the announcement of the Company dated 29 April 2019.

Further details are set out in the announcements of the Company dated 15 April 2019 and 29 April 2019.

Employee Information and Remuneration Policy

As at 31 March 2019, the Group employed a total of 72 (31 March 2018: 92) employees. During the year ended 31 March 2019, staff costs, including directors' emoluments under the continuing operations, amounted to approximately HK$34.4 million (2018: approximately HK$29.8 million (as restated)).

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.

Management Discussion and Analysis

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 year ended 31 March 2019, 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 aims to enhance the efficiency in the utilisation of resources to increase its profit margin. Resources were deployed into investments in local industrial real estate. It could generate favourable rental incomes for this business segment for the coming years or to be utilized for future expansion of this business segment. Also with the expansion of the sales team, new business opportunities and new product mix will continue to be further explored. Furthermore, with the increased number of returning business from the previous lost customer, the Group expects the revenue of this business segment would increase in the near future.

Coal Business

The overdue account receivable was under repayment at a slow pace during the year ended 31 March 2019 while the account receivable was decreased as certain trade receivables and payables have been sold to an independent third party, 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 have been conducted to analyse the feasibility and profitability in order to expand the business scale.

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.

Directors and Senior Management

Executive Directors

Mr. Wong Wai Sing ("Mr. Wong"), aged 33, joined the Company in October 2011 and is currently the Chairman of the Board, Chief Executive Officer and an executive Director. Mr. Wong was also the Vice Chairman of the Company from October 2011 to June 2013, and the Chief Executive Officer of the Company from May 2012 to July 2014. Mr. Wong has taken up the management role as a director of a number of subsidiaries of the Company. Mr. Wong is a member of the Hong Kong Institute of Directors and a member of the Hong Kong Concrete Institute. Mr. Wong holds a Bachelor of Science degree in international trade and business from the Canterbury University, London, an international master degree of business administration from the Stratford University, Falls Church, Virginia, the United States of America and a master of arts from the Universidad Empresarial De Costa Rica. He also obtained a certificate of three-tiers' integrate coal mine's safety (三級煤礦安全技術綜合考試) from the Bureau of Xinjiang Coal Mine Safety Supervision, the PRC (中國新疆煤礦安全監察局).

Mr. Wong has experience in a wide range of businesses, including coal mining and trading in natural resources, provision of internet e-gaming, travel agent services, entertainment programme production, and provision of motor vehicles beauty services. He also invested in companies with principal activities regulated under the Securities and Futures Ordinance (Chapter 571 of The Laws of Hong Kong (the "SFO")).

He was initially appointed as a non-executive director of Capital Finance Holdings Limited, a company whose shares are listed on the GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (stock code: 8239) in November 2008, and subsequently resigned from his final positions of Vice Chairman and executive director in April 2016.

Mr. Chan Kin Lung ("Mr. Chan"), aged 50, joined the Company in October 2013 as an executive Director and is the Chief Investment Officer of the Company. Mr. Chan holds a bachelor's degree of Management of the Economy# (經濟管理) from the Air Force Engineering University of People's Liberation Army, the PRC# (中國人民解放軍空軍工程大學) and holds a diploma of Senior Energy Valuer# (能源審計評估師(高級)) from the Ministry of Human Resources and Social Security of the PRC# (中華人民共和國人力資源和社會保障部). Mr. Chan has extensive experience in the coal mining industry (being both open-pits and undergrounds), exploration, exploitation, production in the Xinjiang Uyghur Autonomous Region, the PRC and the Guizhou Province, the PRC. Mr. Chan also has over 14 years of experience in corporate management. Mr. Chan adopted a proactive management approach and delivered outstanding performances in various areas, specifically in the areas of corporate managements and providing mining's technical supports and solutions to the senior managements.

Mr. Lee Chi Shing, Caesar ("Mr. Lee"), aged 55, joined the Company in October 2011 as an executive Director. He graduated from the Department of Accountancy of the Hong Kong Polytechnic University and obtained a Master degree in International Accountancy from City University of Hong Kong. He is a fellow member of both the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants and also a member of the Society of Registered Financial Planners. He is experienced in corporate management and internal control. He was the senior manager of Ernst and Young and has worked in the Inland Revenue Department for over 15 years.

Mr. Lee is currently an executive director and deputy Chairman of Superactive Group Company Limited (stock code: 176), a company listed on the Main Board of the Stock Exchange.

Directors and Senior Management

Executive Directors *(Continued)*

Mr. Wong Jeffrey, aged 32, joined the Company in September 2015 as an executive Director. Mr. Wong Jeffrey has been appointed as the Chief Operating Officer of the Company in September 2016 and has taken up the management role as a director of a number of subsidiaries of the Company. Mr. Wong Jeffrey obtained a Bachelor degree of Applied Science (Laboratory Medicine) from the Royal Melbourne Institute of Technology University in Australia in 2008 and a Master degree of Business Administration (International) from the Deakin University in Australia in 2013. Mr. Wong Jeffrey is also an associate member of the Hong Kong Institute of Directors and a member of the Hong Kong Concrete Institute. Prior to joining the Group, Mr. Wong Jeffrey worked as medical scientist in various hospitals in Australia from February 2007 to June 2013.

Mr. Wong Jeffrey joined the Group in July 2013 as the chairman assistant and was subsequently promoted to the project coordinator and the senior project officer of Bright Rising Enterprise Limited, a wholly-owned subsidiary of the Company, in July 2014 and January 2015 respectively.

Independent Non-Executive Directors

Mr. Kwok Kam Tim ("Mr. Kwok"), aged 42, joined the Company in April 2012 as an independent non-executive Director. Mr. Kwok is currently the Chairman of each of the Audit Committee and the Remuneration Committee of the Company, and a member of the Nomination Committee of the Company. Mr. Kwok is a fellow member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants, the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators. Mr. Kwok holds a Bachelor of Engineering degree from the Hong Kong University of Science and Technology, a Bachelor of Arts degree in Accountancy and a Master degree in Corporate Governance from the Hong Kong Polytechnic University. He had worked in an international accounting firm and has over 17 years of experience in accounting, auditing and financial management.

Mr. Kwok is currently a financial controller of Silk Road Logistics Holdings Limited (stock code: 988), a company listed on the Main Board of the Stock Exchange.

Dr. Hui Chik Kwan ("Dr. Hui"), aged 45, joined the Company in April 2012 as an independent non–executive Director. Dr. Hui is currently a member of each of the Audit Committee, Nomination Committee and Remuneration Committee of the Company. Dr. Hui holds a bachelor degree of medicine and a bachelor degree of surgery from the University of Hong Kong, a postgraduate diploma in practical dermatology from the University of Wales, College of Medicine, the United Kingdom. Dr. Hui has completed a certificate of specialist registration under the specialty of family medicine of the Medical Council of Hong Kong. He is also a fellow of the Royal Australia College of General Practitioners, Australia and a fellow of the Hong Kong Academy of Medicine in the specialty of Family Medicine. Dr. Hui has over 19 years of experience in the field of family medicine and worked in the Queen Mary Hospital, Tuen Mun Hospital, United Christian Hospital, UMP Park Island Medical Center and Hong Kong Sanatorium & Hospital. Dr. Hui has received all round training in community based family medicine during his practicing in different public and private hospitals and private clinic respectively. During the Severe Acute Respiratory Syndrome attacked in 2002, Dr. Hui volunteered to work in the accident and emergency department of Queen Mary Hospital. Dr. Hui is now running his own private family medical clinic, and is the family doctor of Mr. Wong.

Directors and Senior Management

Independent Non-Executive Directors *(Continued)*

Mr. Tso Ping Cheong, Brian ("Mr. Tso"), aged 39, joined the Company in February 2015 as an independent non-executive Director. Mr. Tso is currently the Chairman of the Nomination Committee of the Company, and a member of each of the Audit Committee and Remuneration Committee of the Company. He graduated from the Hong Kong Polytechnic University in Hong Kong, with a bachelor's degree of arts in accountancy in November 2003 and obtained a master degree of corporate governance from the Hong Kong Polytechnic University in October 2013. Mr. Tso has over 15 years of experience in accounting and financial management. From September 2003 to July 2007 and August 2007 to November 2008, Mr. Tso worked at Ernst & Young Hong Kong office and Ernst & Young Shenzhen office, a multinational accounting firm, respectively, with the last position as manager. Mr. Tso is currently a fellow member of each of the Hong Kong Institute of Certified Public Accountants, the Association of Chartered Certified Accountants, the Institute of Chartered Secretaries and Administrators and the Hong Kong Institute of Chartered Secretaries.

Since January 2013, Mr. Tso has been the sole proprietor of Teton CPA Company, an accounting firm. Mr. Tso is currently an independent non-executive director of each of Larry Jewelry International Company Limited (stock code: 8351), Shenglong Splendecor International Limited (stock code: 8481) and Guru Online (Holdings) Limited (stock code: 8121), all companies listed on the GEM of the Stock Exchange. He was initially appointed as an independent non-executive director and the chairman of the board of Asia-Pac Financial Investment Company Limited (stock code: 8193), a company listed on the GEM of the Stock Exchange in July 2014, and subsequently resigned as an independent non-executive director in January 2018. Mr. Tso was a non-executive director of Shi Shi Services Limited (stock code: 8181), a company listed on the GEM of the Stock Exchange, from July 2014 to February 2015.

Senior Management

Mr. Chan Kin Yip ("CKY"), aged 46, has joined the Company as the Chief Financial Officer since September 2015. CKY has taken up the management role as a director of a number of subsidiaries of the Company. CKY graduated from The Hong Kong Polytechnic University with a Bachelor of Arts Degree in Accountancy. He served as an internal control consultant of Evershine Group Holdings Limited ("Evershine") (stock code: 8022) from September 2007 to March 2009 and was appointed as an executive director of Evershine from March 2009 to March 2012. He has extensive experience in the fields of audit, internal control and treasury and is a member of the Hong Kong Institute of Certified Public Accountants.

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

Corporate Governance Report

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

Compliance of the Code Provisions

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

Code provision A.2.1

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

Mr. Wong Wai Sing ("Mr. Wong") held the role of chairman of the Board ("Chairman") and chief executive officer ("CEO") of the Company during the year ended 31 March 2019.

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.

Compliance of the Code Provisions *(Continued)*

Code provision E.1.2

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

Mr. Wong, the Chairman, was unable to attend the 2018 AGM due to other commitment and Mr. Wong appointed Mr. Wong Jeffrey, an executive Director, to act as his representative 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. The Company had made specific enquiries to all Directors and all Directors have confirmed that they complied with the required standards set out in the Model Code and the code of conduct regarding securities transactions throughout the year ended 31 March 2019.

Board

Responsibilities

The Chairman provides leadership and governance of the Board so as to create the conditions for overall Board's and individual Director's effectiveness, and ensures that all key and appropriate issues are discussed by the Board in a timely manner.

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

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

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

Board *(Continued)*

Responsibilities *(Continued)*

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

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

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

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

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

Composition

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

The latest List of Directors and their Role and Function has been published on the websites of the Company and the Stock Exchange. As at the date of this annual report, the Board comprises four executive Directors namely Mr. Wong Wai Sing (Chairman and CEO), Mr. Chan Kin Lung, Mr. Lee Chi Shing, Caesar and Mr. Wong Jeffrey; and three independent non-executive Directors, namely Mr. Kwok Kam Tim, Dr. Hui Chik Kwan and Mr. Tso Ping Cheong, Brian. Biographical details of the Directors and their relationship (if any) are shown on pages 17 to 19 of this annual report and set out on the website of the Company.

The Board has at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors and with at least one independent non-executive Director possessing appropriate professional qualifications or accounting or related financial management expertise throughout the year ended 31 March 2019.

Insurance Cover

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

Corporate Governance Report

Non-Executive Directors

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

All independent non-executive Directors were appointed for a specific term of two years unless terminated by either party giving not less than one (1) month's written notice. All Directors are subject to the retirement by rotation and re-election in accordance with the articles of association of the Company (the "Articles"), which require one-third of the Directors in office to retire from office by rotation and re-election at each annual general meeting.

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

Appointment, Re-Election and Removal of Directors

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

Directors' and Auditor's Responsibilities for the Consolidated Financial Statements

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

In preparing the consolidated financial statements for the year ended 31 March 2019, save for those as disclosed under Note 3 to the consolidated financial statements in this annual report, the Board has selected suitable accounting policies and applied them consistently, prepared the consolidated financial statements on a going concern, fair and reasonable basis. As at 31 March 2019, the Directors were not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Group's ability to continue as a going concern.

The statement of the auditor of the Company about their reporting responsibilities on the Group's consolidated financial statements for the year ended 31 March 2019 is set out in the section "Independent Auditor's Report" in this annual report.

Induction and Continuous Professional Training

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

The Company provided continuous professional training and Directors received regular updates and presentations on changes and developments to the Group's business and to the legislative and regulatory environments in which the Group operates from time to time. In addition, all Directors were requested to provide the Company with the records of the other training they received. All Directors are also encouraged to attend relevant training courses at the Company's expense. The Directors acknowledge the need for continuous professional development so that they can continue contributing to the Company, and the Company provides support whenever relevant and necessary.

During the year ended 31 March 2019, all Directors have participated in professional training relevant to the Group's business, the economy, market trends, corporate governance, rules and regulations, accounting, financial or other professional skills or directors' duties and responsibilities. Such professional development was completed either by way of attending briefings, conference, forum, courses and seminars and self-reading which are relevant to the business or directors' duties. The Company has received from each director his individual training record for the year.

Meetings

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

The Board held 6 meetings during the year ended 31 March 2019. The attendance of each Director at the Board, committees and general meetings are as follows:

	Number of meetings attended/eligible to attend				
Directors	**Board Meetings**	**Audit Committee Meetings**	**Remuneration Committee Meeting**	**Nomination Committee Meetings**	**General Meeting**
Executive Directors:					
Mr. Wong Wai Sing *(Chairman and CEO)*	1/6	N/A	N/A	N/A	0/1
Mr. Chan Kin Lung	6/6	N/A	N/A	N/A	1/1
Mr. Lee Chi Shing, Caesar	3/6	N/A	N/A	N/A	1/1
Mr. Wong Jeffrey	5/6	N/A	N/A	N/A	1/1
Independent Non-Executive Directors:					
Mr. Kwok Kam Tim	6/6	3/3	1/1	2/2	1/1
Dr. Hui Chik Kwan	1/6	1/3	0/1	1/2	0/1
Mr. Tso Ping Cheong, Brian	4/6	2/3	1/1	1/2	1/1

Meetings *(Continued)*

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

Board Committees

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

Audit Committee

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

The Audit Committee comprises all independent non-executive Directors and is chaired by an independent non-executive Director who is an accountant with related financial management expertise. The company secretary of the Company (the "Company Secretary") acts as the secretary to the Audit Committee. As at 31 March 2019, the members of the Audit Committee were Mr. Kwok Kam Tim *(Chairman)*, Dr. Hui Chik Kwan and Mr. Tso Ping Cheong, Brian.

During the year ended 31 March 2019, the Audit Committee held 3 meetings to review the annual report for the year ended 31 March 2018, the interim report for the six months ended 30 September 2018, the internal control and risk management matters of the Group, change of auditors of the Company and adoption of revised terms of reference of the Audit Committee.

Auditor's Remuneration

During the year, the remuneration paid/payable to the external auditor of the Company, ZHONGHUI ANDA CPA Limited, in respect of statutory audit was approximately HK$1,100,000 (for the year ended 31 March 2018: approximately HK$1,300,000) and non-audit services was approximately HK$165,000 (for the year ended 31 March 2018: approximately HK$1,382,000). Non-audit services include preparation of a report on agreement with the preliminary announcement of results of the Group for the year ended 31 March 2019 and performance of agreed-upon procedures on Chengxin's financial statements for the year ended 31 December 2018 in relation to the 2018 Guaranteed Profit.

Board Committees *(Continued)*

Internal Control and Risk Management

The Board is responsible for internal control and risk management systems of the Group and for reviewing its effectiveness. Internal control and risk management systems will be reviewed by the Board annually.

The Board requires the senior management to establish and maintain sound and effective internal control. The management assessed the likelihood of risk occurrence, ranked these risks according to the likelihood and the severity of the impact on the Group, provided treatment plans, and monitored the risk management progress.

Control procedures have been designed to safeguard assets against unauthorised use and disposition; ensure compliance with relevant laws, rules and regulations; ensure proper maintenance of accounting records for provision of reliable financial information; and to provide reasonable assurance against material misstatement, loss or fraud.

The Group has policy in place for handling and dissemination of inside information, which stipulates the handling of inside information on a need-to-know basis and prohibit any dissemination of non-public information.

The internal control and risk management systems of the Group aim to manage, but not completely eliminate, the risks which hinder the achievement of business objectives, which only provides reasonable assurance, while cannot guarantee that material false statements and damages will be fully avoidable.

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 then auditor of the Company as detailed in the Company’s annual report for the year ended 31 March 2018.

As disclosed in the announcement of the Company dated 24 August 2018, an independent professional firm of certified public accountant was engaged to review 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 the monitoring procedures of Money Lending Business. Taking the advice and suggestions from such firm of certified public accountants, a revised compliance and reporting procedures was adopted during the year to enhance the monitoring system.

For the year ended 31 March 2019, the Group has engaged an external advisory firm to undertake the internal audit function to ensure the effectiveness and efficiency of the risk management and internal control systems of the Group’s Hong Kong office and Digital Technology Business, and no significant deficiency and weakness on the internal control and risk management systems have been identified. Result of the review has been reported to the Audit Committee, which was recommended to the Board. Improvements in internal control and risk management measures to enhance the risk management and internal control systems of the Group and to mitigate risks of the Group were adopted by the Board. Based on the findings and recommendations, as well as the comments of the Audit Committee, the Board considered the internal control and risk management systems of the Group were effective and adequate and concluded that there were no significant areas of concern which might affect shareholders’ interests during the financial year.

Board Committees *(Continued)*

Remuneration Committee

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

The Remuneration Committee comprises all independent non-executive Directors. The Company Secretary acts as the secretary to the Remuneration Committee. As at 31 March 2019, the members of the Remuneration Committee were Mr. Kwok Kam Tim *(Chairman)*, Mr. Tso Ping Cheong, Brian and Dr. Hui Chik Kwan.

The Remuneration Committee held 1 meeting during the year ended 31 March 2019, whereby the members of the Remuneration Committee reviewed and recommended to the Board on the remuneration packages of the Directors (other than members of the Remuneration Committee) and senior management with reference to the prevailing market conditions, the Company's performance and his or her time, effort and expertise to be exercised on the Group's affairs of the Company.

Nomination Committee

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

The Nomination Committee comprises all independent non-executive Directors. The Company Secretary acts as the secretary to the Nomination Committee. As at 31 March 2019, the members of the Nomination Committee were Mr. Tso Ping Cheong, Brian *(Chairman)*, Mr. Kwok Kam Tim and Dr. Hui Chik Kwan.

The Nomination Committee held 2 meetings during the year ended 31 March 2019, whereby the members of the Nomination Committee discussed and made recommendation to the Board on the re-election of retiring Directors and re-appointment of Directors, reviewed the size, structure, composition and diversity of the Board, assessed the independence of independent non-executive Directors, discussed the roles of the Chairman and the CEO, adoption of revised terms reference of nomination committee and adoption of nomination policy of the Directors.

Board Nomination Policy

The nomination policy provides guidance on nomination of Directors to ensure the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business.

In assessing the suitability of a proposed candidate, the Nomination Committee should take into account the candidate's reputation for integrity, commitment in respect of available time and relevant interest, qualification, skills, experience, independence and diversity in all its aspects, including but not limited to gender, age (18 years or above), cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The above factors are for reference only, and not meant to be exhaustive and decisive. The Nomination Committee has the discretion to nominate any person, as it considers appropriate.

Candidates were identified, selected and proposed by the Nomination Committee and recommended to the Board for consideration. Proposed candidates will be asked to submit the necessary personal information together with their written consent to be appointed as a Director. The Nomination Committee may request candidates to provide additional information and documents, if considered necessary. All necessary information relevant for consideration of the suitability of the candidates will be provided to the Board prior to its meeting. Prior to the end of the Director's terms of appointment, his or her re-appointment will be assessed and considered by the Nomination Committee under the same criteria in the nomination policy. Recommendation from the Nomination Committee will then be submitted to the Board for consideration.

The Nomination Committee will review the board nomination policy periodically to ensure its effectiveness. The Nomination Committee will discuss any revisions that may be required and recommend any such revisions to the Board for consideration and approval.

Board Diversity Policy

The Company recognises the benefits of having a diverse Board to enhance the quality of its performance. The Company sees increasing diversity at the Board as an essential element in supporting the attainment of its strategic objectives and its sustainable development.

In designing the Board's composition, consideration has been made from a number of aspects, such as gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All appointments of Board members will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

Measurable objectives (including gender, age, cultural and educational background, professional experience, skills, knowledge and length of service) have been set to implement the board diversity policy and such objectives will be reviewed from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives.

As at the date of this annual report, the Board comprises of 7 male Directors with different age, length of service, professional expertise and management background. Details of which have been disclosed in section "Directors and Senior Management" on pages 17 to 19 of this annual report.

Board Diversity Policy *(Continued)*

The Nomination Committee considers that the current composition of the Board is characterised by diversity after taking into account its own business model and specific needs, whether considered in terms of educational and professional background, experience and skills.

The Nomination Committee will review the board diversity policy periodically. The Nomination Committee will discuss any revisions that may be required and recommend any such revisions to the Board for consideration and approval.

Dividend Policy

Pursuant to code Provision E.1.5 of the CG Code, the Company has adopted a dividend policy. In considering the payment of dividends, there shall be a balance between maintaining sufficient capital to grow the Group's business and rewarding the shareholders.

The Board shall also take into account, among other things, when considering the declaration and payment of dividends: (i) the Group's overall results of operation, financial position, capital requirement, cash flows and future prospects; (ii) the amount of distributable reserves of the Company; and (iii) other factors that the Board deems relevant. The declaration and payment of dividends by the Company is subject to restrictions under all applicable laws and regulations.

The Board will continually review the dividend policy and reserves the right in its sole and absolute discretion to update, amend, modify and/or cancel the policy at any time.

Company Secretary

Ms. Chan Chiu Wing ("Ms. Chan"), has been appointed as the Company Secretary since April 2018. Ms. Chan confirmed that she has complied with all the qualifications, experience, and professional training requirements of the Listing Rules. During the year ended 31 March 2019, Ms. Chan has taken no less than 15 hours of relevant professional training.

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

Corporate Governance Function

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

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

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

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

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

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

During the year ended 31 March 2019, the Board has reviewed the policy of the corporate governance and the corporate governance report of the Company.

Corporate Governance Report

Communications with Shareholders

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

Procedures for Shareholders to convene an Extraordinary General Meeting

Pursuant to Article 58 of the Articles, any one or more shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Procedures for Shareholders to put forward proposals at Shareholders' meetings

Shareholders who wish to move a resolution may by means of requisition convene an extraordinary general meeting following the procedures set out above.

Investor Relations

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

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

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

Constitutional Documents

During the year ended 31 March 2019, there was no change in the Company's constitutional documents.

Report of the Directors

The Directors are pleased to present the annual report and the audited consolidated financial statements of the Group for the year ended 31 March 2019.

Principal Activities

The principal activity of the Company is investment holding. The principal activities of the Group are (i) wholesale and retail of household consumables; (ii) design and development of three-dimensional animations, augmented reality technology application and e-learning web application; (iii) trading of coal products; (iv) provision of educational technology solutions through online education programs and provision of English language proficiency tests; and (v) provision of money lending services. Details of the principal activities of the Company's principal subsidiaries are set out in Note 32 to the consolidated financial statements contained herein.

Results and Dividends

The Group's financial performance for the year ended 31 March 2019 are set out in the consolidated statement of comprehensive income on pages 48 to 49.

The Directors do not recommend for payment of a final dividend for the year ended 31 March 2019 (2018: Nil).

Financial Summary

A summary of the results and assets and liabilities of the Group for the last five financial years is set out on page 148 of this annual report. This summary does not form part of the audited consolidated financial statements.

Business Review and Performance

A review of the business of the Group and a discussion and analysis of the Group's performance during the year under review and a discussion on the Group's future business development and outlook of the Company's business are provided in the section "Management Discussion and Analysis" on pages 5 to 16 of this annual report and it forms part of this Report of the Directors.

Relationships With Employees, Suppliers and Customers

The Group dedicates to provide a healthy, safe and comfortable working environment for all employees. The Group has formulated comprehensive training program and various career development paths.

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

Report of the Directors

Environmental, Social and Governance

Environmental conservation remains a key focus for the Group. The conscientious use of resources and adoption of best practices across the Group's businesses underlie its commitment to safeguarding the environment. The Group complies with environmental legislation and promotes awareness towards environmental protection to the employees by, for example, encouraging staff consume electricity and paper according to actual needs, so as to reduce energy consumption and minimise unnecessary waste.

Compliance with Laws and Regulations

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

As far as the Company is aware, it has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Company for the year ended 31 March 2019.

Principal Risks and Uncertainties

The Group's financial condition, results of operations, businesses and prospects may be affected by a number of risks and uncertainties. Apart from those risks and uncertainties discussed in the section "Management Discussion and Analysis" on pages 5 to 16 of this annual report, certain key risks and uncertainties are identified by the Group and listed as follows:

(i) Business and Financial Risks

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

(ii) Operational Risks

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

Report of the Directors

Principal Risks and Uncertainties *(Continued)*

Financial risk factors are set out in Note 38(b) to the consolidated financial statements of this annual report. Details of risk management are set out in the Corporate Governance Report under the paragraph headed "Internal Control and Risk Management" on page 26 of this annual report. The Discussion forms an integral part of this Report of the Directors. There may be other risks and uncertainties in addition to those known to the Group or which may not be material now but could turn out to be material in the future.

Property, Plant and Equipment

Details of the movements in the property, plant and equipment of the Group during the year are set out in Note 16 to the consolidated financial statements contained herein.

Other Intangible Assets

Details of the movements in the other intangible assets of the Group during the year are set out in Note 17 to the consolidated financial statements contained herein, which form an integral part of this Report of Directors.

Share Capital and Shares Issued

Details of the movements in the Company's share capital and shares issued during the year are set out in Note 31 to the consolidated financial statements contained herein, which form an integral part of this Report of Directors.

Equity-linked Agreements

Details of the equity-linked agreements entered into during the year ended 31 March 2019 or subsisted at the end of the year are set out below:

(a) Share Option Scheme

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

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

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

Equity-linked Agreements *(Continued)*

(a) Share Option Scheme *(Continued)*

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

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

Subject to the aforesaid limit, the total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and other share option schemes of the Group must not, in aggregate, exceed 10% of the shares of the Company in issue as at the adoption date of the Share Option Scheme unless shareholders' approval in general meeting is obtained to renew the scheme mandate limit, which shall not exceed 10% of the shares of the Company in issue at the date of such approval. Any further grant of options is subject to shareholders' advanced approval in a general meeting (the "Scheme Mandate Limit"). The existing Scheme Mandate Limit was approved by the Shareholder in the annual general meeting of the Company on 26 September 2016 and the outstanding number of options available for issue under the Share Option Scheme is 234,753,320, which represents 9.36% of the issued shares of the Company as at the date of this annual report.

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

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

Equity-linked Agreements *(Continued)*

(a) Share Option Scheme *(Continued)*

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

Details of the share options movements during the year ended 31 March 2019 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 year**	**Exercised during the year**	**Lapsed during the year**	**Cancelled during the year**	**Balance as at 31.03.2019**
Directors									
Mr. Chan Kin Lung	29/08/2016 (Note 1)	0.48	29/08/2016 – 28/08/2019	10,000,000	–	(10,000,000)	–	–	–
Mr. Wong Jeffrey	29/08/2016 (Note 1)	0.48	29/08/2016 – 28/08/2019	10,000,000	–	(10,000,000)	–	–	–
Mr. Kwok Kam Tim	29/08/2016 (Note 1)	0.48	29/08/2016 – 28/08/2019	800,000	–	–	–	–	800,000
Dr. Hui Chik Kwan	29/08/2016 (Note 1)	0.48	29/08/2016 – 28/08/2019	800,000	–	–	–	–	800,000
Mr. Tso Ping Cheong, Brian	29/08/2016 (Note 1)	0.48	29/08/2016 – 28/08/2019	800,000	–	–	–	–	800,000
Sub-Total				22,400,000	–	(20,000,000)	–	–	2,400,000
Employees									
In aggregate	29/08/2016 (Note 1)	0.48	29/08/2016 – 28/08/2019	30,100,000	–	(25,000,000)	(200,000)	–	4,900,000
Sub-Total				30,100,000	–	(25,000,000)	(200,000)	–	4,900,000
Total				52,500,000	–	(45,000,000)	(200,000)	–	7,300,000

Notes:

1. The closing price of the shares immediately before 29 August 2016, on which those options were granted, was HK$0.40.
2. The exercise period of the share options is 29 August 2016 to 28 August 2019 (both days inclusive).

Equity-linked Agreements *(Continued)*

(b) 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$200.0 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. The actual net proceeds from the Convertible Bonds 2019 were approximately HK$199.7 million. The Board considers the issue of the Convertible Bonds 2019 provides an opportunity to raise additional funds for the potential business acquisition of a group that is principally engaged in the business of manufacturing concrete in the PRC and general working capital of the Group.

On 29 March 2019, the Company made early partial redemption on part of the outstanding Convertible Bonds 2019 at the principal amount of HK$50.0 million.

As at 31 March 2019, the aggregate outstanding principal amount of the Convertible Bonds 2019 was HK$150.0 million. Upon exercise of the conversion rights attached to the outstanding Convertible Bonds 2019, a maximum of 326,086,956 Shares will be allotted and issued.

Distributable Reserves

The Company had no distributable reserve as at 31 March 2019 (31 March 2018: Nil), calculated in accordance with the Companies Law of the Cayman Islands.

Donations

Charitable donations were made by the Group during the year ended 31 March 2019 amounting to approximately HK$71,200 (2018: HK$91,000).

Directors

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

Executive Directors
Mr. Wong Wai Sing
(Chairman and CEO)
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

Pursuant to Article 83(3) of the Articles, any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting after his or her appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

Directors *(Continued)*

In accordance with Article 84 of the Articles, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation and being eligible, offer themselves for re-election at each annual general meeting, provided that every Director shall be subject to retirement at an annual general meeting at least once every three years.

The Directors' biographical details are set out on pages 17 to 19.

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

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

Mr. Wong Wai Sing has entered into a letter of appointment as an executive Director with effect from 12 December 2018 and to be continued thereafter until terminated by either party giving not less than one (1) month's written notice.

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

Mr. Wong Jeffrey has entered into a letter of appointment as an executive Director with effect from 1 September 2016 and to be continued thereafter until terminated by either party giving not less than one (1) month's written notice.

Mr. Kwok Kam Tim, Dr. Hui Chik Kwan and Mr. Tso Ping Cheong, Brian have each entered into a letter of appointment with effect from 1 January 2018 for a term of two (2) years unless terminated by either party giving not less than one (1) month's written notice.

Permitted Indemnity Provision

Pursuant to Article 164(1) of the Articles, every Director shall be entitled to be indemnified out of the assets and profits of the Company against all losses or liabilities which he or she may sustain or incur in or about the execution of the duties of his or her office or otherwise in relation thereto, and no Director shall be liable for any loss, misfortune or damage which may happen to or be incurred by the Company in the execution of the duties of his or she office or in relation thereto.

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

Management Contracts

No contracts, other than employment contracts, concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 March 2019.

Directors' Interests in Competing Business

As far as the Directors are aware of, none of the Directors or their close associates has any interest in a business which competes or may compete with the business of the Group or has any other conflict of interest with the Group during the year ended 31 March 2019.

Directors' Material Interest in Transactions, Arrangements or Contracts that are significant in relation to the Group's Business

Save as disclosed in the subsection "Connected Transactions" below and Note 36 to the consolidated financial statements of this annual report, no transactions, arrangements and contracts of significance in relation to the Group's business to which the Company or its subsidiaries was a party and in which a Director or his or her connected entities had a material interest, whether directly or indirectly, subsisted at any time during or at the end of the year ended 31 March 2019.

Interests of Directors and Chief Executive

As at 31 March 2019, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which have been notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO, or which were recorded in the register required to be kept pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were set out below:

Long position in the Shares and underlying shares

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	483,500,000	–	19.94%
Mr. Chan Kin Lung	Beneficial owner	10,000,000	–	0.41%
Mr. Lee Chi Shing, Caesar	Beneficial owner	5,000,000	–	0.21%
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 22,694,000 shares in personal capacity, he also beneficially owned the entire issued share capital of Twin Star Global Limited, which is interested in 460,806,000 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 31 March 2019, the total number of issued shares of the Company was 2,423,783,201.

Save as disclosed above, as at 31 March 2019, 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.

Interests of Substantial Shareholders

As at 31 March 2019, the following persons (not being a Director or chief executives of the Company) have interests or short positions in the shares and underlying shares of the Company which have been disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Long Position in the Shares 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	460,806,000 shares	19.01%
Lead Thrive Investments Limited (Note 2)	Beneficial owner	326,086,956 underlying shares	13.45%
Mr. Fu Sze Shing (Note 2)	Beneficial owner	18,000,000 shares	14.19%
	Interest of a controlled corporation	326,086,956 underlying shares	

Notes:

1. Twin Star Global Limited is wholly owned by Mr. Wong Wai Sing, the Chairman 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 326,086,956 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 31 March 2019, the total number of issued shares of the Company was 2,423,783,201.

Save as disclosed herein, the Company has not been notified of any other person (other than the Directors or chief executives 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 31 March 2019.

Arrangement to Purchase Shares or Debenture

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

Connected Transactions

Details of the related party transactions of the Group during the year ended 31 March 2019 are set out in Note 36 to the consolidated financial statements contained herein. The Company has complied with the applicable requirements under the Listing Rules for those related party transactions which constituted non-exempt connected transactions/continuing connected transactions. Other related party transactions either did not constitute connected transactions/continuing connected transactions or constituted connected transactions/continuing connected transactions but were exempted from all disclosure and independent shareholders’ approval requirements under the Listing Rules.

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

Emolument Policy

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 emoluments of the Directors will be reviewed and recommended by the Remuneration Committee for the Board’s approval having regard to the Company’s performance and the time, effort and expertise to be exercised on the Group’s affairs by the individual Director. Details of the Directors’ and employees’ emoluments are set out in Note 12 to the consolidated financial statements contained herein.

Retirement Benefit Plans

Other than operating a Hong Kong Mandatory Provident Fund Scheme, participating in the defined contribution pension schemes operated by the Macao government authority and United Kingdom government authority, and the People’s Republic of China state-managed retirement benefit scheme, the Group has not operated any other retirement benefit schemes for the Group’s employees. Particulars of the retirement benefit plans are set out in Note 4 to the consolidated financial statements under the sub-heading “Pension Obligation”.

Report of the Directors

Purchase, Sales or Redemption of Listed Securities

Save as those disclosed under paragraphs headed "Placing of shares under general mandate" in the section "Management Discussion and Analysis" of this report, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's securities listed on the Stock Exchange during the year ended 31 March 2019.

Pre-Emptive Rights

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

Tax Relief

The Directors are not aware of any tax relief available to the Shareholders by reason of their holding of the Company's securities.

Sufficiency of Public Float

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

Major Suppliers and Customers

In the year under review, the Group's largest supplier accounted for 13.0% (2018: 14.2%) of the Group's total purchases. The Group's five largest suppliers accounted for 50.3% (2018: 44.8%) of the Group's total purchases.

In the year under review, the Group's sales to its five largest customers accounted for 24.9% (2018: 21.5%) of the Group's total sales. The Group's largest customer accounted for 7.4% (2018: 11.2%) of the Group's total sales.

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

Subsequent Events

Save as disclosed under the subsection "Significant Event after the Reporting Period" in the section "Management Discussion and Analysis", the Group does not have any other significant event after the reporting period.

Closure of Register of Members

In order to ascertain the entitlement to attend and vote at the AGM of the Company, which is proposed to be held on Friday, 30 August 2019, the register of members of the Company will be closed from Tuesday, 27 August 2019 to Friday, 30 August 2019, both days inclusive, during which period no transfer of shares will be registered. In order to be entitled to attend and vote at the AGM, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Monday, 26 August 2019.

Report of the Directors

Review of Financial Statements by Audit Committee

The Audit Committee has reviewed the management accounting principles and practices adopted by the Group and discussed the auditing, internal controls and financial reporting matters, including review of the audited consolidated financial statements of the Group for the year ended 31 March 2019.

Corporate Governance

The Company has published its corporate governance report, which is set out on pages 20 to 30 of this annual report.

Auditor

The consolidated financial statements of the Group for the years ended 31 March 2017 and 2018 were audited by Moore Stephens CPA Limited ("Moore Stephens"). The consolidated financial statements of the Group for the year ended 31 March 2019 were audited by ZHONGHUI ANDA CPA Limited ("Zhonghui Anda").

Moore Stephens resigned as auditor of the Group with effect from 15 March 2019 and Zhonghui Anda was appointed on 15 March 2019 as the new auditor to fill the causal vacancy. A resolution for the appointment of Zhonghui Anda as the auditor of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board
Wong Wai Sing
Chairman and Executive Director

Hong Kong, 25 June 2019

Independent Auditor's Report

ZHONGHUI

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF
NEWTREE GROUP HOLDINGS LIMITED
友川集團控股有限公司
(Incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of Newtree Group Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 48 to 147, which comprise the consolidated statement of financial position as at 31 March 2019, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Goodwill

Refer to Note 18 to the consolidated financial statements.

The Group tested the amount of goodwill for impairment annually. This annual impairment test is significant to our audit because the balance of goodwill of approximately HK$72,446,000 as at 31 March 2019 is material to the consolidated financial statements. In addition, the Group's impairment test involves application of judgement and is based on assumptions and estimates.

Our audit procedures included, among others:

- Assessing the identification of the related cash generating units;
- Comparing the actual cash flows with the cash flow projections;
- Assessing the reasonableness of the key assumptions including revenue growth, profit margins, terminal growth rates and discount rates;
- Checking input data to supporting evidence;
- Obtaining the external valuation reports and meeting with the external valuers to discuss and challenge the valuation process, methodologies used and market evidence to support significant judgements and assumptions applied in the valuation models; and
- Checking arithmetical accuracy of the valuation models.

We consider that the Group's impairment test for goodwill is supported by the available evidence.

Interests in associates

Refer to Note 20 to the consolidated financial statements.

The Group tested the amount of interests in associates for impairment. This impairment test is significant to our audit because the balance of interests in associates of approximately HK$102,655,000 as at 31 March 2019 is material to the consolidated financial statements. In addition, the Group's impairment test involves application of judgement and is based on assumptions and estimates.

Our audit procedures included, among others:

- Assessing the appropriateness of management's accounting for interests in associates;

- Understanding management's process for identifying the existence of impairment indicators in respect of the interests in associates and evaluating the effectiveness of such process;

- Where indicators of impairment have been identified, assessing the reasonableness of the recoverable amount of each the relevant associates and obtaining an understanding from management of their financial position and future prospects; and

- Assessing the reasonableness of key inputs and assumptions used by management in their estimation of recoverable amounts.

We consider that the Group's impairment test for interests in associates is supported by the available evidence.

Loan receivables

Refer to Note 23 to the consolidated financial statements.

The Group tested the amount of loan receivables for impairment. This impairment test is significant to our audit because the balance of loan receivables of approximately HK$328,792,000 as at 31 March 2019 is material to the consolidated financial statements. In addition, the Group's impairment test involves application of judgement and is based on assumptions and estimates.

Our audit procedures included, among others:

- Assessing the Group's procedures on granting credit limits and credit periods to customers;
- Assessing the Group's relationship and transaction history with the customers;
- Evaluating the Group's impairment assessment;
- Assessing ageing of the debts;
- Assessing creditworthiness of the customers;
- Checking subsequent settlements from the customers;
- Assessing the value of collateral for the debts; and
- Assessing the disclosure of the Group's exposure to credit risk in the consolidated financial statements.

We consider that the Group's impairment test for loan receivables is supported by the available evidence.

Other Information

The directors of the Company are responsible for the other information. The other information comprises all the information in the Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon. The other information is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Independent Auditor’s Report

Responsibilities of Directors for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, the directors are responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the HKICPA’s website at: http://www.hkicpa.org.hk/en/standards-and-regulations/standards/auditing-assurance/auditre/.

This description forms part of our auditor’s report.

ZHONGHUI ANDA CPA Limited
Certified Public Accountants

Sze Lin Tang
Audit Engagement Director
Practising Certificate Number P03614

Hong Kong, 25 June 2019

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2019

	Notes	2019 HK$'000	2018 HK$'000 (restated)
Continuing operations			
Revenue	6	**115,164**	115,725
Cost of sales		**(44,191)**	(58,038)
Gross profit		**70,973**	57,687
Other income	7	**1,455**	5,922
Other gains and losses, net	8	**22,964**	(55,552)
Selling and distribution expenses		**(634)**	(890)
Administrative expenses		**(60,101)**	(55,768)
Finance costs	9	**(48,141)**	(25,371)
Share of profit of associates	20	**9,253**	1,436
Loss before income tax from continuing operations		**(4,231)**	(72,536)
Income tax expense	10	**(7,736)**	(4,868)
Loss for the year from continuing operations		**(11,967)**	(77,404)
Discontinued operations			
Profit for the year from discontinued operations	13	**–**	45,648
Loss for the year	11	**(11,967)**	(31,756)
Other comprehensive (loss) income:			
Item that may be reclassified subsequently to profit or loss:			
– Exchange differences arising on translation of foreign operations		**(5,399)**	3,851
		(5,399)	3,851
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 loss for the year, net of income tax		**(5,399)**	(8,842)
Total comprehensive loss for the year, net of income tax		**(17,366)**	(40,598)
(Loss) profit for the year attributable to:			
Owners of the Company			
– Continuing operations		**(15,539)**	(76,965)
– Discontinued operations		**–**	45,648
Non-controlling interests			
– Continuing operations		**3,572**	(439)
		(11,967)	(31,756)

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2019

	Notes	2019 HK$'000	2018 HK$'000 (restated)
Total comprehensive (loss) income for the year attributable to:			
Owners of the Company		**(20,921)**	(40,187)
Non-controlling interests		**3,555**	(411)
		(17,366)	(40,598)
(Loss) earnings per share attributable to owners of the Company	15		
From continuing and discontinued operations			
Basic and diluted (HK cents)		**(0.65)**	(1.32)
From continuing operations			
Basic and diluted (HK cents)		**(0.65)**	(3.24)
From discontinued operations			
Basic and diluted (HK cents)		**N/A**	1.92

Consolidated Statement of Financial Position

At 31 March 2019

	Notes	2019 HK$'000	2018 HK$'000 (restated)
NON-CURRENT ASSETS			
Property, plant and equipment	16	**1,068**	1,343
Other intangible assets	17	**48,362**	49,432
Goodwill	18	**72,446**	79,465
Interests in associates	20	**102,655**	97,711
Deposit	24	**–**	36,580
		224,531	264,531
CURRENT ASSETS			
Contingent consideration receivable	21	**–**	1,335
Inventories	22	**5,765**	5,610
Loan receivables	23	**328,792**	283,136
Trade and other receivables, prepayments and deposits	24	**15,465**	45,201
Derivative financial asset	25	**222**	28,854
Investments at fair value through profit or loss	25	**17,029**	23,655
Bank balances and cash	26	**45,383**	67,013
		412,656	454,804
CURRENT LIABILITIES			
Trade and other payables and accruals	27	**37,158**	104,680
Tax payable		**10,908**	3,948
Promissory notes	29	**13,589**	–
Convertible bonds	28	**176,038**	195,331
		237,693	303,959
NET CURRENT ASSETS		**174,963**	150,845
TOTAL ASSETS LESS CURRENT LIABILITIES		**399,494**	415,376
NON-CURRENT LIABILITIES			
Promissory notes	29	**–**	18,118
Deferred tax liabilities	30	**8,040**	8,260
		8,040	26,378
NET ASSETS		**391,454**	388,998

Consolidated Statement of Financial Position

At 31 March 2019

	Notes	2019 HK$'000	2018 HK$'000 (restated)
CAPITAL AND RESERVES			
Share capital	31	**24,238**	23,788
Reserves		**370,948**	372,497
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		**395,186**	396,285
Non-controlling interests		**(3,732)**	(7,287)
TOTAL EQUITY		**391,454**	388,998

The consolidated financial statements on pages 48 to 147 were approved and authorised for issue by the Board of Directors on 25 June 2019 and are signed on its behalf by:

Mr. Wong Wai Sing
DIRECTOR

Mr. Jeffrey Wong
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 March 2019

	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	23,788	1,112,811	49	–	8,127
Profit for the year	–	–	–	–	–
Other comprehensive (loss) income, net of income tax:					
– Exchange differences arising on translation of foreign operations	–	–	–	–	–
– Exchange differences reclassified to profit or loss upon disposal of subsidiaries	–	–	–	–	–
Total comprehensive (loss) income for the year	–	–	–	–	–
Issue of convertible bonds	–	–	–	7,127	–
Transaction with owners	–	–	–	7,127	–
At 31 March 2018 as previously reported	23,788	1,112,811	49	7,127	8,127
Effect of prior year adjustments (Note 3)	–	–	–	58,047	–
At 31 March 2018 as restated	23,788	1,112,811	49	65,174	8,127
Impact of initial application of HKFRS 9 (2014) (Note 2)	–	–	–	–	–
At 1 April 2018 (restated)	23,788	1,112,811	49	65,174	8,127
Loss for the year	–	–	–	–	–
Other comprehensive loss, net of income tax:					
– Exchange differences arising on translation of foreign operations	–	–	–	–	–
Total comprehensive (loss) income for the year	–	–	–	–	–
Issue of shares upon exercise of share options	450	28,170	–	–	(7,020)
Lapse of share options	–	–	–	–	(28)
Redemption of convertible bonds	–	–	–	(482)	–
Transactions with owners	450	28,170	–	(482)	(7,048)
At 31 March 2019	24,238	1,140,981	49	64,692	1,079

Notes:

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

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

(iii) The other reserves represent the difference between the fair value of interest-free advance to Mr. Chum Tung Hang, an ex-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.

Consolidated Statement of Changes in Equity

For the year ended 31 March 2019

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
–	–	–	14,704	14,704	(439)	14,265
–	3,823	–	–	3,823	28	3,851
–	(12,693)	–	–	(12,693)	–	(12,693)
–	(8,870)	–	14,704	5,834	(411)	5,423
–	–	–	–	7,127	–	7,127
–	–	–	–	7,127	–	7,127
678	(380)	(6,000)	(761,941)	384,259	(7,287)	376,972
–	–	–	(46,021)	12,026	–	12,026
678	(380)	(6,000)	(807,962)	396,285	(7,287)	388,998
–	–	–	(1,296)	(1,296)	–	(1,296)
678	(380)	(6,000)	(809,258)	394,989	(7,287)	387,702
–	–	–	(15,539)	(15,539)	3,572	(11,967)
–	(5,382)	–	–	(5,382)	(17)	(5,399)
–	(5,382)	–	(15,539)	(20,921)	3,555	(17,366)
–	–	–	–	21,600	–	21,600
–	–	–	28	–	–	–
–	–	–	–	(482)	–	(482)
–	–	–	28	21,118	–	21,118
678	(5,762)	(6,000)	(824,769)	395,186	(3,732)	391,454

Consolidated Statement of Cash Flows

For the year ended 31 March 2019

	2019 HK$'000	2018 HK$'000 (restated)
OPERATING ACTIVITIES		
(Loss) profit before income tax		
– from continuing operations	**(4,231)**	(72,536)
– from discontinued operations	**–**	45,620
	(4,231)	(26,916)
Adjustments for:		
Depreciation of property, plant and equipment	**445**	596
Amortisation of prepaid lease payments	**–**	27
Amortisation of other intangible assets	**834**	1,020
(Reversal of) impairment loss on loan receivables	**(8,583)**	21,583
Impairment loss on trade and other receivables	**72**	18,380
Impairment loss on goodwill	**7,019**	4,820
Disposal of trade receivables	**(45,182)**	–
Written-off of trade receivables	**379**	4
Interest expenses on convertible bonds	**44,632**	25,370
Interest expenses on bank and other borrowings	**3,509**	1
Gain on disposal of subsidiaries and an associate	**(7,797)**	(65,246)
Gain on disposal of available-for-sales financial asset	**–**	(2,800)
Fair value loss (gain) on investments at fair value through profit or loss and derivative financial asset, net	**16,216**	(15,952)
Bank interest income	**(58)**	(21)
Dividend income from investment in available-for-sale financial asset	**–**	(1,955)
Interest income from bond receivable	**–**	(1,731)
Interest income from other receivables	**–**	(2,215)
Fair value loss on promissory notes	**1,938**	323
Fair value loss on contingent consideration receivable	**1,335**	1,854
Share of profit of associates	**(9,253)**	(1,209)
Gain disposal of property, plant and equipment	**–**	(264)
Loss on early redemption of promissory note	**2,033**	–
Loss on redemption of convertible bonds	**1,023**	–
Share-based payment expenses	**–**	41,654
Operating cash flows before changes in working capital	**4,331**	(2,677)
(Increase) decrease in inventories	**(538)**	853
Increase in loan receivables	**(37,071)**	(277,459)
Decrease in trade and other receivables and prepayments	**73,464**	57,096
Purchase of investments at fair value through profit or loss	**(54,583)**	(92,162)
Proceeds from disposal of investments at fair value through profit or loss	**73,625**	72,720
Decrease in trade and other payables and accruals	**(67,340)**	(47,302)
Advance from an associate	**–**	127
Cash used in operating activities	**(8,112)**	(288,804)
Income tax paid	**(922)**	(2,320)
NET CASH USED IN OPERATING ACTIVITIES	**(9,034)**	(291,124)

Consolidated Statement of Cash Flows

For the year ended 31 March 2019

	2019 HK$'000	2018 HK$'000 (restated)
INVESTING ACTIVITIES		
Net cash outflow on acquisition of a subsidiary	**(109,639)**	–
Cash outflow on acquisition of interests in associates	**–**	(98,784)
Net cash inflow on disposal of subsidiaries and an associate	**153,623**	96,850
Net cash inflow on disposal of available-for-sale financial asset	**–**	159,000
Purchase of property, plant and equipment	**(219)**	(138)
Deposit paid for potential acquisition of a subsidiary	**–**	(36,580)
Dividend income from available-for-sale financial asset	**–**	955
Proceed from disposal of property, plant and equipment	**–**	280
Proceed from disposal of bond receivable	**–**	10,000
Interest received	**58**	4,809
NET CASH GENERATED FROM INVESTING ACTIVITIES	**43,823**	136,392
FINANCING ACTIVITIES		
Proceed from exercise of share options	**21,600**	–
Proceed from issuance of convertible bonds, net	**–**	199,750
Repayment of convertible bonds	**(50,000)**	–
Repayment of promissory note	**(8,500)**	–
Repayment to a related party	**–**	(6)
Interest paid	**(18,940)**	(6,269)
NET CASH (USED IN) GENERATED FROM FINANCING ACTIVITIES	**(55,840)**	193,475
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(21,051)**	38,743
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**67,013**	25,640
Effect of foreign exchange rate changes	**(579)**	2,630
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash	**45,383**	67,013
Analysis of cash and cash equivalents		
Bank balances and cash	**45,383**	67,013

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

1. General Information

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

The principal activities of the Group are (i) 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) manufacture and trading of clinical and household hygienic disposables and trading of related raw materials ("Hygienic Disposables Business"); and (ii) sales and distribution of jewelries and watches ("Jewelries and Watches Business"), which were discontinued during the year ended 31 March 2018.

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

In the current year, the Group has adopted all the new and revised HKFRSs, which collective terms includes all applicable HKFRSs, Hong Kong Accounting Standards ("HKAS") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") that are relevant to its operations and effective for its accounting year beginning on 1 April 2018. The adoption of these new and revised HKFRSs did not result in material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out these consolidated financial statements, except as described below.

HKFRS 9 (2014) "Financial Instruments"

The Group's associates remeasured the impairment allowance of their financial assets as at 1 April 2018 using expected credit losses ("ECL") under HKFRS 9 (2014) and applied the simplified approach for the trade receivables.

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

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

The following table shows the impact of the application of HKFRS 9 (2014) on the Group's interests in associates and accumulated losses (restated for the prior year adjustment (Note 3)) as of 1 April 2018:

	Interests in associates HK$'000	**Accumulated losses** HK$'000
Effect arising from initial application:		
Balance at 31 March 2018 as previously reported	97,711	761,941
Effect of prior year adjustments (Note 3)	–	46,021
At 31 March 2018 as restated	97,711	807,962
– Change on share of results of associates due to HKFRS 9 (2014) adopted by associates	(1,296)	1,296
Balance at 1 April 2018 as restated	96,415	809,258

New/revised HKFRSs that have been issued but are not yet effective

The following new/revised HKFRSs that have been published are relevant to the Group's operations but have not been early adopted.

HKFRS 16	Leases[1]
HK(IFRC) – Int 23	Uncertainty over Income Tax Treatments[1]

[1] Effective for annual periods beginning on or after 1 January 2019

HKFRS 16 Leases

Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. As at the reporting date, the Group has non-cancellable operating lease commitments of approximately HK$26,465,000. Upon adoption of HKFRS 16, certain amounts included therein may need to be recognised as new right-of-use assets and lease liabilities. Further analysis, however, will be required to determine the amount of new rights of use assets and lease liabilities to be recognised, including, but not limited to, any amounts relating to leases of low-value assets and short term leases, other practical expedients and reliefs chosen, and new leases entered into before the date of adoption.

The Group is in the process of assessing the potential impact of the above new/revised HKFRSs upon initial application but is not yet in a position to state whether the above new/revised HKFRSs will have a significant impact on the Group's financial performance and position.

The significant accounting policies applied in the preparation of the consolidated financial statements are set out in Note 4 below.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

3. Prior Year Adjustments

Accounting treatment for the issue of convertible bonds

The prior year's consolidated financial statements of the Group require restatements mainly in relation to adjustments on interest expenses, share-based payment expenses and carrying amounts of liability and equity components of the convertible bonds.

On 11 August 2017, the Company issued the Convertible Bonds 2019 (as defined in Note 28) with a principal amount of HK$200,000,000 which will mature in 2 years. On the date of issuance of the Convertible Bonds 2019, the Group recognised the carrying amount of equity component of the Convertible Bonds 2019 by deducting the fair value of the liability component from the issue proceed, rather than from the fair value of the compound financial instrument as a whole of approximately HK$241,654,000 on the issuance date. In addition, the fair values of the related issuer callable redemption and holder puttable redemption options with a net aggregate amount of approximately HK$15,053,000 were netting with the equity component instead of netting with the liability component of the Convertible Bonds 2019.

The Group understated interest expenses on the Convertible Bonds 2019 and share-based payment expenses for the year ended 31 March 2018 by approximately HK$3,782,000 and HK$41,654,000, respectively. In addition, the Group understated the equity component of the Convertible Bonds 2019 as at 31 March 2018 by approximately HK$58,047,000 and overstated the liability component of the Convertible Bonds 2019 as at 31 March 2018 by approximately HK$11,453,000.

The following tables disclose the restatements that have been made in order to reflect the above corrections to each of the line items in the consolidated statement of comprehensive income as previously reported for the year ended 31 March 2018 and consolidated statement of financial position as at 31 March 2018 as previously reported:

3. Prior Year Adjustments *(Continued)*

Consolidated statement of comprehensive income for the year ended 31 March 2018

	As previously reported HK$'000	Effect of prior year's adjustments HK$'000	As restated HK$'000
Continuing operations			
Revenue	115,725	–	115,725
Cost of sales	(58,038)	–	(58,038)
Gross profit	57,687	–	57,687
Other income	5,922	–	5,922
Other gains and losses, net	(13,898)	(41,654)	(55,552)
Selling and distribution expenses	(890)	–	(890)
Administrative expenses	(56,018)	250	(55,768)
Finance costs	(21,589)	(3,782)	(25,371)
Share of profit of associates	1,436	–	1,436
Loss before income tax from continuing operations	(27,350)	(45,186)	(72,536)
Income tax expense	(4,033)	(835)	(4,868)
Loss for the year from continuing operations	(31,383)	(46,021)	(77,404)
Discontinued operations			
Profit for the year from discontinued operations	45,648	–	45,648
Profit (loss) for the year	14,265	(46,021)	(31,756)
Other comprehensive income (loss):			
Item that may be reclassified subsequently to profit or loss:			
– Exchange differences arising on translation of foreign operations	3,851	–	3,851
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 loss for the year, net of income tax	(8,842)	–	(8,842)
Total comprehensive income (loss) for the year, net of income tax	5,423	(46,021)	(40,598)
Profit (loss) for the year attributable to:			
Owners of the Company	14,704	(46,021)	(31,317)
Non-controlling interests	(439)	–	(439)
	14,265	(46,021)	(31,756)

3. Prior Year Adjustments *(Continued)*

Consolidated statement of comprehensive income for the year ended 31 March 2018 *(Continued)*

	As previously reported HK$'000	Effect of prior year's adjustments HK$'000	As restated HK$'000
Total comprehensive income (loss) for the year attributable to:			
Owners of the Company	5,834	(46,021)	(40,187)
Non-controlling interests	(411)	–	(411)
	5,423	(46,021)	(40,598)
Earnings (loss) per share attributable to owners of the Company			
From continuing and discontinued operations			
Basic and diluted (HK cents)	0.62		(1.32)
From continuing operations			
Basic and diluted (HK cents)	(1.30)		(3.24)
From discontinued operations			
Basic and diluted (HK cents)	1.92		1.92

Consolidated statement of financial position as at 31 March 2018

	As previously reported HK$'000	Effect of prior year's adjustments HK$'000	As restated HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	1,343	–	1,343
Other intangible assets	49,432	–	49,432
Goodwill	79,465	–	79,465
Interests in associates	97,711	–	97,711
Deposit	36,580	–	36,580
	264,531	–	264,531
CURRENT ASSETS			
Contingent consideration receivable	1,335	–	1,335
Inventories	5,610	–	5,610
Loan receivables	283,136	–	283,136
Trade and other receivables, prepayments and deposits	45,201	–	45,201
Derivative financial asset	28,854	–	28,854
Investments at fair value through profit or loss	23,655	–	23,655
Bank balances and cash	67,013	–	67,013
	454,804	–	454,804

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

3. Prior Year Adjustments *(Continued)*

Consolidated statement of financial position as at 31 March 2018 *(Continued)*

	As previously reported HK$'000	Effect of prior year's adjustments HK$'000	As restated HK$'000
CURRENT LIABILITIES			
Trade and other payables and accruals	104,680	–	104,680
Tax payable	3,948	–	3,948
Convertible bonds	206,784	(11,453)	195,331
	315,412	(11,453)	303,959
NET CURRENT ASSETS	139,392	11,453	150,845
TOTAL ASSETS LESS CURRENT LIABILITIES	403,923	11,453	415,376
NON-CURRENT LIABILITIES			
Promissory notes	18,118	–	18,118
Deferred tax liabilities	8,833	(573)	8,260
	26,951	(573)	26,378
NET ASSETS	376,972	12,026	388,998
CAPITAL AND RESERVES			
Share capital	23,788	–	23,788
Reserves	360,471	12,026	372,497
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	384,259	12,026	396,285
Non-controlling interests	(7,287)	–	(7,287)
TOTAL EQUITY	376,972	12,026	388,998

The amounts disclosed above for the 2018 reporting period and for the consolidated financial position as at 31 March 2018 are before restatements for the change in accounting policy disclosed in Note 2.

The prior year adjustments for the year ended 31 March 2018 are non-cash nature.

4. Significant Accounting Policies

The consolidated financial statements have been prepared in accordance with HKFRSs which collective terms includes all applicable HKFRSs, HKAS and Interpretations issued by the HKICPA and the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared under the historical cost convention, as modified by contingent consideration receivable, derivative financial asset, investments at fair value through profit or loss ("FVTPL") and promissory notes which are carried at their fair values/fair values less costs to sell.

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

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain key assumptions and estimates. It also requires the management of the Group to exercise its judgements in the process of applying the accounting policies. The areas involving critical judgements and areas where assumptions and estimates are significant to these consolidated financial statements, are disclosed in Note 5.

Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 March. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties, to determine whether it has control. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill relating to that subsidiary and any related accumulated exchange reserve.

4. Significant Accounting Policies *(Continued)*

Basis of Consolidation *(Continued)*

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Company. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Non-controlling interests are presented in the consolidated statement of comprehensive income as an allocation of profit or loss and total comprehensive income for the year between the non-controlling shareholders and owners of the Company.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling shareholders even if this results in the non-controlling interests having a deficit balance.

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

Business combinations and goodwill

The acquisition method is used to account for the acquisition of a subsidiary in a business combination. The cost of acquisition is measured at the acquisition-date fair value of the assets given, equity instruments issued, liabilities incurred and contingent consideration. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received. Identifiable assets and liabilities of the subsidiary in the acquisition are measured at their acquisition-date fair values.

The excess of the cost of acquisition over the Company's share of the net fair value of the subsidiary's identifiable assets and liabilities is recorded as goodwill. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss as a gain on bargain purchase which is attributed to the Company.

In a business combination achieved in stages, the previously held equity interest in the subsidiary is remeasured at its acquisition-date fair value and the resulting gain or loss is recognised in consolidated profit or loss. The fair value is added to the cost of acquisition to calculate the goodwill.

4. Significant Accounting Policies *(Continued)*

Business combinations and goodwill *(Continued)*

If the changes in the value of the previously held equity interest in the subsidiary were recognised in other comprehensive income (for example, equity investments at fair value through other comprehensive income), the amount that was recognised in other comprehensive income is recognised on the same basis as would be required if the previously held equity interest were disposed of.

Goodwill is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is measured at cost less accumulated impairment losses. The method of measuring impairment losses of goodwill is the same as that of "impairment of assets" as stated in the accounting policy below. Impairment losses of goodwill are recognised in consolidated profit or loss and are not subsequently reversed. Goodwill is allocated to cash-generating units (the "CGU") that are expected to benefit from the synergies of the acquisition for the purpose of impairment testing.

The non-controlling interests in the subsidiary are initially measured at the non-controlling shareholders' proportionate share of the net fair value of the subsidiary's identifiable assets and liabilities at the acquisition date.

Associates

An associate is an entity in which the Group has significant influence, which is the power to participate in the financial and operating policy decision of the investee, but is not control or joint control over those policies. The existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by other entities, are considered when assessing whether the Group has significant influence. In assessing whether a potential voting right contributes to significant influence, the holder's intention and financial ability to exercise or convert that right is not considered.

Interests in associates are accounted for in the consolidated financial statements by the equity method and is initially recognised at cost. Identifiable assets and liabilities of the associate in an acquisition are measured at their fair values at the acquisition date. The excess of the cost of acquisition over the Group's share of the net fair value of the associate's identifiable assets and liabilities is recorded as goodwill. The goodwill is included in the carrying amount of the investment and is tested for impairment together with the investment at the end of each reporting period when there is objective evidence that the investment is impaired. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss.

4. Significant Accounting Policies *(Continued)*

Associates *(Continued)*

The Group's share of an associate's post-acquisition profits or losses is recognised in consolidated profit or loss, and its share of the post-acquisition movements in reserves is recognised in the consolidated reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The gain or loss on the disposal of an associate that results in a loss of significant influence represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that associate and (ii) the Group's share of the net assets of that associate plus any remaining goodwill relating to that associate and any related accumulated exchange reserve. If an investment in an associate becomes an investment in a joint venture, the Group continues to apply the equity method and does not remeasure the retained interest.

Revenue recognition

Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer with reference to the customary business practices and excludes amounts collected on behalf of third parties. For a contract where the period between the payment by the customer and the transfer of the promised product or service exceeds one year, the consideration is adjusted for the effect of a significant financing component.

The Group recognises revenue when it satisfies a performance obligation by transferring control over a product or service to a customer. Depending on the terms of a contract and the laws that apply to that contract, a performance obligation can be satisfied over time or at a point in time. A performance obligation is satisfied over time if:

– the customer simultaneously receives and consumes the benefits provided by the Group's performance;

– the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

– the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If a performance obligation is satisfied over time, revenue is recognised by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the product or service.

4. Significant Accounting Policies *(Continued)*

Revenue recognition *(Continued)*

Other revenue

Interest income is recognised using the effective interest method.

Rental income is recognised on a straight-line basis over the lease term.

Dividend income is recognised when the shareholders' rights to receive dividend is established.

Property, plant and equipment

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

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

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

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

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

4. Significant Accounting Policies *(Continued)*

Leasing

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

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

The Group as lessee

Operating lease payments (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the lease term.

Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in HK$, which is the Company's functional and the Group's presentation currency.

(ii) Transactions and balances in financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

4. Significant Accounting Policies *(Continued)*

Foreign currency translation *(Continued)*

(iii) Translation on consolidation

The results and financial position of all the Group's entities that have a functional currency different from the Group's presentation currency are translated into the Group's presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

- Income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and

- All resulting exchange differences are recognised in the exchange reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings are recognised in the exchange reserve. When a foreign operation is sold, such exchange differences are recognised in consolidated profit or loss as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

4. Significant Accounting Policies *(Continued)*

Short term employee benefits

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

Pension obligations

The Group contributes to defined contribution retirement schemes which are available to all qualified employees. Contributions to the schemes by the Group and employees are calculated at a rate specified in the rules. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Group to the funds.

Share-based payments

The Group operates a share option scheme for remuneration of its employees (including the Directors).

All services received in exchange for the grant of any share options are measured at their fair value. These are indirectly determined by reference to the fair value of share options granted. Their value is appraised at the grant date and excludes the impact of any service and non-market performance vesting conditions (for example, profitability and sales growth targets).

All services received is ultimately recognised as an expense in profit or loss over the vesting period if vesting conditions apply, or recognised as an expense in full at the grant date when the share options granted vest immediately unless the expense qualifies for recognition as asset, with a corresponding increase in "share option reserve" within equity. If service or non-market performance conditions apply, the expense is recognised over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market performance and service conditions are included in assumptions about the number of share options that are expected to vest. Estimates are subsequently revised, if there is any indication that the number of share options expected to vest differs from previous estimates. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share option reserve.

Where a grant of share options is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the grant is recognised immediately. This includes any grant where non-vesting conditions within the control of either the Group or the employee are not met.

At the time when the share options are exercised, the amount previously recognised in share option reserve will be transferred to share capital and share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to retained profits/accumulated losses.

4. Significant Accounting Policies *(Continued)*

Taxation

Income tax represents the sum of the current tax and deferred tax.

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

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

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

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

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model of the Group whose business objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, deferred tax for such investment properties are measured based on the expected manner as to how the properties will be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

4. Significant Accounting Policies *(Continued)*

Other intangible assets

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

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

Customer Network	10 years
Exclusive License	15 years

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

Inventories

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

Financial instruments

Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Group transfers substantially all the risks and rewards of ownership of the assets; or the Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

4. Significant Accounting Policies *(Continued)*

Financial instruments *(Continued)*

Financial assets

Financial assets are recognised and derecognised on a trade date basis where the purchase or sale of an asset is under a contract whose terms require delivery of the asset within the timeframe established by the market concerned, and are initially recognised at fair value, plus directly attributable transaction costs except in the case of financial assets at FVTPL. Transaction costs directly attributable to the acquisition of financial assets at FVTPL are recognised immediately in profit or loss.

Financial assets of the Group are classified under the following categories:

– Financial assets at amortised cost; and

– Financial assets at FVTPL.

(i) Financial assets at amortised cost

Financial assets (including trade, loan and other receivables) are classified under this category if they satisfy both of the following conditions:

– the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

– the contractual terms of the assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

They are subsequently measured at amortised cost using the effective interest method less loss allowance for ECL.

(ii) Financial assets at FVTPL

Financial assets are classified under this category if they do not meet the conditions to be measured at amortised cost and the conditions of debt investments at fair value through other comprehensive income unless the Group designates an equity investment that is not held for trading as at fair value through other comprehensive income on initial recognition.

Financial assets at FVTPL include contingent consideration receivables, derivative financial asset and investments at FVTPL.

Financial assets at FVTPL are subsequently measured at fair value with any gains or losses arising from changes in fair values recognised in profit or loss. The fair value gains or losses recognised in profit or loss are net of any interest income and dividend income. Interest income and dividend income are recognised in profit or loss.

4. Significant Accounting Policies *(Continued)*

Financial instruments *(Continued)*

Loss allowances for ECL

The Group recognises loss allowances for ECL on financial assets at amortised cost. ECL are the weighted average of credit losses with the respective risks of a default occurring as the weights.

At the end of each reporting period, the Group measures the loss allowance for a financial instrument at an amount equal to the ECL that result from all possible default events over the expected life of that financial instrument ("lifetime ECL") for trade receivable, and loan receivables, or if the credit risk on that financial instrument has increased significantly since initial recognition.

If, at the end of the reporting period, the credit risk on a financial instrument (other than trade receivable, and loan receivables) has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to the portion of lifetime ECL that represents the ECL that result from default events on that financial instrument that are possible within 12 months after the reporting period.

The amount of ECL or reversal to adjust the loss allowance at the end of the reporting period to the required amount is recognised in profit or loss as an impairment gain or loss.

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

4. Significant Accounting Policies *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments *(Continued)*

Convertible bonds

Convertible bonds which entitle the holder to convert the bonds into a fixed number of equity instruments at a fixed conversion price are regarded as compound instruments consist of a liability and an equity component. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible debt. The fair value of any derivative features embedded in the compound instruments is included in the liability component. The difference between the proceeds of issue of the convertible bonds and the fair values assigned to the liability component, representing the embedded option for the holder to convert the bonds into equity of the Group, is included in equity as convertible bonds equity reserve. The liability component is carried as a liability at amortised cost using the effective interest method until extinguished on conversion or redemption. The derivative components are measured at fair value with gains and losses recognised in profit or loss.

Issue of convertible bonds as share-based payment transactions

If the identifiable consideration received by the Company appears to be less than the fair value of the convertible bonds issued, the Company measures the unidentifiable services received (to be received) as the difference between the fair value of the convertible bonds issued and that of the identifiable consideration received, and the difference is recognised in the profit or loss.

Transaction costs are apportioned between the liability and equity components of the convertible bonds based on their relative carrying amounts at the date of issue. The portion relating to the equity component is charged directly to equity.

Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost, using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Promissory notes

The Group's promissory notes are subsequently measured at FVTPL, showing the fair value changes on financial liability designed as such upon initial recognition.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

4. Significant Accounting Policies *(Continued)*

Impairment of assets

At the end of the reporting period, the Group reviews the carrying amounts of its non-financial assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the CGU to which the asset belongs.

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

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset carried at a revalued amount in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Related parties

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

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of key management personnel of the Group or the Company's parent; or

4. Significant Accounting Policies *(Continued)*

Related parties *(Continued)*

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

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

(iii) Both entities are joint ventures of the same third party;

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group;

(vi) The entity is controlled or jointly controlled by a person identified in (a);

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity); or

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to a parent of the Company.

Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the consolidated financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

5. Critical Judgement and Key Estimates

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

(a) Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the CGU to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate the present value. The carrying amount of goodwill at 31 March 2019 was approximately HK$72,446,000 after an impairment loss of approximately HK$7,019,000 was recognised during year ended 31 March 2019. Details of the impairment loss calculation are provided in Note 19.

(b) Useful lives of other intangible assets

As at 31 March 2019, the carrying amount of the Group's other intangible assets was approximately HK$48,362,000. The estimated useful lives of the assets reflect the Directors' estimate of the periods over which the other intangible assets are expected to generate net cash flows for the Group based on certain assumptions including attrition of customers base and possibility of renewal of sales contracts.

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

(c) Estimated impairment of loan receivables and trade and other receivables

The Group determines impairment losses for bad and doubtful debts resulting from the inability of the customers/debtors to make the required payments. A considerable amount of estimate and judgement is required in assessing the ultimate realisation of these receivables which is based on the ageing of the receivable balance, customer credit-worthiness, value of collateral or quality of guarantee and historical write-off experience. If the financial conditions of customers/debtors deteriorate, additional allowance for bad and doubtful debts may be required. Further details are set out in Notes 23 to 24.

(d) Provision for income taxes

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

5. Critical Judgement and Key Estimates *(Continued)*

(e) Fair value of financial instruments

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

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 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 year ended 31 March 2018, details of which are set out in Note 41(b).

2. The Group completed the disposal of Tiger Global Group Limited, together with its subsidiary and an associate, 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 year ended 31 March 2018, details of which are set out in Note 41(a).

6. Revenue and segment information *(Continued)*

Revenue

Disaggregation of revenue from contracts with customers from continuing operations:

	2019 **HK$'000**	2018 HK$'000
Continuing operations		
Revenue from contracts with customers:		
Sales of goods from Household Consumables Business	**44,533**	52,147
Services income from Digital Technology Business	**2,021**	6,194
Services income from Education Business	**16,722**	25,054
	63,276	83,395
Interest income from Money Lending Business	**51,888**	32,330
	115,164	115,725
Timing of revenue recognition:		
At point in time	**58,066**	76,316
Over time	**5,210**	7,079
Revenue from contracts with customers	**63,276**	83,395
Geographical market:		
The PRC	**9,791**	20,938
United Kingdom (the "UK")	**44,533**	52,147
Macau	**–**	38
Hong Kong	**8,952**	10,272
Revenue from contracts with customers	**63,276**	83,395

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

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

Other services income are recognised when services are provided.

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					
For the year ended 31 March 2019	**Coal Business HK$'000**	**Household Consumables Business HK$'000**	**Digital Technology Business HK$'000**	**Education Business HK$'000**	**Money Lending Business HK$'000**	**Total HK$'000**
Revenue from external customers	–	44,533	2,021	16,722	51,888	115,164
Segment profit (loss)	36,364	2,166	(1,836)	(402)	58,252	94,544
Bank interest income						58
Exchange differences						(163)
Fair value gain on investments at FVTPL						12,416
Fair value loss on derivative financial asset						(28,632)
Fair value loss on contingent consideration receivable						(1,335)
Fair value loss on promissory notes						(1,938)
Loss on early redemption of promissory note						(2,033)
Loss on redemption of convertible bonds						(1,023)
Amortisation of other intangible assets						(834)
Impairment loss on goodwill						(7,019)
Share of profit of associates						9,253
Gain on disposal of subsidiary						7,797
Central administration costs						(85,322)
Loss before income tax from continuing operations						(4,231)

6. Revenue and segment information *(Continued)*

Segment revenues and results *(Continued)*

	Continuing operations					
For the year ended 31 March 2018	Coal Business HK$'000	Household Consumables Business HK$'000	Digital Technology Business HK$'000	Education Business HK$'000	Money Lending Business HK$'000	Total HK$'000 (restated)
Revenue from external customers	–	52,147	6,194	25,054	32,330	115,725
Segment (loss) profit	(4,403)	3,957	880	(1,039)	8,826	8,221
Bank interest income						21
Exchange differences						83
Dividend income from investment in available-for-sale financial asset						1,995
Fair value gain on investments at FVTPL and derivative financial asset						15,952
Fair value loss on contingent consideration receivable						(1,854)
Fair value loss on promissory notes						(323)
Interest income from bond receivable						1,731
Interest income from other receivables						2,215
Amortisation of other intangible assets						(848)
Gain on disposal of property, plant and equipment						77
Gain on disposal of available-for-sale financial asset						2,800
Impairment loss on goodwill						(4,820)
Share-based payment expenses						(41,654)
Share of profit of associates						1,436
Central administration costs						(57,568)
Loss before income tax from continuing operations						(72,536)

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit (loss) from continuing operations represents the profit earned by (loss incurred from) each segment without allocation of bank interest income, exchange differences, dividend income from investment in available-for-sale financial asset, fair value gain on investments at FVTPL and derivative financial asset, fair value loss on contingent consideration receivable, fair value loss on promissory notes, loss on redemption of convertible bonds, loss on early redemption of promissory note, interest income from bond receivable and other receivables, amortisation of other intangible assets, gain on disposal of property, plant and equipment, gain on disposal of available-for-sale financial asset, impairment loss on goodwill, share-based payment expenses, share of profit of associates, gain on disposal of subsidiary, central administration costs and income tax expense. This is the measure reported to the chief operating decision makers for the purposes of resource allocation and performance assessment.

6. Revenue and segment information *(Continued)*

Segment assets and liabilities

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

Segment assets

	2019 **HK$'000**	2018 HK$'000
Coal Business	**–**	28,230
Household Consumables Business	**14,014**	14,570
Digital Technology Business	**863**	907
Education Business	**2,169**	3,033
Money Lending Business	**328,925**	283,955
Total segment assets	**345,971**	330,695
Other intangible assets	**48,362**	49,432
Goodwill	**72,446**	79,465
Interests in associates	**102,655**	97,711
Deposit	**–**	36,580
Contingent consideration receivable	**–**	1,335
Amounts due from related parties	**1,585**	1,638
Derivative financial asset	**222**	28,854
Investments at FVTPL	**17,029**	23,655
Bank balances and cash	**45,383**	67,013
Unallocated corporate assets	**3,534**	2,957
Consolidated total assets	**637,187**	719,335

6. Revenue and segment information *(Continued)*

Segment assets and liabilities *(Continued)*

Segment liabilities

	2019 HK$'000	2018 HK$'000 (restated)
Coal Business	19,767	85,173
Household Consumables Business	3,471	2,639
Digital Technology Business	1,016	1,907
Education Business	4,424	7,756
Money Lending Business	168	127
Total segment liabilities	28,846	97,602
Tax payable	10,908	3,948
Convertible bonds	176,038	195,331
Promissory notes	13,589	18,118
Deferred tax liabilities	8,040	8,260
Unallocated corporate liabilities	8,312	7,078
Consolidated total liabilities	245,733	330,337

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

- All assets are allocated to operating segments other than other intangible assets, goodwill, interests in associates, non-current deposit, contingent consideration receivable, derivative financial asset, investments at FVTPL, amounts due from related parties, bank balances and cash and unallocated corporate assets.

- All liabilities are allocated to operating segments other than tax payable, 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						
For the year ended 31 March 2019	**Coal Business HK$'000**	**Household Consumables Business HK$'000**	**Digital Technology Business HK$'000**	**Education Business HK$'000**	**Money Lending Business HK$'000**	**Unallocated Corporate Office HK$'000**	**Total HK$'000**
Capital additions	–	19	–	200	–	–	219
Depreciation of property, plant and equipment	–	173	–	116	–	156	445
Impairment loss on trade receivables	–	31	–	41	–	–	72
Impairment loss on goodwill	–	–	7,019	–	–	–	7,019
Written-off of loan receivables	–	–	–	–	50	–	50
Written-off of trade receivables	–	379	–	–	–	–	379
Net gain on sales of trade receivables and payables	(36,374)	–	–	–	–	–	(36,374)
Reversal of impairment loss on loan receivables	–	–	–	–	(8,583)	–	(8,583)

	Continuing operations						
For the year ended 31 March 2018	Coal Business HK$'000	Household Consumables Business HK$'000	Digital Technology Business HK$'000	Education Business HK$'000	Money Lending Business HK$'000	Unallocated Corporate Office HK$'000	Total HK$'000
Capital additions	–	18	–	–	–	120	138
Depreciation of property, plant and equipment	–	183	–	37	–	203	423
Gain on disposal of property, plant and equipment	–	–	–	–	–	(77)	(77)
Impairment loss on trade receivables	3,591	92	381	59	–	–	4,123
Impairment loss on loan receivables	–	–	–	–	21,583	–	21,583
Impairment loss on goodwill	–	–	4,820	–	–	–	4,820
Written-off of trade receivables	–	4	–	–	–	–	4

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 revenue from its major products and services from continuing operations:

	2019 HK$'000	2018 HK$'000
Continuing operations		
Sales of goods from Household Consumables Business	44,533	52,147
Services income from		
– Digital Technology Business	2,021	6,194
– Education Business	16,722	25,054
Interest income from Money Lending Business	51,888	32,330
	115,164	115,725

Information about geographical areas

In determining the Group's information about geographical areas, revenue from continuing operations is analysed 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.

	Revenue by geographical market	
	2019 HK$'000	2018 HK$'000
Continuing operations		
The PRC	9,791	20,938
UK	44,533	52,147
Macau	–	38
Hong Kong	60,840	42,602
	115,164	115,725

6. Revenue and segment information *(Continued)*

Information about geographical areas *(Continued)*

As at 31 March 2019, approximately HK$102,723,000, HK$12,553,000 and HK$108,946,000 and HK$309,000 of the non-financial assets classified as non-current under continuing operations are located in the PRC, the UK, 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, the UK, Hong Kong and Macau, respectively.

Information about a major customer

There is no revenue from customers for the year ended 31 March 2019 contributing over 10% of the total revenue of the Group from continuing operations. For year ended 31 March 2018, revenue from customers contributing over 10% of the total revenue of the Group from continuing operations are as follows:

	2019 HK$'000	2018 HK$'000
Customer A[1]	N/A*	12,990

[1] Revenue is from Household Consumables Business.

* Contributed to less than 10% of the Group's total revenue from continuing operations for the relevant year.

7. Other Income

	2019 HK$'000	2018 HK$'000
Continuing operations		
Bank interest income	58	21
Dividend income from investment in available-for-sale financial asset	–	1,955
Interest income from bond receivable	–	1,731
Interest income from other receivables	–	2,215
Rental income	1,180	–
Sundry income	217	–
	1,455	5,922

8. Other Gains and Losses, Net

	2019 HK$'000	2018 HK$'000 (restated)
Continuing operations		
Exchange differences	**(163)**	83
Gain on disposal of property, plant and equipment	**–**	77
Loss on redemption of convertible bonds	**(1,023)**	–
Fair value loss on contingent consideration receivable	**(1,335)**	(1,854)
Fair value (loss)gain on derivative financial asset	**(28,632)**	11,739
Fair value gain on investments at FVTPL	**12,416**	4,213
Fair value loss on promissory notes	**(1,938)**	(323)
Loss on early redemption of promissory note	**(2,033)**	–
Gain on disposal of available-for-sale financial asset	**–**	2,800
Gain on disposal of a subsidiary	**7,797**	–
Impairment loss on trade receivables	**(72)**	(4,123)
Impairment loss on goodwill	**(7,019)**	(4,820)
Impairment loss on loan receivables	**–**	(21,583)
Share-based payment expenses	**–**	(41,654)
Reversal of impairment loss on loan receivables	**8,583**	–
Written-off of loan receivables	**(50)**	–
Written-off of trade receivables	**(379)**	(4)
Net gain on sales of trade receivables and payables	**36,374**	–
Others	**438**	(103)
	22,964	(55,552)

9. Finance Costs

	2019 HK$'000	2018 HK$'000 (restated)
Continuing operations		
Effective interest expenses on convertible bonds	**44,632**	25,370
Interest expenses on bank and other borrowings (Note)	**3,509**	1
	48,141	25,371

Note:

During the year ended 31 March 2019, the Group entered into loan facilities to finance the investment properties acquired through the acquisition of entire equity interest in Treasure Profit Limited. The loans bore fixed interest rate and were denominated in HK$. The loans were secured by the investment properties held by Treasure Profit Limited, together with the corporate guarantees and personal guarantee from a director of the Company. The loans were fully repaid and all respective charges were released after the completion of disposal of Treasure Profit Limited during the year ended 31 March 2019.

10. Income Tax Expense

	2019 HK$'000	2018 HK$'000 (restated)
Continuing operations		
Current tax:		
– Hong Kong Profits Tax	**6,079**	3,743
– PRC Enterprise Income Tax ("PRC EIT")	**355**	441
– Other jurisdictions	**457**	887
	6,891	5,071
Under (over)-provision in respect of prior years:		
– Hong Kong Profits Tax	**991**	–
– Other jurisdictions	**–**	(42)
	991	(42)
Deferred taxation:		
– Current year	**(146)**	(161)
	(146)	(161)
	7,736	4,868

(i) Hong Kong

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for year ended 31 March 2018.

On 21 March 2018, the Hong Kong Legislative Council passed the Inland Revenue (Amendment) (No.7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day.

Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualified for the two-tiered profits tax rates regime continue to be taxed at a flat rate of 16.5%.

Accordingly, starting from 1 April 2018, Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2 million.

10. Income Tax Expense *(Continued)*

(ii) PRC

PRC EIT is calculated at 25% (2018: 25%) of the estimated assessable profits of subsidiaries operating in the PRC except for a subsidiary of the Company which was recognised as a high and new technology enterprise ("HNTE") and 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 during the year (2018: 15%).

(iii) Macau

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

(iv) Other jurisdictions

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

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

	2019 **HK$'000**	2018 HK$'000 (restated)
Loss before income tax from continuing operations	**(4,231)**	(72,536)
Tax at statutory tax rates	**(775)**	(12,980)
Tax effect of share of result of associates	**–**	(237)
Tax effect of expenses not deductible for tax purpose	**14,350**	12,727
Tax effect of income not taxable for tax purpose	**(8,251)**	(1,245)
Tax effect on temporary differences not recognised	**(4)**	1,136
Tax effect of tax losses not recognised	**1,376**	5,509
Under(over)-provision in respect of prior years	**991**	(42)
Others	**49**	–
Income tax expense for the year from continuing operations	**7,736**	4,868

10. Income Tax Expense *(Continued)*

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

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

11. Loss for the Year

	2019 HK$'000	2018 HK$'000 (restated)
Continuing operations		
The Group's loss for the year has been arrived at after charging:		
Directors' remuneration	13,251	8,984
Other staff costs	20,483	18,903
Retirement benefit scheme contributions[1]	669	1,883
Total staff costs	34,403	29,770
Auditor's remuneration	1,265	2,682
Cost of inventories sold	35,006	41,172
Depreciation of property, plant and equipment	445	423
Amortisation of other intangible assets	834	848

[1] No forfeited contributions available for offset against existing contributions during the year (2018: Nil).

12. Directors' and Employees' Emoluments

Directors

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

Year ended 31 March 2019

	Fees HK$'000	Salaries and other benefits HK$'000	Discretionary bonus (Note (iv)) HK$'000	Retirement benefit scheme contributions HK$'000	Total HK$'000
Executive directors:					
Mr. Wong Wai Sing (Note (i))	4,105	1,740	4,000	18	9,863
Mr. Lee Chi Shing, Caesar	600	–	–	18	618
Mr. Chan Kin Lung	120	840	–	18	978
Mr. Wong Jeffrey	130	1,050	–	18	1,198
Independent non-executive directors:					
Mr. Kwok Kam Tim	216	–	–	–	216
Dr. Hui Chik Kwan	180	–	–	–	180
Mr. Tso Ping Cheong, Brian	198	–	–	–	198
	5,549	3,630	4,000	72	13,251

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

Directors *(Continued)*

Year ended 31 March 2018

	Fees HK$'000	Salaries and other benefits HK$'000	Discretionary bonus (Note (iv)) HK$'000	Retirement benefit scheme contributions HK$'000	Total HK$'000
Executive directors:					
Mr. Wong Wai Sing (Note (i))	4,105	–	–	18	4,123
Ms. Yick Mi Ching, Dawnibilly (Note (ii))	126	978	–	12	1,116
Mr. Lee Chi Shing, Caesar	600	–	–	18	618
Mr. Chan Kin Lung	120	840	–	18	978
Mr. Wong Jeffrey	130	1,038	225	18	1,411
Non-executive director:					
Ms. Lin Fang (Note (iii))	94	–	–	–	94
Independent non-executive directors:					
Mr. Kwok Kam Tim	234	–	–	–	234
Dr. Hui Chik Kwan	195	–	–	–	195
Mr. Tso Ping Cheong, Brian	215	–	–	–	215
	5,819	2,856	225	84	8,984

Notes:

(i) Mr. Wong Wai Sing is also the chief executive of the Company.

(ii) Ms. Yick Mi Ching, Dawnibilly resigned as an executive director with effect from 1 December 2017.

(iii) Ms. Lin Fang was appointed as a non-executive director with effect from 18 April 2017. She resigned as a non-executive director with effect from 1 February 2018.

(iv) The discretionary bonuses were determined by the contributions of the individual of the Directors in the business development of the Group and approved by the Remuneration Committee.

Fees, salaries, allowances and benefits in kind paid to or for the executive directors are generally emoluments paid or receivable in respect of those persons' other services in connection with the management of the affairs of the Company and its subsidiaries.

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

Employees

Of the five individuals with the highest emoluments in the Group, three (2018: two) were Directors and whose emoluments are set out in the above details of the Directors' emoluments. The emoluments of the remaining two (2018: three) non-director individuals are as follows:

	2019 HK$'000	2018 HK$'000
Salaries and other allowances	**3,356**	5,285
Retirement benefit scheme contributions	**35**	36
	3,391	5,321

The emoluments paid or payable to the remaining two (2018: three) non-director individuals are within the following bands:

	2019 Number of individuals	2018 Number of individuals
HK$1,000,001 to HK$1,500,000	**–**	1
HK$1,500,001 to HK$2,000,000	**2**	–
HK$2,000,001 to HK$2,500,000	**–**	2

During both years, no emolument was paid by the Group to any of the Directors or the five highest paid individuals (including Directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office. During both years, no arrangement under which Directors waived or agreed to waive any emoluments.

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

Senior Management

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

	2019 Number of individuals	2018 Number of individuals
HK$1,500,001 to HK$2,000,000	**2**	–
HK$2,000,001 to HK$2,500,000	**–**	2

During the year ended 31 March 2018, for one of the senior management, the emoluments shown above also included the salaries and other allowances and retirement benefit scheme contributions when she was Director. She resigned as Director during the year ended 31 March 2018 but remained as a key management personnel of the Group.

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").

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.

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.

Details of assets and liabilities disposed of, and the calculation of the gain on disposal are disclosed in Note 41(a).

13. Discontinued Operations *(Continued)*

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

The financial performance and cash flows of Jewelries and Watch Business for the period from 1 April 2017 up to 30 June 2017 is classified and included as part of discontinued operations for the year ended 31 March 2018.

(b) Hygienic Disposables Business

On 5 May 2017, the Group had, through its indirectly wholly-owned subsidiaries, Tary Limited ("Tary") 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 assets and liabilities disposed of, and the calculation of the gain on disposal are disclosed in Note 41(b).

The financial performance and cash flows of Hygienic Disposables Business for the period from 1 April 2017 up to 25 May 2017 is classified and included as part of discontinued operations for the year ended 31 March 2018.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

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 consolidated statement of comprehensive income, details of which are as follows:

	2018		
	Jewelries and Watches Business HK$'000	Hygienic Disposables Business HK$'000	Total HK$'000
Revenue	1	12,069	12,070
Cost of sales	(172)	(11,940)	(12,112)
Gross (loss) profit	(171)	129	(42)
Other gains and losses, net	–	(14,358)	(14,358)
Selling and distribution expenses	–	(261)	(261)
Administrative expenses	(155)	(4,583)	(4,738)
Share of loss of an associate	(227)	–	(227)
Loss before income tax from discontinued operations	(553)	(19,073)	(19,626)
Income tax credit	28	–	28
Loss after income tax from discontinued operations	(525)	(19,073)	(19,598)
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 year from discontinued operations	–	45,648	45,648
Profit from discontinued operations attributable to:			
– Owners of the Company	–	45,648	45,648
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. Dividends

The Directors do not recommend the payment of any dividend in respect of the years ended 31 March 2019 and 2018.

15. (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 year attributable to the owners of the Company and the weighted average number of respective ordinary shares in issue during the year.

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 adjusted (loss) profit for the years attributable to the owners of the Company and the adjusted weighted average number of ordinary shares outstanding both of which are adjusted to assume exercise or conversion of all dilutive potential ordinary shares.

As at 31 March 2018 and 2019, the Company has 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 year) for the same total proceeds is the number of shares issued for no consideration. The resulting number of shares issued for no consideration is included in the weighted average number of ordinary shares as the denominator for calculating diluted (loss) 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 expense less the tax effect.

As the Company's outstanding share options and convertible bonds for both years ended 31 March 2018 and 2019 had an anti-dilutive effect to the basic (loss) earnings per share from continuing operations calculation, the exercise or conversion of the above potential ordinary shares is not assumed in the computation of diluted (loss) earnings per share.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

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

(i) From continuing and discontinued operations

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

	2019 **HK$'000**	2018 HK$'000 (restated)
Loss for the year attributable to owners of the Company	**(15,539)**	(31,317)
Weighted average number of ordinary shares for the purpose of basic and diluted (loss) earnings per share	**2,398,714,708**	2,378,783,201

(ii) Continuing operations

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

	2019 **HK$'000**	2018 HK$'000 (restated)
Loss for the year from continuing operations attributable to owners of the Company	**(15,539)**	(76,965)
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	**2,398,714,708**	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 year ended 31 March 2018 is based on the following data:

	2018 HK$'000
Profit for the year from discontinued operations attributable to owners of the Company	45,648
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	2,378,783,201

16. Property, Plant and Equipment

	Buildings	Plant and machinery	Motor vehicles	Leasehold improvement	Furniture, fixtures and equipment	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
COST						
At 1 April 2017	32,336	39,519	1,068	5,619	3,340	81,882
Additions	–	18	–	–	120	138
Disposal of subsidiaries	(32,210)	(39,434)	(101)	(4,991)	(1,521)	(78,257)
Disposals	–	–	(876)	–	(12)	(888)
Exchange realignment	255	364	17	127	37	800
At 31 March 2018	381	467	108	755	1,964	3,675
Additions	–	–	–	–	219	219
Disposals	–	–	–	–	(4)	(4)
Exchange realignment	–	(33)	(8)	(53)	(14)	(108)
At 31 March 2019	381	434	100	702	2,165	3,782
ACCUMULATED DEPRECIATION AND IMPAIRMENT						
At 1 April 2017	24,660	39,359	937	4,756	2,762	72,474
Charge for the year	162	38	9	147	240	596
Disposal of subsidiaries	(24,912)	(39,434)	(10)	(4,633)	(1,521)	(70,510)
Elimination on disposals	–	–	(860)	–	(12)	(872)
Exchange realignment	196	344	13	68	23	644
At 31 March 2018	106	307	89	338	1,492	2,332
Charge for the year	8	30	4	130	273	445
Elimination on disposals	–	–	–	–	(4)	(4)
Exchange realignment	–	(22)	(6)	(24)	(7)	(59)
At 31 March 2019	114	315	87	444	1,754	2,714
NET CARRYING VALUE						
At 31 March 2019	267	119	13	258	411	1,068
At 31 March 2018	275	160	19	417	472	1,343

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

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	57,346	7,878	55,006	120,230
Exchange realignment	–	1,049	–	1,049
At 31 March 2018	57,346	8,927	55,006	121,279
Exchange realignment	–	(626)	–	(626)
At 31 March 2019	57,346	8,301	55,006	120,653
ACCUMULATED AMORTISATION AND IMPAIRMENT				
At 1 April 2017	57,346	4,070	8,996	70,412
Charge for the year	–	848	–	848
Exchange realignment	–	587	–	587
At 31 March 2018	57,346	5,505	8,996	71,847
Charge for the year	–	834	–	834
Exchange realignment	–	(390)	–	(390)
At 31 March 2019	57,346	5,949	8,996	72,291
NET CARRYING VALUE				
At 31 March 2019	–	2,352	46,010	48,362
At 31 March 2018	–	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 ("China Coal") and its 90%-owned subsidiary (collectively the "China Coal Group") in prior year. The Coal Sales Contract was fully impaired in prior years.

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 year and has been allocated to the Household Consumables Business CGU. The Customer Network is amortised on straight-line basis over 10 years.

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

17. Other Intangible Assets *(Continued)*

The Group also assessed the useful lives of the License Agreements as indefinite because the Group considered the License Agreements are renewable at no additional cost and that the business relationship with the license owner becomes probable to continue indefinitely in the foreseeable future. Based on historical records, the Group is able to renew the License Agreements with the license owner without any additional cost.

Particulars regarding impairment testing on other intangible assets are set out in Note 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, 31 March 2018 and 2019	9,774	113,633	61,319	21,795	206,521
ACCUMULATED IMPAIRMENT LOSSES					
At 1 April 2017	–	60,917	61,319	–	122,236
Impairment (Note 8)	–	4,820	–	–	4,820
At 31 March 2018	–	65,737	61,319	–	127,056
Impairment (Note 8)	–	7,019	–	–	7,019
At 31 March 2019	–	72,756	61,319	–	134,075
NET CARRYING VALUE					
At 31 March 2019	9,774	40,877	–	21,795	72,446
At 31 March 2018	9,774	47,896	–	21,795	79,465

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 in 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 Finance") and has been allocated to the Money Lending Business CGU.

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

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

19. Impairment Testing on Other Intangible Assets and Goodwill

For the purpose of impairment testing as at 31 March 2018 and 2019, 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. The carrying amounts of other intangible assets and goodwill as at 31 March 2019 and 2018 allocated to these units are as follows:

	Customer Network with finite useful life		License Agreements with indefinite useful lives		Goodwill	
	2019	2018	**2019**	2018	**2019**	2018
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Household Consumables Business CGU (Unit A)	**2,352**	3,422	**–**	–	**9,774**	9,774
Digital Technology Business CGU (Unit B)	**–**	–	**–**	–	**40,877**	47,896
Education Business CGU (Unit C)	**–**	–	**46,010**	46,010	**–**	–
Money Lending Business CGU (Unit D)	**–**	–	**–**	–	**21,795**	21,795
	2,352	3,422	**46,010**	46,010	**72,446**	79,465

During the year ended 31 March 2019, the Group determines that there is no impairment of other intangible assets in respect of the Household Consumables Business CGU and Education Business CGU. There is no impairment of goodwill in respect of the Household Consumable Business CGU and Money Lending Business CGU as at 31 March 2019.

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

Unit A

The recoverable amount of this unit has been determined based on a fair value less cost of disposal calculation with reference to a professional valuation performed by Greater China Appraisal Limited, an independent firm of professionally qualified valuers for both years. That calculation covered an indefinite period as estimated by the Group as there is no foreseeable limitation on the period of time over which the CGU is expected to generate economic benefits to the Group. The calculation uses cash flow projections based on financial budgets approved by management covering a five-year period (2018: a five-year period). Cash flows beyond the projection period are extrapolated using an estimated growth rate of 2% (2018: 3%). The post-tax rate used to discount the forecast cash flows is 13.59% (2018: 14.00%).

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

Unit B

The recoverable amount of this unit as at 31 March 2019 has been determined to be approximately HK$40,877,000 (2018: HK$47,896,000) based on a value-in-use calculation (2018: value-in-use calculation) with reference to a professional valuation performed by Asset Appraisal Limited ("AAL"), an independent firm of professionally qualified valuers. That calculation covered an indefinite period as estimated by the Group as there is no foreseeable limitation on the period of time over which the CGU is expected to generate economic benefits to the Group. The calculation uses cash flow projections based on financial budgets approved by management covering a five-year period (2018: five-year period). Cash flows beyond the projection period are extrapolated using an estimated growth rate of 2% (2018: 3%). The pre-tax rate used to discount the forecast cash flows is 14.54% (2018: 16.43%).

Based on the impairment assessment of the Digital Technology Business CGU, the goodwill allocated to Digital Technology Business CGU was determined to be impaired. An impairment loss of approximately HK$7,019,000 (2018: HK$4,820,000) was recognised in consolidated profit or loss under other gains and losses, net in the current year. The impairment loss recognised during the year ended 31 March 2019 was mainly attributable to a fall in annual growth rate over the five-year forecast period due to the increase in competition among other market participants, loss of competitiveness and the change in customers' needs.

Unit C

The recoverable amount of this unit as at 31 March 2019 has been determined based on a value-in-use calculation (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 five-year period (2018: five-year period). Cash flows beyond the projection period are extrapolated using an estimated growth rate of 2% (2018: 3%). The pre-tax rate used to discount the forecast cash flows is 16.70% (2018: 20.84%).

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

Unit D

The recoverable amount of this unit as at 31 March 2019 has been determined based on a value-in-use calculation (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 five-year period (2018: five-year period). Cash flows beyond the projection period are extrapolated using zero (2018: zero) growth rate. The pre-tax rate used to discount the forecast cash flows is 18.29% (2018: 16.13%).

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

The recoverable amounts of Unit A were based on the fair value less costs of disposal calculation determined by income approach using discounted cash flow projections for both years ended 31 March 2019 and 2018. The fair value of the recoverable amounts of Unit A is classified as a level 3 fair value measurement.

For Unit A, Unit C and Unit D, for which no impairment loss was recognised during the year, reasonably possible changes in key assumptions on which the management had based its determination of the units' recoverable amounts would not cause the units' carrying amounts to exceed their respective recoverable amounts.

20. Interests in Associates

	At 31 March 2019 HK$'000	At 1 April 2018 HK$'000 (Note)	At 31 March 2018 HK$'000
Share of net assets	**56,597**	50,357	51,653
Goodwill	**46,058**	46,058	46,058
	102,655	96,415	97,711

Note:

Upon the adoption of HKFRS 9 (2014), an opening adjustment as at 1 April 2018 was made to recognise the change on share of results of associates due to the additional ECL made in the associates' trade receivables.

20. Interests in Associates *(Continued)*

Particulars of the associates as at 31 March 2019 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	Paid up capital	Attributable equity interest held by the Group as at 31 March		Principal activities
			2019	2018	
			%	%	
Alpha Youth Limited	The British Virgin Islands (the "BVI") 10 May 2016	United States Dollar ("USD") 200	**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	Renminbi ("RMB") 20,000,000	**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.

On 15 February 2018, the Group acquired 20% equity interest in Alpha Youth Limited and its subsidiaries ("Alpha Youth Group") with 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 province, 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 incurred 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.

20. Interests in Associates *(Continued)*

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. The Company has received certificates from the auditor of Hainan Huasheng which confirmed the Alpha Youth Profit Guarantee had been fulfilled.

Promissory note with principal amount of HK$8,500,000 was early redeemed by the Company during the year ended 31 March 2019 and the remaining outstanding promissory note was also early redeemed in full by the Company subsequent to the end of the reporting period.

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 approximately RMB481,066,000. If the exercise price is below approximately RMB320,710,000, the vendor has the right to refuse the exercise of the Call Option by the Group.

20. Interests in Associates *(Continued)*

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 and 15 February 2018 respectively.

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

	HK$'000
Cash consideration	95,000
Promissory notes at fair value (Note 29)	17,795
Add: legal and professional fee directly attributable to the acquisition	3,784
Less: contingent consideration receivable (Note 21)	(3,189)
Total	113,390
Group's share of net provisional fair value of identifiable assets and liabilities of Alpha Youth Group	50,217
Derivative financial asset – call option (Note 25)	17,115
Goodwill attributable to interests in associates	46,058
Total	113,390

Reconciliation of the Group's share of net provisional fair value of identifiable assets and liabilities of Alpha Youth Group at the acquisition date:

	HK$'000
Net assets of Alpha Youth Group, at carrying amounts	212,082
Provisional fair value adjustments	39,002
Net provisional fair value of identifiable assets and liabilities	251,084
Group's effective interest	20%
Group's share of net provisional fair value of identifiable assets and liabilities	50,217

20. Interests in Associates *(Continued)*

Summarised financial information of Alpha Youth Group

	At 31 March 2019 HK$'000	At 1 April 2018 HK$'000	At 31 March 2018 HK$'000
As at 31 March			
Non-current assets	**165,726**	197,192	197,192
Current assets	**603,323**	663,657	670,137
Current liabilities	**486,060**	609,064	609,064

	For the year ended 31 March 2019 HK$'000	For the period from 15 February 2018 to 31 March 2018 HK$'000
Revenue	**877,203**	47,044
Profit for the year/period	**46,264**	7,181
Other comprehensive income for the year/period	**(15,060)**	–
Total comprehensive income for the year/period	**31,204**	7,181

Reconciliation of the summarised financial information presented to the carrying amount of the Group's interest in Alpha Youth Group:

	At 31 March 2019 HK$'000	At 31 March 2018 HK$'000
Opening net assets of Alpha Youth Group, including the fair value adjustments on the date of acquisition	**258,265**	251,084
Impact of initial application of HKFRS 9 (2014)	**(6,480)**	–
Profit for the year/period	**46,264**	7,181
Other comprehensive income for the year/period	**(15,060)**	–
Closing net assets, including impact of initial application of HKFRS 9 (2014)	**282,989**	258,265
Group's effective interest	**20%**	20%
Group's share of net assets of Alpha Youth Group	**56,597**	51,653
Goodwill	**46,058**	46,058
Carrying value	**102,655**	97,711

21. Contingent Consideration Receivable

As at 31 March 2018, the balance represents the Alpha Youth Profit Guarantee in relation to the acquisition of Alpha Youth Group.

	HK$'000
At 1 April 2017	–
Acquisition of interests in associates (Note 20)	3,189
Fair value loss recognised in profit or loss (Note 8)	(1,854)
At 31 March 2018	1,335
Fair value loss recognised in profit or loss (Note 8)	(1,335)
At 31 March 2019	–

Details of the Alpha Youth Profit Guarantee are disclosed in Note 20.

The Alpha Youth Profit Guarantee (for the period 1 January 2018 to 31 December 2018) had been fulfilled as at 31 March 2019 and the change in fair value of approximately HK$1,335,000 was recognised in profit or loss under other gains and losses, net during the year ended 31 March 2019.

The fair value of the Alpha Youth Profit Guarantee at 31 March 2018 was calculated using the Monte-Carlo Simulator 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	**As at 31 March 2018**
Alpha Youth Profit Guarantee for the period from 1 January 2017 to 31 December 2017 (RMB) (Note a)	42,000,000
Alpha Youth Profit Guarantee for the period from 1 January 2018 to 31 December 2018 (RMB) (Note a)	47,000,000
Normalised net profit of Hainan Huasheng (RMB)	49,452,000
Risk-free rate (Note b)	3.41%
Expected volatility of Hainan Huasheng (Note c)	11.54%

21. Contingent Consideration Receivable *(Continued)*

The fair value of the Alpha Youth Profit Guarantee was approximately HK$1,335,000 as at 31 March 2018. The change in fair value of approximately HK$1,854,000 was recognised in profit or loss under other gains and losses, net during the year ended 31 March 2018.

Notes:

(a) Information is according to the terms and conditions of the acquisition agreement.

(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 Huasheng 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 Alpha Youth Profit Guarantee 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 normalised net profit of Hainan Huasheng	The higher expected volatility of Hainan Huasheng, the higher fair value of the Alpha Youth Profit Guarantee, and vice versa. The higher normalised net profit of Hainan Huasheng, the lower fair value of the Alpha Youth Profit Guarantee, and vice versa.

Details of the fair value measurement are set out in Note 39.

22. Inventories

	2019 HK$'000	2018 HK$'000
At cost:		
Finished goods	**5,765**	5,610

23. Loan Receivables

	2019 HK$'000	2018 HK$'000
Loan receivables		
– Collateralised	**87,000**	115,830
– Non-collateralised	**207,270**	165,718
	294,270	281,548
Accrued interest receivables	**47,522**	23,171
	341,792	304,719
Less: impairment loss recognised	**(13,000)**	(21,583)
	328,792	283,136

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

The loans provided to customers bore fixed monthly interest rate ranging from 8% to 39% (2018: 8% to 39%) per annum. The effective interest rates of the above loan receivables ranging from 8% to 46% (2018: 8% to 44%) per annum.

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

	2019 HK$'000	2018 HK$'000
0 – 90 days	**25,050**	50,298
91 – 180 days	**5,200**	15,000
181 – 365 days	**27,400**	186,827
Over 365 days	**223,620**	7,840
	281,270	259,965

23. Loan Receivables *(Continued)*

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

	2019 HK$'000	2018 HK$'000
At the beginning of the year	21,583	–
(Reversal of) impairment loss recognised	(8,583)	21,583
At the end of the year	13,000	21,583

The management of the Group reviews and assesses for impairment individually based on customers' repayment history and the fair values of the collaterals, if any. As at 31 March 2019, impairment loss of HK$13,000,000 was provided (2018: HK$21,583,000) on loan receivables on an individual assessment basis. Certain loan receivables amounting to HK$11,791,000 (2018: HK$10,084,000) are guaranteed by a related party.

Loan receivables that were past due but not impaired related to customers that have made regular payments to the Group. Based on past experience, the management is of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality of the customers and the balances are still considered fully recoverable.

The Group applies the simplified approach under HKFRS 9 (2014) to provide for ECL using the lifetime expected loss provision for all loan receivables. To measure the ECL, loan receivables have been grouped based on shared credit risk characteristics and the days past due. The ECL also incorporate forward looking information.

Set out below is the information about the credit risk exposure on the Group's loan receivables based on contractual due date:

	Current HK$'000	1 - 90 days past due HK$'000	91 - 180 days past due HK$'000	181 - 365 days past due HK$'000	Over 365 days past due HK$'000	Total HK$'000
At 31 March 2019						
Weighted average expected loss rate	0%	0%	0%	0%	99.2%	
Receivable amount	275,070	–	2,900	3,200	13,100	294,270
Loss allowance	–	–	–	–	(13,000)	(13,000)
At 31 March 2018						
Weighted average expected loss rate	4.1%	6.6%	0%	9.5%	100%	
Receivable amount	45,020	25,200	23,500	187,628	200	281,548
Loss allowance	(1,846)	(1,655)	–	(17,882)	(200)	(21,583)

24. Trade and Other Receivables and Prepayments, and Deposits

	2019 HK$'000	2018 HK$'000
Trade receivables	**116,815**	200,809
Less: impairment loss recognised	**(108,619)**	(163,361)
	8,196	37,448
Prepayments and deposits	**5,144**	5,131
Other receivables	**540**	896
Amount due from a non-controlling owner of a subsidiary (Note (i))	**–**	88
Amounts due from related parties (Note (ii))	**1,585**	1,638
Trade and other receivables and prepayments	**15,465**	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 balances represent the amounts due from companies which directors of certain subsidiaries have direct equity interest or amounts due from the directors of certain subsidiaries. The amounts are unsecured, interest-free and repayable on demand.

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

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

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

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

	2019 HK$'000	2018 HK$'000
0 – 30 days	**4,642**	5,459
31 – 60 days	**2,103**	1,664
61 – 90 days	**1,135**	1,948
Over 90 days	**316**	28,377
	8,196	37,448

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

The Group applies the simplified approach under HKFRS 9 (2014) to provide for ECL using the lifetime expected loss provision for all trade receivables. To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The ECL also incorporate forward looking information.

Set out below is the information about the credit risk exposure on the Group's trade receivables:

	Current HK$'000	1 - 30 days past due HK$'000	31 - 60 days past due HK$'000	61 -90 days past due HK$'000	Over 90 days past due HK$'000	Total HK$'000
At 31 March 2019						
Weighted average expected loss rate	0%	0%	0%	0%	99.77%	
Receivable amount	4,642	2,103	1,135	68	108,867	116,815
Loss allowance	–	–	–	–	(108,619)	(108,619)
At 31 March 2018						
Weighted average expected loss rate	0%	0%	0%	0%	85.22%	
Receivable amount	5,459	2,226	1,386	34	191,704	200,809
Loss allowance	–	–	–	–	(163,361)	(163,361)

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

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

	2019 HK$'000	2018 HK$'000
At the beginning of the year	**163,361**	159,284
Impairment loss recognised	**72**	4,123
Disposal	**(45,182)**	–
Bad debts written off	**(10,044)**	–
Exchange realignment	**412**	(46)
At the end of the year	**108,619**	163,361

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

Impaired trade receivables were mainly due from customers with long outstanding balances and the management of the Group considered the recoverability is remote as the related customers were in financial difficulties or have prolonged delay in repayment. The Group did not hold any material collateral over those balances.

Included in the Group's impaired receivables was balance due from a customer in its Coal Business of gross carrying amount of approximately HK$37,410,000 (2018: HK$110,599,000) as at 31 March 2019 and nil net carrying amount as at 31 March 2019 (2018: approximately HK$28,142,000). In 2013, the Group entered into a master agreement with the customer, a State-Owned Enterprise in the PRC. Prolonged delay in repayment of receivables from this customer casts doubts on the recoverability, and the Group temporarily suspended the trading transactions with this customer. No sales were recorded during the years ended 31 March 2019 and 2018. Based on impairment assessment of the trade receivables due by the customer, taking into account the historical settlement record, latest negotiations with the customer of the outstanding amounts and subsequent factoring without recourse of certain of the receivables, full impairment loss is provided as at 31 March 2019 (2018: HK$82,457,000).

24. Trade and Other Receivables and Prepayments, and Deposits *(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 (the "Treasure Profit Acquisition"). 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. The deposit is refundable upon the event the conditions attached in the Agreement are not fulfilled by the vendor on or before 28 September 2018. On 28 September 2018, the Treasure Profit Acquisition was completed.

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

25. Investments at FVTPL and Derivative Financial Asset

	2019 **HK$'000**	2018 HK$'000
Investments at FVTPL		
– Equity securities listed in Hong Kong (Note (i))	**17,029**	23,655
Derivative financial instrument		
– Call Option (Note (ii))	**222**	28,854
	17,251	52,509

Notes:

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

(ii) The balance represents the Call Option in relation to the acquisition of Alpha Youth Group.

Details of the fair value measurement are set out in Note 39.

25. Investments at FVTPL and Derivative Financial Asset *(Continued)*

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

	Investments at FVTPL HK$'000	Derivative financial instrument HK$'000	Total HK$'000
At 1 April 2017	–	–	–
Call Option in the acquisition of Alpha Youth Group (Note 20)	–	17,115	17,115
Purchase	92,162	–	92,162
Changes in fair value	4,213	11,739	15,952
Disposal	(72,720)	–	(72,720)
At 31 March 2018	23,655	28,854	52,509
Purchase	54,583	–	54,583
Changes in fair value	12,416	(28,632)	(16,216)
Disposal	(73,625)	–	(73,625)
At 31 March 2019	17,029	222	17,251

Key terms and conditions of the Call Option are set out as follows:

Condition:	To obtain or satisfy all necessary relevant statutory and regulatory requirements, approvals and consents in relation to the transaction contemplated hereof.
Exercise period:	Any time within 2 years from 15 February 2018
Option shares:	160 shares of Alpha Youth Group (80% equity interest in Alpha Youth Group)
Option price:	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.

25. Investments at FVTPL and Derivative Financial Asset *(Continued)*

The fair value of the Call Option at 31 March 2019 and 2018 was calculated using the Monte-Carlo Simulator 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	As at 31 March 2019	As at 31 March 2018
Years remaining (Note a)	**0.88**	1.88
Equity interest (Note a)	**80.00%**	80.00%
Valuation cap (Note a)	**120.00%**	120.00%
Price-earnings ratio (Note b)	**9.11**	12
100% equity value of the Alpha Youth Group as contained in the Company's circular dated 25 January 2018 (RMB) (Note a)	**501,110,000**	501,110,000
Strike price (RMB) (Note a)	**481,066,000**	481,066,000
Normalised net profit of Hainan Huasheng (RMB)	**56,073,000**	49,452,000
Risk-free rate (Note c)	**2.44%**	3.41%
Expected volatility of Hainan Huasheng (Note d)	**10.40%**	11.54%

The fair value of the Call Option was approximately HK$222,000 as at 31 March 2019 (2018: HK$28,854,000). The change in fair value resulted in a loss of approximately HK$28,632,000 (2018: a gain of approximately HK$11,739,000) was recognised in the profit or loss under other gains and losses, net during the year ended 31 March 2019.

Notes:

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

(b) The price-earnings ratio adopted was the average of that of 6 selected companies from the relevant industry. The selected companies are the same for the years ended 31 March 2018 and 2019.

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

(d) Expected volatility of Hainan Huasheng 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 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, price-earnings ratio and normalised net profit of Hainan Huasheng	The higher expected volatility, price-earnings ratio and normalised net profit of Hainan Huasheng, the higher fair value of the Call Option, and vice versa.

26. Bank Balances and Cash

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

	2019	2018
Bank balances	0.00% to 0.30%	0.00% to 0.30%

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

	RMB	USD	Macau Pataca ("MOP")
	HK$'000	HK$'000	HK$'000
As at 31 March 2019			
Bank balances and cash	846	15	29
As at 31 March 2018			
Bank balances and cash	7,735	82	43

Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations.

26. Bank Balances and Cash *(Continued)*

Reconciliation of liabilities from financing activities

The table below details change in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Amount due to a related party HK$'000	Convertible bonds HK$'000 (Note 28)	Promissory notes HK$'000 (Note 29)	Total HK$'000
At 1 April 2017, as previously reported	4,295	–	–	4,295
Changes from financing cash flows:				
Repayment to a related party	(6)	–	–	(6)
Proceed from issuance of convertible bonds, net (restated)	–	199,750	–	199,750
Interest paid	–	(6,269)	–	(6,269)
Total changes from financing cash flows (restated)	(6)	193,481	–	193,475
Other changes:				
Interest expenses (restated)	–	25,370	–	25,370
Equity component of convertible bonds (restated)	–	(65,174)	–	(65,174)
Acquisition of interests in associates	–	–	17,795	17,795
Fair value loss recognised in profit or loss	–	–	323	323
Share-based payment expenses (restated)	–	41,654	–	41,654
Other changes	(4,289)	–	–	(4,289)
Total other changes (restated)	(4,289)	1,850	18,118	(15,709)
At 31 March 2018, as restated	**–**	**195,331**	**18,118**	**213,449**
Changes from financing cash flows:				
Repayment of promissory note	**–**	**–**	**(8,500)**	**(8,500)**
Repayment of convertible bonds	**–**	**(50,000)**	**–**	**(50,000)**
Interest paid	**–**	**(15,430)**	**–**	**(15,430)**
Total changes from financing cash flows	**–**	**(65,430)**	**(8,500)**	**(73,930)**
Other changes:				
Interest expenses	**–**	**44,632**	**–**	**44,632**
Fair value loss recognised in profit or loss	**–**	**–**	**1,938**	**1,938**
Other changes	**–**	**1,505**	**2,033**	**3,056**
Total other changes	**–**	**46,137**	**3,971**	**49,626**
At 31 March 2019	**–**	**176,038**	**13,589**	**191,966**

27. Trade and Other Payables and Accruals

	2019 HK$'000	2018 HK$'000
Trade payables	19,597	89,375
Customer deposits	1,319	1,764
Other payables and accruals	16,242	13,541
	37,158	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:

	2019 HK$'000	2018 HK$'000
0 – 30 days	3,567	3,215
31 – 60 days	118	211
Over 90 days	15,912	85,949
	19,597	89,375

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

28. Convertible Bonds

Convertible Bonds due on 2019

On 11 August 2017, the Company issued HK$200,000,000 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 and is paid on 30 June and 31 December until the bonds are converted or redeemed.

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 liability component was calculated using a market interest rate for an equivalent non-convertible bond and netting off the fair values of issuer callable redemption and holder puttable redemption options and subsequently measured at amortised cost. The residual amount of approximately HK$65,174,000, representing the fair value of the equity conversion component, was included in the convertible bonds equity reserve.

On 29 March 2019, the Company made early redemption on part of the outstanding Convertible Bonds 2019 at the principal amount of HK$50,000,000. Upon the partial redemption of the Convertible Bonds 2019, the respective value of the convertible bonds equity reserve of approximately HK$482,000 was released during the year.

There was no conversion of Convertible Bonds 2019 since its issuance.

28. Convertible Bonds *(Continued)*

Convertible Bonds due on 2019 *(Continued)*

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

		2018 (restated)	
	Equity component	**Liability component**	**Total**
	HK$'000	HK$'000	HK$'000
Fair value of Convertible Bonds 2019 at date of issuance	65,242	176,412	241,654
Transaction cost on issuance	(68)	(182)	(250)
	65,174	176,230	241,404

	2019	2018
	HK$'000	HK$'000 (restated)
Equity component		
At beginning of the year	**65,174**	–
Issuance during the year	**–**	65,174
Redemption	**(482)**	–
At the end of the year	**64,692**	65,174
Liability component		
At the beginning of the year	**195,331**	–
Issuance during the year	**–**	176,230
Effective interest expenses	**44,632**	25,370
Interest paid	**(7,934)**	(6,269)
Redemption	**(57,014)**	–
Loss on redemption	**1,023**	–
At the end of the year	**176,038**	195,331

The effective interest rate of the liability component on initial recognition and the subsequent recognition of interest expense on the Convertible Bonds 2019 was calculated using effective interest rate of 22.51% per annum (restated).

The Convertible Bonds 2019 was guaranteed by Mr. Wong Wai Sing, an executive Director (the "Guarantor"), who unconditionally and irrevocably guaranteed that if the Company does not pay any sum payable by it under the subscription agreement or the 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 holder.

29. Promissory Notes

	2019 HK$'000	2018 HK$'000
At the beginning of the year	**18,118**	–
Fair value of promissory notes issued for acquisition of interests in associates (Note 20)	**–**	17,795
Redemption during the year	**(8,500)**	–
Loss on early redemption	**2,033**	–
Fair value loss recognised in profit or loss	**1,938**	323
At the end of the year	**13,589**	18,118
Analysed for reporting purposes as:		
Non-current liabilities	**–**	18,118
Current liabilities	**13,589**	–
	13,589	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") to the vendor. 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 by the Company in full resulting in a loss on early redemption of approximately HK$2,033,000 during the year ended 31 March 2019.

The promissory notes are measured at fair value. Details of the fair value measurement are set out in Note 39.

The promissory notes are measured at fair value. 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.

30. Deferred Tax Liabilities

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

	Depreciation allowance on property, plant and equipment HK$'000	Fair value adjustments on other intangible assets HK$'000	Total HK$'000
At 1 April 2017, as previously reported	63	8,256	8,319
Credited to profit or loss	–	(161)	(161)
Exchange realignment	(41)	143	102
At 31 March 2018, as restated	**22**	**8,238**	**8,260**
Credited to profit or loss	**–**	**(146)**	**(146)**
Exchange realignment	**16**	**(90)**	**(74)**
At 31 March 2019	**38**	**8,002**	**8,040**

As at 31 March 2019, the Group had unused tax losses of approximately HK$32,544,000 (2018: approximately HK$339,728,000) which are available to set off against future profits of the respective group entities. During the year ended 31 March 2019, tax losses carried forward from prior years of approximately HK$299,374,000 was disallowed by the Inland Revenue Department. No deferred tax asset has been recognised in respect of these unused tax losses due to the unpredictability of future profit streams of the respective group entities.

31. Share Capital

	Number of shares	Nominal value HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 April 2017, 31 March 2018 and 2019	10,000,000,000	100,000
Issued and fully paid:		
At 1 April 2017 and 31 March 2018	2,378,783,201	23,788
Issue of shares upon exercise of share options (Note)	45,000,000	450
At 31 March 2019	2,423,783,201	24,238

Note:

During the year ended 31 March 2019, 45,000,000 share options were exercised at the exercise price of HK$0.48 per share. The total cash consideration received from the issuance 45,000,000 shares was approximately HK$21,600,000, of which HK$450,000 was credited to issued share capital and the remaining balance of HK$21,150,000 was credited to the share premium account. In addition, amount attributable to the related share options of approximately HK$7,020,000 has been transferred from share option reserve to the share premium account.

All the shares issued during the year ended 31 March 2019 rank pari passu with the then existing shares in all respects.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

32. Interests in Subsidiaries

As at 31 March 2019, the Company has direct/indirect interests in the following principal subsidiaries, all of which are private companies. Particulars of the subsidiaries as at 31 March 2019 and 2018 are set out below:

Name of subsidiary	Issued and fully paid share capital/ paid up capital	Place and date of incorporation/ establishment	Attributable equity interest held by the Group as at 31 March		Principal activities and place of operation
			2019	2018	
			%	%	
Greenstar Enviro-Tech Investments Company Limited*	USD40,000	BVI 12 January 2010	**100**	100	Investment holding
Two-Two-Free	MOP100,000	Macau 5 February 2004	**100**	100	Trading of hygienic disposable products in Macau
Nupoly Medical Supply Development Co. Limited	HK$1	Hong Kong 25 March 2010	**100**	100	Investment holding
S&J	GBP100	UK 19 January 2006	**100**	100	Wholesale and retail of household consumables in United Kingdom
Bright Rising Holdings Limited*	USD1	BVI 3 May 2012	**100**	100	Investment holding
Bright Rising Enterprise Limited	HK$10,000	Hong Kong 15 May 2012	**100**	100	Provision of management services in Hong Kong
Star Fantasy International Limited*	USD1	BVI 2 January 2013	**100**	100	Investment holding
Golden Star Group Holdings Limited*	USD1	BVI 26 April 2013	**100**	100	Investment holding
Bright World Investment Limited*	USD1	BVI 12 January 2015	**100**	100	Investment holding
Starry Zone Global Limited*	USD1	BVI 21 October 2014	**100**	100	Investment holding

32. Interests in Subsidiaries *(Continued)*

Name of subsidiary	Issued and fully paid share capital/ paid up capital	Place and date of incorporation/ establishment	Attributable equity interest held by the Group as at 31 March		Principal activities and place of operation
			2019 **%**	2018 %	
China Coal	USD1	BVI 14 December 2012	**100**	100	Investment holding
China Coal Alliances Trading Company Limited	HK$1,000,000	Hong Kong 24 December 2012	**90**	90	Trading of coal products in Hong Kong
Star World International Holdings Limited*	USD1	BVI 19 December 2014	**100**	100	Investment holding
Virtual Garden Investments Limited*	USD1	BVI 28 July 2014	**100**	100	Investment holding
DigiSmart (Group) Limited	USD11,000	BVI 10 December 2012	**100**	100	Investment holding
Sino Digital Media (Overseas) Limited	USD200	BVI 28 November 2008	**100**	100	Provision of digital technology services in Macau
i-Craftsmen Limited	HK$1,000,000	Hong Kong 30 September 2008	**100**	100	Provision of digital technology services in Hong Kong
博穎創意（北京）科技有限公司# DigiSmart Creations (Beijing) Technology Limited**#	HK$1,001,000	The PRC 2 May 2013	**100**	100	Provision of digital technology services in the PRC

32. Interests in Subsidiaries *(Continued)*

Name of subsidiary	Issued and fully paid share capital/ paid up capital	Place and date of incorporation/ establishment	Attributable equity interest held by the Group as at 31 March		Principal activities and place of operation
			2019 **%**	2018 %	
Start Bright Limited	USD200	BVI 30 August 2007	**100**	100	Investment holding
Smart Education Company Limited	HK$100	Hong Kong 9 October 2007	**100**	100	Provision of education services in Hong Kong
聰穎教育諮詢服務(深圳)有限公司# Smart Education Consulting Services (Shenzhen) Company Limited**#	USD50,000	The PRC 5 June 2014	**100**	100	Provision of education services in the PRC
STAR GRACE INC LIMITED	HK$1	Hong Kong 19 October 2016	**100**	100	Investment holding
Bright World Group Holdings Limited*	USD1	BVI 9 January 2015	**100**	100	Investment holding
Chengxin Finance	HK$17,858,240	Hong Kong 19 September 2007	**100**	100	Provision of money lending services in Hong Kong

* The subsidiary is directly owned by the Company.

** English translated name is for identification purpose only.

The subsidiaries are wholly-owned foreign enterprise.

The above table lists the subsidiaries of the Company which, in the opinion of the Directors, materially contributed to the net income of the Group or hold a material portion of the assets or liabilities of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

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

33. 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.

Pursuant to this objective, an ordinary resolution was passed at the annual general meeting of the Company held on 26 February 2015 for approval of adoption of a share option scheme (the "Share Option Scheme"). The life of the Share Option Scheme is 10 years from the date of adoption, after which no further options will be granted but the provisions of the Share Option Scheme shall remain in force with respect to options granted. The exercise price, vesting period, the exercisable period and the number of shares subject to each option will be determined by the Board at the time of grant.

The maximum number of unexercised share options currently permitted to be granted under the Share Option Scheme is an amount equivalent, upon their exercise, to 30% of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the Share Option Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors of the Company. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time and with an aggregate value (based on the price of the Company's shares at the date of the grant) in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within the date specified in the offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors of the Company, and commences after a certain vesting period and ends on a date which is not later than 10 years from the date of the grant of the share options or the expiry date of the Share Option Scheme, if earlier.

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.

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

(a) The terms and conditions of the share options that existed as at 31 March 2019 are as follows:

Date of grant	Vesting period	Exercise period	Contractual exercise price	Contractual life of option	Number of outstanding options At 31 March 2019	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	**2,400,000**	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	**4,900,000**	30,100,000

As at 31 March 2019, the Company had 7,300,000 (2018: 52,500,000) share options outstanding under the Share Option Scheme, which represented approximately 0.30% (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 7,300,000 (2018: 52,500,000) additional ordinary shares of the Company and additional share capital of HK$73,000 (2018: HK$525,000) and share premium of HK$3,431,000 (2018: HK$24,675,000) (before deducting any issue expenses).

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

	31 March 2019 Weighted average exercise price per share option HK$	**31 March 2019** Outstanding options	31 March 2018 Weighted average exercise price per share option HK$	31 March 2018 Outstanding options
At the beginning of the year	**0.48**	**52,500,000**	0.48	52,500,000
Lapsed (Note (i))	**0.48**	**(200,000)**	–	–
Exercised	**0.48**	**(45,000,000)**	–	–
At the end of the year	**0.48**	**7,300,000**	0.48	52,500,000

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

(b) *(Continued)*

Notes:

(i) Share options lapsed during the year ended 31 March 2019 was due to resignation of the grantee.

(ii) As there is no options granted by the Group during the year ended 31 March 2019, no expense was recognised by the Group during the year (2018: Nil).

(iii) 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 31 March 2019 have a weighted average remaining contractual life of approximately 0.4 year (2018: 1.4 years).

34. Capital Commitments

At the end of the reporting period, capital commitments outstanding not provided for in the consolidated financial statements are as follows:

	2019 **HK$'000**	2018 HK$'000
Equity interest in Treasure Profit Limited	**–**	109,740

35. Operating Lease Commitments

The Group as lessee:

The Group made minimum lease payments of approximately HK$6,264,000 (2018: HK$5,099,000) under operating leases in respect of office premises, car-parking space and warehouse during the year. No contingent rents recognised in profit or loss during the year ended 31 March 2019 (2018: Nil).

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

	2019 HK$'000	2018 HK$'000
Within one year	**11,520**	2,759
In the second to fifth years, inclusive	**14,945**	3,272
	26,465	6,031

The Group leases properties under non-cancellable operating lease agreement. The lease terms are between 2 years to 5 years (2018: 19 months to 5 years). The agreements do not include an extension option.

36. Related Party Disclosures

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

(I) Related party transactions

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

Name of related parties	**Nature of transactions**	**2019 HK$'000**	2018 HK$'000
北京啟元榮華廣告有限公司 (Note)	Services fee	**420**	71

Note: Services fee paid to a company which a director of a subsidiary has direct equity interest.

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

36. Related Party Disclosures *(Continued)*

(II) Compensation of key management personnel

The remuneration of Directors and other members of key management during the year ended 31 March 2019 was as follows:

	2019 HK$'000	2018 HK$'000
Fees, salaries and other allowances	**16,535**	11,881
Retirement benefit scheme contributions	**107**	108
	16,642	11,989

37. Capital Risk Management

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

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

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

38. Financial Instruments

(a) Categories of financial instruments

	2019 HK$'000	2018 HK$'000 (restated)
Financial assets		
At amortised cost (including bank balances and cash)	**384,537**	390,219
At FVTPL	**17,251**	53,844
	401,788	444,063
Financial liabilities		
At amortised cost	**201,522**	288,915
At FVTPL	**13,589**	18,118
	215,111	307,033

38. Financial Instruments *(Continued)*

(b) Financial risk management objectives and policies

The Group's major financial instruments include loan receivables, trade and other receivables, derivative financial asset, investments at FVTPL, bank balances and cash, trade and other payables, convertible bonds and promissory notes. Details of these financial instruments are disclosed in respective notes. The risks associated with certain of these financial instruments include market risk, credit risk and liquidity risk and the policies on how to mitigate these risks are set out below.

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

Market risk

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

(i) Currency risk

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

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

As the Group does not have significant exposure to currency risk, the Group's income and operating cash flows are substantially independent of changes in foreign currency rates.

(ii) Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank balances due to the fluctuation of the prevailing market interest rate. The Directors consider the Group's exposure of the bank balances to cash flow interest rate risk is not significant as the interest rate fluctuation on bank balances is minimal. The Group 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.

As the Group does not have significant exposure to interest rate risk, the Group's income and operating cash flows are substantially independent of changes in interest rates.

38. Financial Instruments *(Continued)*

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

Credit risk

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

The Group's credit risk is primarily attributable to its trade and other receivables, loan receivables, amounts due from related parties and bank balances.

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

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

The Group has certain concentration risk on loan receivables as it has five (2018: five) customers with outstanding balances of approximately HK$127,511,000 (2018: HK$112,091,000), representing approximately 37% (2018: 40%) of total loan receivables as at 31 March 2019. These top five loan receivables include project investors in the PRC or Hong Kong. The Group assessed the loss allowances for each of the loan receivable individually. As at 31 March 2019, impairment allowance for the loan receivables amounted to approximately HK$13,000,000 (2018: HK$21,583,000) was provided based on the financial position and the economic environment the borrowers operate. In this regard, the Directors consider that the Group's credit risk associated with loan receivables is significantly reduced.

The Group has concentration of credit risk on top five trade receivables which accounted for 48% (2018: 87%) of the Group's total trade receivables as at 31 March 2019. These top five trade receivables include a state-owned enterprise in the PRC and household consumables products or information technology services companies with good past credit records with the Group. The Group measures loss allowances for trade receivables with available reasonable and supportive forwarding-looking information.

The credit risk on amounts due from related parties is insignificant after considering the financial strength of these related entities.

38. Financial Instruments *(Continued)*

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

***Credit risk** (Continued)*

The Group considers whether there has been a significant increase in credit risk of financial assets on an ongoing basis throughout each reporting period by comparing the risk of a default occurring as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following information is used:

– internal credit rating;

– external credit rating (if available);

– actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations;

– actual or expected significant changes in the operating results of the debtor;

– significant increases in credit risk on other financial instruments of the same debtor;

– significant changes in the value of the collateral or in the quality of guarantees or credit enhancements; and

– significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtors.

A significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment. A default on a financial asset is when the counterparty fails to make contractual payments within 60 days of when they fall due.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group normally categorises a loan or receivable for write off when a debtor fails to make contractual payments greater than 365 days past due. Where loans or receivables have been written off, the Group, if practicable and economical, continues to engage in enforcement activity to attempt to recover the receivable due.

The Group uses two categories for non-trade receivables which reflect their credit risk and how the loss provision is determined for each of the categories. In calculating the ECL rates, the Group considers historical loss rates for each category and adjusts for forward looking data. For performing category (low risk of default and strong capacity to pay), 12 month expected losses is used for loss provision. For non-performing category (significant increase in credit risk), lifetime expected losses is used for loss provision.

38. Financial Instruments *(Continued)*

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

Liquidity risk

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

The following table details the Group's remaining contractual maturity for its financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, for the Convertible Bonds 2019 which contain an early redemption option which can be exercised at the bond holder's sole discretion after the first anniversary of the date of issue (i.e. 11 August 2018), the analysis shows the cash outflow based on the earliest period in which the Group can be required to pay, that is if the bond holder was to exercise the early redemption option.

Liquidity and interest risk table

	Weighted average of contractual interest rate per annum	Less than 90 days or on demand	Over 90 days but within 1 year	Over 1 year	Total undiscounted cash flows	Carrying amount
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
As at 31 March 2019						
Trade and other payables	**–**	**24,369**	**–**	**–**	**24,369**	**24,369**
Convertible bonds	**8**	**14,016**	**175,348**	**–**	**189,364**	**176,038**
Promissory notes	**–**	**–**	**15,500**	**–**	**15,500**	**13,589**
As at 31 March 2018 (restated)						
Trade and other payables	–	93,584	–	–	93,584	93,584
Convertible bonds	8	7,934	201,841	–	209,775	195,331
Promissory notes	–	–	–	24,000	24,000	18,118

38. Financial Instruments *(Continued)*

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

Liquidity risk *(Continued)*

Liquidity and interest risk table (Continued)

The table below summarises the maturity analysis of the Convertible Bonds 2019 with early redemption option based on the agreed scheduled repayments set out in the convertible bonds agreement. The amounts included interest payments computed using contractual rates. Also, the below analysis shows the undiscounted cash flows with an assumption that the bond holder does not exercise the early redemption option and the conversion option.

	Less than 90 days	Over 90 days but within 1 year	Over 1 year	Total undiscounted cash flows	Carrying amount
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
As at 31 March 2019					
Convertible bonds	**14,016**	**175,348**	**–**	**189,364**	**176,038**
As at 31 March 2018 (restated)					
Convertible bonds	7,934	8,066	241,732	257,732	195,331

(c) Fair value

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

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

39. Fair Value Measurement of Financial Instruments

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

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

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

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

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

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
As at 31 March 2019				
Assets				
Financial assets at FVTPL				
– Listed equity securities	**17,029**	**–**	**–**	**17,029**
– Derivative financial asset	**–**	**–**	**222**	**222**
	17,029	**–**	**222**	**17,251**
Liabilities				
Financial liabilities at FVTPL				
– Promissory notes	**–**	**–**	**(13,589)**	**(13,589)**
	17,029	**–**	**(13,367)**	**3,662**
As at 31 March 2018				
Assets				
Financial assets at FVTPL				
– Contingent consideration receivable	–	–	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

Fair value estimation

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.

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

Fair value estimation *(Continued)*

Financial assets at FVTPL – Derivative financial instrument

The fair value of the derivative financial instrument 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 10.40% and RMB56,073,000 respectively. Should the expected volatility increase or decrease by 3%, the fair value of derivative financial instrument would be increased by approximately HK$53,000 or decreased by approximately HK$45,000. Should the normalised net profit increase or decrease by 3%, the fair value of derivative financial instrument would be increased by approximately HK$294,000 or decreased by approximately HK$136,000.

Financial liabilities at FVTPL – Promissory notes

The fair value of the promissory notes was estimated by discounting the principal amount of HK$24,000,000 by effective interest rate of 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$289,000 or increased by approximately HK$298,000.

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

	Available-for-sale financial asset HK$'000	Contingent consideration receivable HK$'000	Derivative financial asset HK$'000	Promissory notes HK$'000	Total HK$'000
At 1 April 2017	156,200	–	–	–	156,200
Disposal of available-for-sale financial asset during the year	(156,200)	–	–	–	(156,200)
Arising from acquisition of interests in associates	–	3,189	17,115	(17,795)	2,509
Fair value gains (losses)					
– included in profit or loss (included in other gains and losses, net)	–	(1,854)	11,739	(323)	9,562
At 31 March 2018	–	1,335	28,854	(18,118)	12,071
Redemption during the year	–	–	–	8,500	8,500
Loss on early redemption	–	–	–	(2,033)	(2,033)
Fair value losses					
– included in profit or loss (included in other gains and losses, net)	–	(1,335)	(28,632)	(1,938)	(31,905)
At 31 March 2019	–	–	222	(13,589)	(13,367)

During the year ended 31 March 2019, there was no transfer between Level 1 and Level 2, or transfer into or out of Level 3 (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.

40. Acquisition of a Subsidiary

On 28 September 2018, the Group completed the acquisition of 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 is principally engaged in property investment in Hong Kong.

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 satisfied by:	
Cash	109,740
Deposit paid	36,580
	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 paid	109,740
Cash and bank balances in subsidiary acquired	(101)
Cash outflows on acquisition	109,639

Treasure Profit Limited was subsequently disposed to an independent third party on 27 March 2019. Details of the disposal of Treasure Profit Limited are disclosed in Note 41(d).

The acquired business contributed revenue of approximately HK$1,180,000 and net profit of approximately HK$604,000 for the period from 28 September 2018 to 27 March 2019. If the acquisition had occurred on 1 April 2018, total revenue and profit for the period ended 27 March 2019 would have been approximately HK$2,636,000 and HK$1,887,000 respectively.

41. Disposal of Subsidiaries

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

The disposal of Tiger Global Group was completed on 30 June 2017. 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.

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

	HK$'000
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 year from discontinued operations in the consolidated statement of comprehensive income.

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

The disposal of Brighten Tree Group was completed on 25 May 2017. 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.

41. Disposal 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
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 year from discontinued operations in the consolidated statement of comprehensive income.

(c) Disposal of Ramber and Tary

During year ended 31 March 2018, the Group disposed entire equity interest in Tary and Ramber, dormant companies at the date of disposal, to Mr. Chum Hon Sing, the ex-executive Director of the Company with an aggregate cash consideration of HK$3,000, which approximate the aggregate net asset value of Tary and Ramber. There are no gain or loss on the disposal of these subsidiaries.

41. Disposal of Subsidiaries *(Continued)*

(d) Disposal of Treasury Profit Limited on 27 March 2019

The disposal of Treasure Profit Limited was completed on 27 March 2019. Upon completion, Treasure Profit Limited ceased to be a subsidiary of the Company and consolidated results, assets and liabilities of Treasure Profit Limited were ceased to be consolidated with those of the Group.

The net assets of Treasure Profit Limited as at the date of disposal were as follows:

	HK$'000
Investment properties	146,320
Deposit and prepayments	116
Deposit received, other payables and accruals	(610)
Shareholder's loan	(62,569)
Net assets disposal of	83,257
Assignment of Shareholder's loan	62,569
Direct cost incurred for the disposal	1,377
Gain on disposal of subsidiary	7,797
Total cash consideration received	155,000
Net cash inflow arising on disposal:	
Cash consideration	155,000
Cost directly attributable to the disposal	(1,377)
	153,623

The gain on disposal of Treasure Profit Limited was included in the other gains and losses, net in the consolidated statement of comprehensive income.

42. Significant Event After Reporting Period

On 29 April 2019, the Company has issued and allotted 84,500,000 ordinary shares, which represents approximately 3.37% of the issued share capital of the Company as enlarged by the allotment and issue of the placing shares, at the placing price of HK$0.53 each to not less than six Placees (the "Placing"). The closing market price was HK$0.55 per share of the Company on the date on which the terms of the issue were fixed. The newly issued shares by Placing rank pari passu in all respects with the existing shares. The gross proceeds from the Placing is approximately HK$44.79 million, and the net proceeds (after deducting the placing commission and other costs and expenses) of approximately HK$43.65 million (approximately HK$0.517 per share) were intended to use as follows: (i) approximately HK$30.0 million for business development of the Group's money lending business; and (ii) approximately HK$13.65 million for general working capital of the Group.

As at the date of this annual report, (i) approximately HK$30.0 million for business development was fully utilised and (ii) approximately HK$13.65 million being utilised for general working capital of the Group, of which approximately HK$10.5 million being used for partial repayment of promissory notes of the Company.

Further details are set out in the announcements of the Company dated 15 April 2019 and 29 April 2019.

43. Comparative Amounts

Certain comparative amounts have been reclassified/re-grouped to conform with the current year's presentation and disclosures. In addition, certain comparative amounts have been restated in connection with certain prior year adjustments as further detailed in Note 3.

44. Statement of Financial Position of the Company

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

	2019 HK$'000	2018 HK$'000 (restated)
NON-CURRENT ASSETS		
Property, plant and equipment	70	214
Interests in subsidiaries	486,921	515,859
	486,991	516,073
CURRENT ASSETS		
Prepayments	2,084	848
Bank balances and cash	8,289	40,821
	10,373	41,669
CURRENT LIABILITIES		
Other payables and accruals	3,866	2,247
Promissory notes	13,589	–
Convertible bonds	176,038	195,331
	193,493	197,578
NET CURRENT LIABILITIES	(183,120)	(155,909)
TOTAL ASSETS LESS CURRENT LIABILITIES	303,871	360,164
NON-CURRENT LIABILITIES		
Promissory notes	–	18,118
	–	18,118
NET ASSETS	303,871	342,046
CAPITAL AND RESERVES		
Share capital	24,238	23,788
Reserves	279,633	318,258
TOTAL EQUITY	303,871	342,046

The financial statements of the Company were approved and authorised for issue by the Board of Directors on 25 June 2019 and are signed on its behalf by:

Mr. Wong Wai Sing
DIRECTOR

Mr. Jeffrey Wong
DIRECTOR

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

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

	Share premium HK$'000	Contributed surplus HK$'000	Convertible bonds equity reserve HK$'000	Share option reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2017	1,112,811	654	–	8,127	(793,962)	327,630
Loss and total comprehensive loss for the year	–	–	–	–	(28,525)	(28,525)
Issue of convertible bonds	–	–	7,127	–	–	7,127
Transaction with owners	–	–	7,127	–	–	7,127
At 31 March 2018 as previously reported	1,112,811	654	7,127	8,127	(822,487)	306,232
Effect of prior year adjustments (Note 3)	–	–	58,047	–	(46,021)	12,026
As 31 March 2018 as restated	1,112,811	654	65,174	8,127	(868,508)	318,258
Loss and total comprehensive loss for the year	**–**	**–**	**–**	**–**	**(59,293)**	**(59,293)**
Issue of shares upon exercise of share options	**28,170**	**–**	**–**	**(7,020)**	**–**	**21,150**
Lapse of share options	**–**	**–**	**–**	**(28)**	**28**	**–**
Redemption of convertible bonds	**–**	**–**	**(482)**	**–**	**–**	**(482)**
Transactions with owners	**28,170**	**–**	**(482)**	**(7,048)**	**28**	**20,668**
At 31 March 2019	**1,140,981**	**654**	**64,692**	**1,079**	**(927,773)**	**279,633**

Financial Summary

Results

	Year ended 31 March				
	2019	2018	2017	2016	2015
	HK$'000	HK$'000 (restated)	HK$'000	HK$'000	HK$'000
Continuing and discontinued operations					
Revenue	**115,164**	127,795	122,465	249,629	550,237
Loss for the year	**(11,967)**	(31,756)	(193,281)	(292,725)	(259,125)
Total comprehensive loss for the year attributable to owners of the Company	**(20,921)**	(40,187)	(189,169)	(300,941)	(252,409)

Assets and Liabilities

	As at 31 March				
	2019	2018	2017	2016	2015
	HK$'000	HK$'000 (restated)	HK$'000	HK$'000	HK$'000
Total assets	**637,187**	719,335	538,917	623,711	1,161,296
Total liabilities	**(245,733)**	(330,337)	(174,495)	(312,132)	(553,004)
Net assets	**391,454**	388,998	364,422	311,579	608,292