New Wisdom Holding Company Limited
新智控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8213)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 MARCH 2017

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

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

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

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

RESULTS

The board of directors (the "Board") of the Company hereby announces the audited consolidated results of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") for the year ended 31 March 2017, together with the comparative audited consolidated figures for the corresponding year, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2017

	Note	**2017** *HK$'000*	2016 *HK$'000*
Revenue	*2*	**336,419**	442,871
Cost of sales		**(113,027)**	(144,389)
Gross profit		**223,392**	298,482
Other income	*3*	**2,151**	3,526
Gain on disposal of subsidiaries	*11*	**8**	11,539
Impairment loss on goodwill		**–**	(4,293)
Impairment loss on other intangible assets		**(4,625)**	(3,147)
Impairment loss on plant and equipment		**(2,861)**	(5,648)
Operating expenses		**(263,346)**	(328,980)
Operating loss		**(45,281)**	(28,521)
Finance costs	*4(a)*	**(5,070)**	(6,215)
Loss before income tax	*4*	**(50,351)**	(34,736)
Income tax credit/(expense)	*5*	**2,611**	(3,898)
Loss for the year		**(47,740)**	(38,634)
Loss for the year attributable to:–			
Owners of the Company		**(47,333)**	(38,705)
Non-controlling interests		**(407)**	71
		(47,740)	(38,634)
			(Restated)
Loss per share (HK cents)	*6*		
– Basic		**(1.41)**	(1.28)
– Diluted		**N/A**	N/A

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2017

	2017	2016
	HK$'000	*HK$'000*
Loss for the year	**(47,740)**	(38,634)
Other comprehensive (loss)/income:–		
Items that may be subsequently reclassified to profit or loss:–		
Exchange (loss)/gain arising from translation of financial statements of foreign operations	**(563)**	264
Other comprehensive (loss)/income for the year, net of tax	**(563)**	264
Total comprehensive loss for the year	**(48,303)**	(38,370)
Total comprehensive loss for the year attributable to:–		
Owners of the Company	**(47,865)**	(38,441)
Non-controlling interests	**(438)**	71
	(48,303)	(38,370)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2017

	Note	2017 HK$'000	2016 HK$'000
NON-CURRENT ASSETS			
Plant and equipment		**31,640**	30,118
Goodwill on consolidation		**55,095**	55,095
Other intangible assets		**14,475**	20,133
Deferred tax assets		**6,321**	5,044
		107,531	110,390
CURRENT ASSETS			
Inventories		**4,771**	4,917
Debtors, deposits and prepayments	*7*	**33,107**	35,532
Income tax recoverable		**978**	1,174
Cash and cash equivalents	*8*	**22,228**	39,971
		61,084	81,594
DEDUCT:–			
CURRENT LIABILITIES			
Loans from a former director		**107,101**	–
Loans from a director		**2,644**	71,716
Obligations under finance lease		**179**	238
Bank loans, secured		**13,991**	24,888
Creditors, accruals and deposits received	*9*	**49,059**	51,794
Income tax payable		**439**	226
		173,413	148,862
NET CURRENT LIABILITIES		**(112,329)**	(67,268)
TOTAL ASSETS LESS CURRENT LIABILITIES		**(4,798)**	43,122
NON-CURRENT LIABILITIES			
Convertible bonds		**39,325**	38,563
Deferred tax liabilities		**575**	1,986
Other payables	*9*	**4,046**	2,835
Obligations under finance lease		**–**	179
		43,946	43,563
NET LIABILITIES		**(48,744)**	(441)

	2017	2016
	HK$'000	*HK$'000*
REPRESENTING:–		
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		
Share capital	**27,775**	27,775
Reserves	**(75,153)**	(27,403)
	(47,378)	372
NON-CONTROLLING INTERESTS	**(1,366)**	(813)
TOTAL EQUITY	**(48,744)**	(441)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2017

	Attributable to owners of the Company										
	Share capital *HK$'000*	**Accumulated losses** *HK$'000*	**Share premium** *HK$'000*	**Special reserve** *HK$'000*	**Exchange reserve** *HK$'000*	**Employee share-based compensation reserve** *HK$'000*	**Convertible bonds equity reserve** *HK$'000*	**Other reserve** *HK$'000*	**Total** *HK$'000*	**Non-controlling interests** *HK$'000*	**Total** *HK$'000*
At 1.4.2015	22,430	(170,884)	135,200	3,801	92	2,020	2,521	(258)	(5,078)	656	(4,422)
Recognition of equity-settled share-based payment expenses	–	–	–	–	–	9	–	–	9	–	9
Release upon disposal of subsidiaries – Note 11	–	–	–	–	(566)	–	–	–	(566)	(1,540)	(2,106)
Exercise of share option	345	–	3,640	–	–	(974)	–	–	3,011	–	3,011
Extension of convertible bonds	–	2,521	–	–	–	–	260	–	2,781	–	2,781
Conversion of convertible bonds	5,000	–	35,047	–	–	–	(1,391)	–	38,656	–	38,656
Comprehensive loss											
Loss for the year	–	(38,705)	–	–	–	–	–	–	(38,705)	71	(38,634)
Other comprehensive income:– Exchange gain arising from translation of financial statements of foreign operations	–	–	–	–	264	–	–	–	264	–	264
Total comprehensive loss for the year	–	(38,705)	–	–	264	–	–	–	(38,441)	71	(38,370)
At 31.3.2016 and 1.4.2016	27,775	(207,068)	173,887	3,801	(210)	1,055	1,390	(258)	372	(813)	(441)
Cancellation of share options under mandatory unconditional cash offers	–	1,055	–	–	–	(1,055)	–	–	–	–	–
Deemed disposal of partial interest in a subsidiary	–	–	–	–	–	–	–	115	115	(115)	–
Comprehensive loss											
Loss for the year	–	(47,333)	–	–	–	–	–	–	(47,333)	(407)	(47,740)
Other comprehensive loss:– Exchange loss arising from translation of financial statements of foreign operations	–	–	–	–	(532)	–	–	–	(532)	(31)	(563)
Total comprehensive loss for the year	–	(47,333)	–	–	(532)	–	–	–	(47,865)	(438)	(48,303)
At 31.3.2017	**27,775**	**(253,346)**	**173,887**	**3,801**	**(742)**	**–**	**1,390**	**(143)**	**(47,378)**	**(1,366)**	**(48,744)**

Notes:

1. BASIS OF PREPARATION

(a) Compliance with Hong Kong Financial Reporting Standards

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKAS") and Interpretations ("HK(IFRIC) – Int") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules").

(b) Initial application of HKFRSs

In the current year, the Group initially applied the following new and revised HKFRSs :–

Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortization
Amendments to HKAS 16 and HKAS 41	Bearer Plants
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Amendments to HKAS 28, HKFRS 10 and HKFRS 12	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
HKFRS 14	Regulation Deferral Accounts
Annual Improvements (2012-2014)	Amendments to HKFRS 5, HKFRS 7 and HKAS 19

The initial application of these new and revised HKFRSs have no significant impact in the current year financial information and did not necessitate retrospective adjustments of the comparatives presented in the consolidated financial statements.

(c) HKFRSs in issue but not yet effective

The following HKFRSs in issue at 31 March 2017 have not been applied in the preparation of the Group's consolidated financial statements for the year then ended since they were not yet effective for the annual period beginning on 1 April 2016:–

HKFRS 9 (2014)	Financial Instruments[2]
HKFRS 15	Revenue from Contracts with Customers[2]
HKFRS 16	Leases[3]
Amendments to HKAS 7	Disclosure Initiative[1]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[1]
Amendments to HKAS 28 and HKFRS 10	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[2]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[2]
Annual Improvements (2014-2016)	Amendments to HKFRS 1, HKFRS 12 and HKAS 28[4]

1 *Effective for annual periods beginning on or after 1 April 2017*
2 *Effective for annual periods beginning on or after 1 April 2018*
3 *Effective for annual periods beginning on or after 1 April 2019*
4 *Effective for annual periods beginning on or after 1 April 2017 or 1 April 2018, as appropriate*
5 *Effective for annual periods beginning on or after a date to be determined*

The Group is in the process of making an assessment of what the impact of these standards and amendments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

(d) Adoption of the going concern basis

When preparing the consolidated financial statements, the Group's ability to continue as a going concern has been assessed. These consolidated financial statements have been prepared by the Directors on going concern basis notwithstanding that the Group incurred a loss of HK$47,740,000 for the year ended 31 March 2017 and as of that date, the Group had net current liabilities and net liabilities of HK$112,329,000 and HK$48,744,000 respectively as the Directors considered that:–

(1) Mr. Tang Sing Ming Sherman ("Mr. Tang"), who is the sole beneficial owner of the convertible bonds issued by the Company in the aggregate outstanding principal amount of HK$40,000,000 and provided loans to the Group of HK$107,101,000 as at 31 March 2017, will provide continuing financial support to the Group;

(2) After the completion of the mandatory unconditional cash offers on 4 November 2016, Mr. Chan Kin Chun Victor ("Mr. Chan"), became the controlling shareholder of the Company and will provide continuing financial support to the Group; and

(3) Upon completion of the rights issue took place on 14 June 2017, the Company raised approximately HK$100 million, before expenses, by way of allotting and issuing 1,388,725,000 rights shares at the subscription price of HK$0.072 per rights shares, on the basis of one (1) rights shares for every two (2) existing shares held on 19 May 2017.

After taking into consideration of above factors, the Directors are satisfied that the Group will have sufficient financial resources to meet its financial obligations as they fall due in the foreseeable future and consider that it is appropriate for the consolidated financial statements to be prepared on a going concern basis since there are no material uncertainties related to events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern.

2. REVENUE

Revenue represents invoiced value recognized in respect of provision of food and beverage services, net of discounts and business tax or value-added tax, during the year. An analysis of the revenue recorded for the year is set out below:–

	2017	2016
	HK$'000	*HK$'000*
Provision of food and beverage services and others	**336,419**	442,871

3. OTHER INCOME

	2017	2016
	HK$'000	*HK$'000*
Interest income	**7**	5
Service fee income	**1,230**	1,909
Franchise income	**346**	174
Reversal on provision of reinstatement costs	**85**	804
Miscellaneous items	**483**	634
	2,151	3,526

4. LOSS BEFORE INCOME TAX

	2017 *HK$'000*	2016 *HK$'000*
Loss before income tax is arrived at after charging:–		
(a) Finance costs:–		
Interest expenses on secured bank loans, repayable within five years	**751**	795
Interest expense on convertible bonds	**798**	1,220
Imputed interest expense on convertible bonds	**762**	375
Finance charge on obligations under finance lease	**9**	15
Other bank charges	**2,750**	3,810
	5,070	6,215
(b) Other items:–		
Amortization of other intangible assets	**1,314**	2,131
Depreciation	**23,374**	31,002
Auditor's remuneration	**939**	1,201
Exchange loss	**319**	206
Operating lease rentals for properties	**75,990**	91,108
Directors' remuneration	**698**	490
Other staff salaries and benefits	**102,156**	130,084
Retirement scheme contributions	**4,918**	6,242
Equity-settled share-based payment expenses	**–**	5
Other staff costs	**107,074**	136,331
Cost of inventories sold	**113,027**	144,389
Loss on disposal of plant and equipment	**1,262**	508

5. INCOME TAX (CREDIT)/EXPENSE

Taxation in the profit or loss represents:–

	2017	2016
	HK$'000	*HK$'000*
Current tax	**101**	2,863
Deferred tax	**(2,712)**	1,035
Income tax (credit)/expense	**(2,611)**	3,898

(i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands ("BVI"), the Group is not subject to any income tax in the Cayman Islands and BVI.

(ii) The Company's subsidiaries incorporated/established in Hong Kong, the People's Republic of China ("PRC") and Taiwan are subject to Hong Kong Profits Tax, PRC Enterprise Income Tax and Taiwan Profit-Seeking-Enterprise Income Tax at the rates of 16.5%, 25% and 17% respectively (2016: Hong Kong – 16.5%, PRC – 25%, Taiwan – 17% and Japan – 15% respectively).

6. LOSS PER SHARE

The calculation of basic loss per share is based on the loss attributable to owners of the Company of HK$47,333,000 (2016: HK$38,705,000) and the weighted average number of ordinary shares of 3,359,819,000 (2016: 3,021,481,000 ordinary shares) in issue during the year ended 31 March 2017.

The weighted average number of ordinary shares adopted in calculation of basic loss per share for the year ended 31 March 2017 have been adjusted after taking into account of the rights issue which was completed on 14 June 2017 and prior year comparative had been restated for such effect. The weighted average number of ordinary shares for the year ended 31 March 2016 had also been adjusted to reflect the impact of the share options exercised and conversion of convertible bond effected during that year.

	2017	2016
	HK$'000	*HK$'000*
Loss for the year attributable to the owners of the Company	**47,333**	38,705

Weighted average number of ordinary shares

	2017	2016
	'000	*'000*
		(restated)
Issued ordinary shares at the beginning of the year	**3,359,819**	2,713,246
Effect of share option exercised	**–**	19,036
Effect of conversion of convertible bonds	**–**	289,199
Issued ordinary shares at the end of the year	**3,359,819**	3,021,481

Diluted loss per share has not been disclosed as no dilutive potential equity shares in existence as at 31 March 2017 and 2016.

7. DEBTORS, DEPOSITS AND PREPAYMENTS

Debtors, deposits and prepayments comprise:–

	2017	2016
	HK$'000	*HK$'000*
Trade debtors	**4,920**	5,681
Rental and utility deposits	**24,597**	25,548
Prepayments	**2,884**	3,305
Other debtors	**706**	998
	33,107	35,532

(a) Aging analysis

The trading terms with the Group's customers are mainly on cash and credit card settlements, except for well established corporate customers who entitled credit term of 30-60 days. For credit card settlements, the banks normally settle the balances within 2-3 days. The following was an aging analysis of trade debtors, which included outstanding balances for credit card settlements, (net of allowance for doubtful debts) at the end of reporting period:–

	2017	2016
	HK$'000	*HK$'000*
0 – 30 days	**4,676**	5,367
31 – 60 days	**228**	310
61 – 90 days	**8**	3
91 – 180 days	**8**	1
	4,920	5,681

(b) Trade debtors that are not impaired

The aging analysis of trade debtors that are not considered to be impaired was as follow:–

	2017	2016
	HK$'000	*HK$'000*
Neither past due nor impaired:–	**4,686**	5,608
Past due but not impaired:–		
1 – 30 days	**228**	69
31 – 60 days	**5**	3
61 – 90 days	**1**	1
	234	73
	4,920	5,681

Trade debtors that were neither past due nor impaired relate to customers for whom there was no recent history of default.

Trade debtors that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

8. CASH AND CASH EQUIVALENTS

	2017	2016
	HK$'000	*HK$'000*
Cash and bank balances	**22,228**	39,971

9. CREDITORS, ACCRUALS AND DEPOSITS RECEIVED

Creditors, accruals and deposits received comprise:–

	2017	2016
	HK$'000	*HK$'000*
Trade creditors	**18,454**	20,274
Accruals and provisions	**23,171**	22,336
Other creditors	**11,480**	12,019
	53,105	54,629
Less: Classified in non-current liabilities	**(4,046)**	(2,835)
Classified in current liabilities	**49,059**	51,794

The following was an aging analysis of trade creditors:–

	2017	2016
	HK$'000	*HK$'000*
0 – 30 days	**9,741**	9,296
31 – 60 days	**5,463**	7,800
61 – 90 days	**2,074**	1,968
91 – 180 days	**656**	323
Over 180 days	**520**	887
	18,454	20,274

10. BUSINESS COMBINATION

During the year ended 31 March 2016, the Group completed the acquisition of 100% equity interest in Cookie Man China (BVI) Limited and its subsidiaries, which are currently running the logistic and production centre in Shanghai, at a total consideration of HK$5.4 million.

The goodwill recognized is expected to be non-deductible for income tax purposes. The fair value of the identifiable assets and liabilities acquired in above acquisitions are as follows:–

	2016
	HK$'000
Net identifiable assets acquired:–	
Plant and equipment	1,645
Other intangible assets	1,772
Inventories	337
Debtors, deposits and prepayments	404
Cash and bank balances	68
Creditors, accruals and deposits received	(837)
Deferred tax liabilities	(527)
	2,862
Goodwill on acquisition of interests in subsidiaries	2,565
Consideration for acquisition of subsidiaries	5,427

	2016
	HK$'000
Consideration for acquisition of subsidiaries:–	
Cash consideration paid	3,927
Other creditors	1,500
	5,427
Net cash outflow arising on business combination:–	
Cash consideration paid	(3,927)
Cash and bank balances acquired	68
	(3,859)

Acquisition related costs incurred during the year to these acquisitions amounting to approximately HK$100,000 were included in operating expenses in the profit or loss.

The newly acquired subsidiaries contributed approximately HK$6,967,000 and HK$938,000 to the Group's loss for the year and revenue for the year ended 31 March 2016, respectively, for the period between 2 April 2015, the date of acquisition, and the end of the reporting year.

Had the acquisition been completed on 1 April 2015, total Group's loss for the year and revenue for the year ended 31 March 2016 would be approximately HK$38,634,000 and HK$442,871,000 respectively. This proforma information was for illustrative purposes only and was not necessarily an indication of the revenue and result of the Group that would actually have been impacted had the acquisition been completed on 1 April 2015, nor was it intended to be a projection of future result.

The goodwill of HK$2,565,000 arose from a number of factors. The most significant amongst these is the premium attributable to a pre-existing, well-established logistic and production center in Shanghai. In addition, it also included expected synergies through combining with the existing operations in Shanghai.

11. DISPOSAL OF SUBSIDIARIES

(a) During the year ended 31 March 2017, the Group disposed of the entire equity interest in Virtue Success Limited and its subsidiaries (collectively referred as to the "Virtue Success Group") to Mr. Tang, at a total consideration of HK$91,000, in order to dispose of the Group's tiny operations in Hong Kong.

The net assets of the Virtue Success Group being disposed of were as follows:–

	2017
	HK$'000
Net assets disposed of:–	
Deferred tax assets	**1**
Debtors, deposits and prepayments	**76**
Cash and bank balances	**214**
Creditors, accruals and deposit received	**(208)**
Net assets disposed of	**83**
Gain on disposal of subsidiaries	**8**
Total consideration	**91**
Total consideration satisfied by:–	
Cash consideration	**91**
Net cash outflow arising on disposal:–	
Cash consideration received	**91**
Cash and bank balances disposed of	**(214)**
	(123)

(b) During the year ended 31 March 2016, the Group disposed of the entire equity interest in (i) Jazzman Holdings Limited and its subsidiaries (collectively referred as to the "Jazzman Group") to Speedyway Limited, which is wholly and beneficially owned by a director of the Company, Mr. Tang, at a total consideration of HK$1.7 million, in order to dispose of the Group's overseas operations in Japan; (ii) Alworth Limited and its subsidiaries, (collectively referred as to the "Alworth Group") to Simply Global Investments Limited, which is wholly and beneficially owned by Mr. Tang, at a total consideration of HK$45 million, in order to dispose of two separate lines of business, under the brand names of Xiao Wang Beef Noodle and Xia Fei. The consideration of HK$45.0 million was fully satisfied by the loans from a director; and (iii) Robust Asia Limited and its subsidiary, (collectively referred as to the "Robust Asia Group") to Headline Bar & Restaurant Limited, which is an independent third party, at a total consideration of HK$4.5 million, in order to dispose of the Group's food processing solutions and catering services in Hong Kong.

The net assets of the above subsidiaries being disposed of were as follows:–

	Jazzman Group *HK$'000*	**Alworth Group** *HK$'000*	**Robust Asia Group** *HK$'000*	**Total** *HK$'000*
Net assets disposed of:–				
Plant and equipment	748	11,972	826	13,546
Goodwill on consolidation	–	2,141	1,067	3,208
Other intangible assets	105	3,063	43	3,211
Deferred tax assets	–	4,278	97	4,375
Inventories	65	823	696	1,584
Debtors, deposits and prepayments	729	15,434	3,619	19,782
Amount due from a fellow subsidiary	–	221	–	221
Cash and bank balances	132	18,387	1,714	20,233
Creditors, accruals and deposit received	(379)	(16,444)	(2,391)	(19,214)
Bank loan, secured	–	(1,945)	–	(1,945)
Income tax payable	–	(2,457)	(17)	(2,474)
Amounts due to fellow subsidiaries	–	(165)	–	(165)
Deferred tax liabilities	–	(581)	–	(581)
Net assets disposed of	1,400	34,727	5,654	41,781
Release of exchange reserve	(566)	–	–	(566)
	834	34,727	5,654	41,215
Non-controlling interests	–	–	(1,540)	(1,540)
Gain on disposal of subsidiaries	880	10,273	386	11,539
Total consideration	1,714	45,000	4,500	51,214
Total consideration satisfied by:–				
Cash consideration	1,714	–	4,500	6,214
Loans from a director	–	45,000	–	45,000
	1,714	45,000	4,500	51,214
Net cash inflow/(outflow) arising on disposal:–				
Cash consideration received	1,714	–	4,500	6,214
Cash and bank balances disposed of	(132)	(18,387)	(1,714)	(20,233)
	1,582	(18,387)	2,786	(14,019)

12. RELATED PARTY AND CONNECTED TRANSACTIONS

Except for loans from a director and disposal of subsidiaries as disclosed in note 11, the Group had the following material transactions with its related parties as defined in HKAS 24 during the year:–

		Note	2017 HK$'000	2016 HK$'000
(i)	Interest expense on convertible bonds to Strong Venture#	(a)	–	622
(ii)	Interest expense on convertible bonds to Mr. Tang	(a)	485	598
(iii)	Rental expense to Joint Allied Limited##	(b)	938	1,446
(iv)	Rental expense to Assets Partner Limited##	(b)	1,134	1,872
(v)	Rental expense to Jebson Development Limited##	(b)	–	639

Mr. Tang, who resigned as the Chairman and executive Director of the Company with effect from 8 November 2016, has controlling interest. However, Mr. Tang ceased to be the controlling shareholder who exercised control/significant influence over the Company on the same date and thus, he is not regarded as a related party of the Group since 8 November 2016.

Joint Allied Limited, Assets Partner Limited and Jebson Development Limited are owned by a family trust in which Mr. Tang is one of the beneficiaries.

The Group had the following material transactions with its connected person as defined in the GEM Listing Rules during the year:–

		Note	2017 HK$'000	2016 HK$'000
(i)	Interest expense on convertible bonds to Strong Venture*	(a)	–	622
(ii)	Interest expense on convertible bonds to Mr. Tang	(a)	798	598
(iii)	Rental expense to Joint Allied Limited**	(b)	1,550	1,446
(iv)	Rental expense to Assets Partner Limited**	(b)	1,872	1,872
(v)	Rental expense to Jebson Development Limited**	(b)	–	639

* Mr. Tang resigned as the Chairman and executive Director of the Company with effect from 8 November 2016. However, Mr. Tang was a director of the Company and its subsidiaries in the past 12 months and he is deemed as a connected person of the Group throughout the year under the GEM Listing Rules.

** Joint Allied Limited, Assets Partner Limited and Jebson Development Limited are owned by a family trust in which Mr. Tang is one of the beneficiaries.

Notes:–

(a) The interest rate was determined at 2% per annum as set out in the subscription agreement dated 15 August 2012. The Company entered into the supplemental deed with Strong Venture dated 8 July 2015 pursuant to which the Company and Strong Venture agreed to extend the maturity date of the Convertible Bonds for 36 months from the date falling on the third anniversary to the sixth anniversary of the date of issue of the Convertible Bonds. Save and except the amendment to the maturity date pursuant to the supplemental deed, all the terms and conditions in the Convertible Bonds remain unchanged, valid and in full force. On 21 August 2015, Strong Venture transferred the Convertible Bonds in the aggregate principal amount of HK$80,000,000 to Mr. Tang in consideration of the sum of HK$80,000,000. All terms and conditions of the Convertible Bonds remain unchanged. On 9 October 2015, Mr. Tang exercised the conversion rights partially attaching to the Convertible Bonds in respect of the principal amount of HK$40,000,000.

(b) The transactions were entered based on the normal commercial terms.

The Directors (including the independent non-executive Directors) of the Company have reviewed the above related party and connected transactions and are of the opinion and confirm that these transactions were effected: (i) on normal commercial terms (or better to the Group); (ii) in the ordinary and usual course of the business of the Group; and (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interest of the shareholders of the Company as a whole.

Key management compensation	**2017**	2016
	HK$'000	*HK$'000*
Fees for key management personnel	**622**	360
Salaries, allowances and other benefits in kind	**5,195**	5,919
Retirement scheme contributions	**99**	123
Equity-settled share-based payment expenses	**–**	8
	5,916	6,410

13. SEGMENT AND ENTITY-WIDE INFORMATION

HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly review by the chief operating decision maker (the Directors) in order to allocation resources to the segment and to assess its performance.

(a) The Group operates in one business unit, and has one reportable and operating segment: food and beverage. Accordingly, the Group does not have any identifiable segment or any discrete information for segment reporting purpose.

(b) Geographical information

	PRC		**Hong Kong/overseas**		**Consolidated**	
	2017	2016	**2017**	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue	**88,395**	89,836	**248,024**	353,035	**336,419**	442,871
Other income	**808**	642	**1,343**	2,884	**2,151**	3,526
Total revenue	**89,203**	90,478	**249,367**	355,919	**338,570**	446,397
Non-current assets	**5,337**	12,792	**95,873**	92,554	**101,210**	105,346

The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of the non-current assets (excluding deferred tax assets) is based on (i) the physical location of the assets, in the case of plant and equipment (ii) the location of the operation to which they are allocated, in the case of intangible assets and goodwill, and (iii) the location of operation to which they are incurred, in the case of debtors, deposits and prepayments.

(c) Major customers

The Group's customer base is diversified and no revenues from transactions with a single external customer amount to 10% or more of the Group's revenue for the years ended 31 March 2017 and 2016.

14. EMPHASIS OF MATTER

The Board would like to draw the users' attention that the Company's auditor has included the Emphasis of Matter paragraph in the independent auditor's reports in the consolidated financial statements of the Group for the year ended 31 March 2017.

Attention to note 1(d) to the above consolidated financial statements has been drawn by the Company's auditor which indicates that the Group incurred a net loss of HK$47,740,000 for the year ended 31 March 2017 and as of that date, the Group had net current liabilities and net liabilities of HK$112,329,000 and HK$48,744,000 respectively. These conditions, along with other matters as set forth in note 1(d), indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. The auditor's opinion is not qualified in respect of this matter. The Directors, taking into account of the factors setting out in note 1(d) above, are satisfied that the Group will have sufficient financial resources to meet its financial obligations as they fall due in the foreseeable future and consider that it is appropriate for the consolidated financial statements to be prepared on a going concern basis since there are no material uncertainties related to events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern.

15. DIVIDEND

No dividend has been paid or declared by the Company for the years ended 31 March 2017 and 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group's audited revenue for the year ended 31 March 2017 amounted to HK$336.4 million (2016: HK$442.9 million), representing a decrease of 24% compared with the last financial year. Net loss attributable to owners of the Company increased by HK$8.6 million to HK$47.3 million compared with the last financial year.

Industry Overview

China's economy was dragged by the continued incubation of global financial crisis in year 2016, as the national gross domestic products grew by 6.7%, the lowest rate in 26 years. With U.S. President Donald Trump officially taking office in early 2017, market was concerned about the possible impact from his policy on Sino-US trade. The toughened anti-corruption measures from Chinese government further hit the already weak retail sector.

The operating environment of local food and beverage sector remained cautious. Total retail sales value in Hong Kong decreased by 8.1% year-on-year in 2016, while visitor numbers to the city slumped 4.5%. Minimum Wage Commission had reached a consensus in late-2016 to raise Hong Kong's minimum wage by HK$2 to HK$34.5, putting higher labour cost and turnover pressure to the food and beverage sector. Rental expenses and raw material costs stood at a high level and further squeezed the sector's profit margins. Industry competition intensified against the difficult backdrop.

At a local level, the new Legislative Council of the Hong Kong Special Administrative Region further added pressure on the unfavorable operating environment faced by the food and beverage industry of Hong Kong. On the one hand, the competition in the local food and beverage sector remained intense as the Group has to compete with other operators for labour, rental locations and customers. On the other hand, the Group continues to face shortage of manpower, high turnover rate in labour and burden from high rent rate and food and beverage industry continues to face the pressures from rising costs in raw materials and utilities.

The majority of the Group's revenue is derived from the provision of food and beverage services in Hong Kong, however, the growth trend in Hong Kong has been slowing down due to the close linkage with Mainland China. Hong Kong's travel service exports also slowed down as the tourism sector faced a structural downtrend led by the loss of Hong Kong's appeal to Mainland China tourists and greater competition from surrounding destinations. The Hong Kong retail sector is struggling to cope with these economic headwinds. Such factors have squeezed margins in the food and beverage sector.

With respect to the food and beverage market in Mainland China, while there is growth potential in the food and beverage catering market, the food and beverage industry as a whole is also facing pressure on operating costs for labour, rental and raw materials. Further, the economic slowdown and the anti-corruption campaign launched by the Chinese government have affected the market negatively.

Business Review

Hong Kong is renowned as a gourmet paradise due to its provision of wide variety of cuisines, but it is also renowned as one of the most expensive cities to live because of its high rental and labour costs. Intense competition plus poor market sentiment further squeeze profit margin in the food and beverage industry. Amid this unfavorable business environment in recent years, we continue to strive for survival and growth, through strengthening our appeal to new and old customers and hence retaining loyal customers, by frequent revamp of our menu and consistent provision of quality food and services.

In order to streamline the Group's operation, the Group had undergone a business restructuring in fiscal year 2015/2016 and is now focusing on the Japanese food-related concepts in the Greater China region, including the restaurants, café and cake shops under the Japanese brand of Italian Tomato, the Japanese Tonkatsu restaurants under the brand of Ginza Bairin, the Japanese curry specialty stores under the brand of Shirokuma Curry and the Japanese Izakaya restaurants under the brand of Enmaru. As at 31 March 2017, we operated 61 stores under the above mentioned 4 core concepts in major Asian cities, including Hong Kong, Shanghai and Taipei.

Italian Tomato, our flagship brand of restaurants, café and cake shops, is still the main contributor to the Group's revenue. Through years of effort on product innovation, menu engineering and customer relationships, Italian Tomato has already become a well-recognized brand in Hong Kong. Leveraging on our success in Hong Kong, we expanded Italian Tomato's network to the PRC and Taiwan. Despite the tough operating environment in Hong Kong, the number of shops of Italian Tomato has increased by 2 shops to 34 shops in Hong Kong during this financial year and continuous growth is expected. However, shops in the PRC were reduced to 4 as at this financial year end date, The management is therefore considering new marketing strategies for its market re-positioning. On the other side of Taiwan Strait, the Group has acquired adequate market knowledge in Taiwan after stepping into this market for a few years, Italian Tomato has increased its presence from 4 shops to 5 shops in Taiwan during this financial year and reasonable contribution is expected in the near future.

Ginza Bairin, the Japanese Tonkatsu restaurants, continues to provide moderate contribution to the Group. As the Group's first dinning concept, this is the time for the management to review its brand image and pricing with menu revamping. As at the financial year end, Ginza Bairin has 2 shops and 3 shops in Hong Kong and the PRC respectively. Great news to Ginza Bairin is that the first franchise shop has opened in the PRC subsequent to this financial year end. Hopefully, it is a fresh start for the establishment of franchise network of Ginza Bairin in the PRC.

Shirokuma Curry has had a good year of development in terms of shop number growth, increasing from 7 shops to 9 shops during this financial year, including 2 shops in Hong Kong and 7 shops in the PRC. Meanwhile, its licensing business has also made good progress. Shirokuma Curry has 4 franchise shops as at this financial year end, and 1 franchise shop has opened subsequent to the financial year end. Although the history of Shirokuma Curry franchise operation is still short, its long term growth is expected to have great potential.

Enmaru, the Japanese Izakaya restaurants, encounters stiff competition and its contribution to the Group was not satisfactory during this financial year. However, the number of shops of Enmaru has increased from 3 shops to 4 shops by an additional shop in the PRC during this financial year. The management is reviewing its brand image, market position and pricing in order to overcome the stiff competition.

Future Prospects

It is hard to foresee when the sluggish market will take a turn for the better or when the economy will revive, however, our management and front line staff are hand in hand to weather the gloomy economy.

While the Company intends to continue the existing principal businesses of the Group in the food and beverage industry, the management is reviewing the existing businesses and the financial positions of the Group for the purpose of formulating business plans and strategies for the future business development of the Group. In this regard, the management may explore business opportunities and consider whether any asset disposals, asset acquisitions, business rationalization, business divestment, fund raising, restructuring of the business and/or business diversification will be appropriate in order to diversify the Group's existing business, broaden the Group's income stream and enhance the long-term growth potential of the Company.

FINANCIAL REVIEW

Consolidated results of operations

For the year ended 31 March 2017, the Group recorded a total revenue of HK$ 336.4 million (2016: HK$442.9 million), representing a decrease of 24% compared with the previous year. The decrease was mainly resulting from the disposal of entire interests in the Shanghainese dining concept and Taiwan beef noodle china stores during last financial year.

Net loss attributable to owners of the Company was HK$47.3 million (2016: HK$38.7 million). The deterioration in the results was mainly due to increased in loss incurred by existing restaurants as affected by the sluggish economy.

Gross profit

The gross profit margin from the operations of the Group was 66% (2016: 67%).

Expenses

Total operating expenses for the operations decreased by 20.0% to HK$ 263.3 million (2016: HK$329.0 million) due to the fact that the number of operating subsidiaries were fewer than that of the corresponding period last year resulting from the disposal of certain business operations during last financial year.

Financial resources and liquidity

The Group generally relies on internal funds and facilities granted by its bankers; the sole beneficial owner of the convertible bonds issued by the Company (who is also a former executive Director of the Company); and the executive Director of our Company to finance its operation.

As at 31 March 2017, the Group's current assets amounted to HK$61.1 million (2016: HK$81.6 million) of which HK$22.2 million (2016: HK$40.0 million) was cash and bank deposits, HK$33.1 million (2016: HK$35.5 million) was debtors, deposits and prepayments. The Group's current liabilities amounted to HK$173.4 million (2016: HK$148.9 million), including creditors, accruals and deposits received in the amount of HK$49.1 million (2016: HK$51.8 million).

As at 31 March 2017, as the convertible bonds amounted to HK$39.3 million (2016: HK$38.6 million) will not be repayable within twelve months, it was treated as non-current liabilities in this financial year whereas it was included in current liabilities in last financial year.

The current ratio and quick assets ratio as at 31 March 2017 were 0.35 and 0.32 respectively (2016: 0.55 and 0.52 respectively). As the Company incurred net liabilities as at 31 March 2017 and 2016, there is no debt-to-equity ratio, which is expressed as a ratio of total debts less pledged bank deposit and cash and bank balances to total equity, to be calculated.

Foreign exchange

During the year ended 31 March 2017, the Group conducts commercial transactions in the PRC and Taiwan denominated in Renminbi and New Taiwan Dollar respectively. Fluctuations in exchange rates of Renminbi and New Taiwan Dollar against Hong Kong Dollar could affect the Group's results of operations.

During the year ended 31 March 2016, the Group conducts commercial transactions in the PRC, Taiwan and Japan denominated in Renminbi, New Taiwan Dollar and Yen respectively. Fluctuations in exchange rates of Renminbi, New Taiwan Dollar and Yen against Hong Kong Dollar could affect the Group's results of operations.

During the years ended 31 March 2017 and 31 March 2016, no hedging transactions or other exchange rate arrangements were made.

Charges on the Group's assets

Except for the assets pledged as security for obligations under the finance leases at 31 March 2017 and 31 March 2016, no Group's assets which had been pledged or charged as at 31 March 2017 and 31 March 2016.

Capital commitments

As at 31 March 2017 and 31 March 2016, the Group did not have material capital commitment.

Contingent liabilities

As at 31 March 2017 and 31 March 2016, the Group did not have material contingent liabilities.

Employees and remuneration policies

As at 31 March 2017, the Group had 638 employees in Hong Kong, the PRC and Taiwan (2016: 743 employees in Hong Kong, the PRC, Taiwan and Japan). The remuneration of employees of the Group is determined by reference to market terms and in accordance with the performance, qualification and experience of each individual employee. Discretionary bonuses, based on each individual's performance, are paid to employees as recognition and in reward of their contributions. Other fringe benefits such as medical subsidies, medical insurance, education/training subsidies and pension fund plans are offered to most employees. Share options are granted at the discretion of the Board under the terms and conditions of the new share option scheme adopted on 20 July 2012 as well as the previous share option scheme adopted on 26 February 2003 (collectively referred to as the "Share Option Schemes").

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

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

MANDATORY UNCONDITIONAL CASH OFFERS

References are made to the joint announcement of the Company and Win Union Investment Limited (the "Offeror" or "Win Union") dated 14 September 2016 and the composite offer and response document (the "Composite Document") jointly issued by the Company and the Offeror dated 5 October 2016 in relation to the mandatory unconditional cash offers made by Pacific Foundation Securities Limited for and on behalf of the Offeror to acquire all the issued shares of the Company (other than those already owned by the Offeror and parties acting in concert with it) (the "Share Offer") and to cancel all the then outstanding share options of the Company (the "Option Offer") (together with "Share Offer", the "Offers").

The Company was informed by Mr. Tang Sing Ming Sherman and First Glory Holdings Limited (the then controlling shareholders of the Company) (the "Vendors") that, on 7 September 2016 (after trading hours), the Offeror as purchaser and the Vendors as vendors, entered into a sale and purchase agreement, pursuant to which the Offeror conditionally agreed to purchase and the Vendors conditionally agreed to sell a total of 1,403,810,083 shares, representing approximately 50.54% of the then total issued share capital of the Company for a total consideration of HK$170,000,000 (equivalent to approximately HK$0.1211 per share) (the "Acquisition"). The completion of the Acquisition (the "Completion") took place on 8 September 2016.

Following the Completion, the Offeror and the parties acting in concert with it were interested in, held, and/or controlled 1,403,810,083 shares, representing approximately 50.54% of the total issued share capital of the Company. Accordingly, pursuant to Rule 26.1 and Rule 13 of the Hong Kong Code on Takeovers and Mergers, the Offeror was required to make the Offers.

As at 4:00 p.m. on Friday, 4 November 2016, being the latest time and date for acceptance of the Offers as set out in the Composite Document, the Offeror received valid acceptances in respect of (i) a total of 468,210 shares under the Share Offer; and (ii) a total of 33,000,000 share options under the Option Offer.

Upon the close of the Offers at 4:00 p.m. on Friday, 4 November 2016, taking into account the valid acceptances in respect of a total of 468,210 shares under the Share Offers, the Offeror and parties acting in concert with it held, controlled or directed 1,404,278,293 shares, representing approximately 50.56% of the issued share capital of the Company as at the date of the joint announcement. Details of the results of the Offers are set out in the announcement of the Company dated 4 November 2016.

CHANGE OF COMPANY NAME

Pursuant to the special resolution passed at the extraordinary general meeting of the Company held on 16 March 2017 and approval granted by the Registrar of Companies in the Cayman Islands, with effect from 20 March 2017, the English and Chinese names of the Company have been changed from "Epicurean and Company, Limited" and "惟膳有限公司" to "New Wisdom Holding Company Limited" and "新智控股有限公司" respectively. The Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company was issued by the Registrar of Companies in Hong Kong on 4 May 2017 confirming the registration of the new name of the Company in Hong Kong under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

The Board is of the view that a change of company name will help to establish a fresh corporate image identity and better reflect the Group's future business plans and development.

EVENTS AFTER THE REPORTING PERIOD

Rights issue

References are made to the prospectus (the "Prospectus") of the Company in relation to the rights issue dated 22 May 2017 and the announcements dated 27 April 2017 and 14 June 2017 of the Company in relation to allotting and issuing 1,388,725,000 rights shares (the "Rights Shares") at the subscription price of HK$0.072 per Rights Shares on the basis of one Rights Shares for every two ordinary shares held on the 19 May 2017 (the "Rights Issue"). As at 4:00 p.m. on Tuesday, 6 June 2017, being the latest time for acceptance of applications for the rights shares as set out in the Prospectus, we have received 47 valid acceptances and applications in respect of a total of 5,395,794,287 Rights Shares. Accordingly, the Rights Issue was over-subscribed by 4,007,069,287 Rights Shares. On 14 June 2017, the Company allotted and issued 1,388,725,000 Rights Shares. The Company has received proceeds from the Rights Issue of approximately HK$388.5 million, out of which approximately HK$288.6 million was from the over-subscription of the Rights Shares which was refunded to the applicants on 14 June 2017.

The Rights Issue was fully underwritten by Win Union, a company wholly-owned by Mr. Chan Kin Chun Victor, an executive Director and the chairman of the Company, subject to the terms and conditions set out in the underwriting agreement (the "Underwriting Agreement") dated 26 April 2017 entered into between the Company and Win Union as the underwriter in relation to the Rights Issue. Since the Rights Issue was over-subscribed by 4,007,069,287 Rights Shares, in accordance with the terms of the Underwriting Agreement, the obligations of Win Union under the Underwriting Agreement in respect of the underwritten shares have been fully discharged.

Adjustments in relation to the convertible bonds

Pursuant to the terms and conditions of the convertible bonds, the conversion price of the outstanding convertible bonds has been adjusted from the initial conversion price of HK$0.08 per ordinary share to HK$0.07 per ordinary share as a result of the Rights Issue. As such, a total of 571,428,571 ordinary shares will be issued to Mr. Tang Sing Ming Sherman upon full conversion of the convertible bonds, assuming that the adjusted conversion price of HK$0.07 per share will remain as at the time of conversion. The above adjustment to the conversion price has been reviewed by PKF, the auditor of the Company, and took effect on 22 May 2017.

Save and except for the adjustment to the conversion price, all other terms of the convertible bonds remain unchanged.

DIRECTORS' INTERESTS IN THE SECURITIES OF THE COMPANY OR ANY ASSOCIATED CORPORATIONS

As at 31 March 2017, the interests or short positions of the Directors or chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), Chapter 571 under the Laws of Hong Kong), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by directors to be notified to the Company and the Stock Exchange, were as follows:

(a) Long positions in the ordinary shares of the Company

Name	**Type of interests**	**Number of shares interested/held**	**Approximate percentage of the issued share capital** *(Note 2)*
Mr. Chan Kin Chun Victor ("Mr. Chan") *(Note 1)*	Interest of controlled corporation	1,404,278,293	50.56%

(b) Long positions in the ordinary shares of associated corporation

Name	Name of associated corporation	Capacity/Nature	Number of ordinary share in associated corporation	Approximate percentage of attributable interest in associated corporation
Mr. Chan *(Note 1)*	Win Union Investment Limited ("Win Union")	Beneficial owner	1	100.00%

Notes:

1. Mr. Chan beneficially owns the entire issued share capital of Win Union, which in turn holds 1,404,278,293 ordinary shares of the Company. Therefore, Mr. Chan is deemed or taken to be interested in all shares of the Company held by Win Union for the purpose of the SFO representing approximately 50.56% of the entire issued share capital of the Company. Mr. Chan is the sole director of Win Union.

2. Based on 2,777,450,000 ordinary shares of the Company in issue as at 31 March 2017.

Save as disclosed herein, as at 31 March 2017, none of the Directors of the Company had any interests or short positions 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), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by directors to be notified to the Company and the Stock Exchange.

PERSONS WHO HAVE AN INTEREST OR A SHORT POSITION WHICH IS DISCLOSEABLE UNDER DIVISIONS 2 AND 3 OF PART XV OF THE SFO AND SUBSTANTIAL SHAREHOLDERS

Save as disclosed under the section headed "Directors' interests in the securities of the Company or any associated corporations", so far as is known to the Directors and chief executive of the Company, as at 31 March 2017, no other persons or companies had interests or short positions in the shares and underlying shares of the Company which were required to be disclosed under provisions of Divisions 2 and 3 of Part XV of the SFO or were interested in, directly or indirectly, 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company, except the following:

Name	**Type of interests**	**Number of shares and/or underlying shares of the Company**	**Approximate percentage of the issued share capital** *(Note 3)*
Win Union *(Note 1)*	Beneficial owner	1,404,278,293	50.56%
Mr. Tang Sing Ming Sherman ("Mr. Tang") *(Note 2)*	Beneficial owner	500,000,000	18.00%
Ms. Ho Ming Yee ("Ms. Ho") *(Note 2)*	Interest of spouse	500,000,000	18.00%

Notes:

1. The said 1,404,278,293 ordinary shares of the Company are held by Win Union, which is wholly-owned by Mr. Chan.

2. Ms. Ho is the spouse of Mr. Tang, and is therefore deemed to be interested in the shares of the Company held by Mr. Tang. The said 500,000,000 ordinary shares of the Company represent underlying shares of the Company which would be issued upon conversion of the convertible bond hold by Mr. Tang in full. Mr. Tang resigned as executive Director with effect from 8 November 2016.

3. Based on 2,777,450,000 ordinary shares of the Company in issue as at 31 March 2017.

SHARE OPTIONS

During the year ended 31 March 2017, a total of 33,000,000 share options were cancelled upon the close and settlement of the mandatory unconditional cash offers to cancel all the then outstanding share options under the Option Offer. After the close and settlement of the Option Offer and as of 31 March 2017, no share options were outstanding. Details of the Option offer are set out in the section headed "Mandatory unconditional cash offers". The following table discloses movement of the share options:

	Date of grant	Exercisable period	Exercise price per share HK$	Number of share options outstanding at 1.4.2016	Cancelled during the year	Number of share options outstanding at 31.3.2017
Category 1:						
Director						
Mr. Tang Sing Ming Sherman *(Note 1)*	23.12.2011	23.12.2012 – 22.12.2021	0.062	5,000,000	(5,000,000)	–
	23.12.2011	23.12.2013 – 22.12.2021	0.062	5,000,000	(5,000,000)	–
	23.12.2011	23.12.2014 – 22.12.2021	0.062	5,000,000	(5,000,000)	–
	19.4.2013	19.4.2014 – 18.4.2023	0.090	5,000,000	(5,000,000)	–
	19.4.2013	19.4.2015 – 18.4.2023	0.090	5,000,000	(5,000,000)	–
Category 2:						
Employees	23.3.2010	23.3.2011 – 22.3.2020	0.210	2,000,000	(2,000,000)	–
	13.8.2010	13.8.2011 – 12.8.2020	0.138	3,000,000	(3,000,000)	–
	13.8.2010	13.8.2012 – 12.8.2020	0.138	3,000,000	(3,000,000)	–
Total of all categories				33,000,000	(33,000,000)	–

Note:

1. Mr. Tang Sing Ming Sherman resigned as executive Director with effect from 8 November 2016.

COMPETING INTERESTS

As at 31 March 2017, none of the Directors, the controlling shareholders or their respective close associates (as defined in the GEM Listing Rules) had any interests in any business which competed with or might compete with the business of the Group or had any other conflicts of interests with the Group.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with Rules 5.28 to 5.29 of the GEM Listing Rules. The primary duties of the audit committee are to review the Company's draft annual, interim and quarterly financial reports and accounts and to provide advice and comments thereon to the Board. The audit committee is also responsible for reviewing and supervising the financial reporting process and internal control procedures of the Group. The audit committee comprises three independent non-executive Directors. On 8 November 2016, Mr. Bhanusak Asvaintra has resigned as chairman of the Audit Committee; and Mr. Chan Kam Fai Robert and Mr. Chung Kwok Keung Peter resigned as members of the Audit Committee. Mr. Yip Tai Him has been appointed as the chairman of the audit committee of the Company and Mr. Chan Yee Ping Michael and Mr. Deng Guozhen have been appointed as members of the Audit Committee.

Up to the date of approval of the Group's unaudited results for the year ended 31 March 2017, the audit committee had held four meetings and had reviewed the draft quarterly report and accounts for the year ended 31 March 2017 prior to recommending such report and accounts to the Board for approval.

DIRECTORS' SECURITIES TRANSACTIONS

Throughout the financial year ended 31 March 2017, the Company adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiries of all Directors, the Company confirms that all of the Company's Directors have complied with such required standard of dealings and its code of conduct regarding directors' securities transactions.

CORPORATE GOVERNANCE

The Company is firmly committed to maintaining and ensuring a high level of corporate governance standards and will review and improve the corporate governance practices and standards constantly. Set out below are those principles of corporate governance as adopted by the Company during the reporting year.

The Company has complied with the code provisions (the "Code Provisions") set out in the Corporate Governance Code (the "Code") contained in Appendix 15 of the GEM Listing Rules throughout the financial year ended 31 March 2017, except for the deviations from Code Provisions A.2.1, A.4.2 and A.6.7 of the Corporate Governance Code. Details of the deviations and the considered reasons are set out in the relevant sections below.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Code Provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. The responsibilities between the chairman and the chief executive officer should be clearly established and set out in writing.

During the year ended 31 March 2017, Mr. Tang Sing Ming Sherman was the Chairman of the Board and the Chief Executive Officer of the Company until he resigned with effective from 8 November 2016, on the same date, Mr. Chan Kin Chun Victor was appointed as the Chairman of the Board. As such, such dual role constitutes a deviation from Code Provisions A.2.1. However, the Board is of the view that:

- the Company's size was relatively small and thus does not justify the separation of the roles of the Chairman and Chief Executive Officer;

- the Company had sufficient internal controls to provide checks and balances on the functions of the Chairman and Chief Executive Officer;

- Mr. Tang Sing Ming Sherman as the Chairman of the Board and the Chief Executive Officer of the Company was responsible for ensuring that all Directors act in the best interests of the shareholders. He was fully accountable to the shareholders and contributing to the Board and the Group on all top-level and strategic decisions; and

- this structure will not impair the balance of power and authority between the Board and the management of the Company.

Mr. Tang Sing Ming Sherman ceased to hold any positions with the Company with effect from 8 November 2016 and the office of the chief executive is vacated since then. The Board will keep reviewing the current structure of the Board from time to time and should a candidate with suitable knowledge, skill and experience be identified, the Company will make appointment to fill the post as and when appropriate.

BOARD OF DIRECTORS

Code Provision A.4.2 stipulates that all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment, and every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

Pursuant to the Articles of Association of the Company, at every annual general meeting of the Company, one-third of the directors (for the time being, or, if their number is not a multiple of three, the number nearest to but not exceeding one-third) shall retire from office by rotation, provided that the chairman of the Board and/or the managing director of the Company shall not, while holding such office, be subject to retirement by rotation or be taken into account in determining the number of directors to retire in each year. As such, at the annual general meeting held on 5 August 2016, Mr. Tang being the Chairman of the Board at that time, is not subject to retirement by rotation. The management of the Company is of the view that the membership of the Board represents rich and diversified background and industry expertise and as such, the management considers that there is no imminent need to amend the relevant provisions of the Articles of Association of the Company.

DIRECTORS' ATTENDANCE AT BOARD MEETINGS, COMMITTEE MEETINGS AND GENERAL MEETINGS

Code Provision A.6.7 stipulates that independent non-executive directors should attend general meetings. Mr. Yip Tai Him, Mr. Chan Yee Ping Michael and Mr. Chung Kwok Keung Peter were unable to attend the general meetings of the Company held during the year ended 31 March 2017 due to other prior or unexpected business engagements.

The independent non-executive Directors will endeavor to attend all future general meetings of the Company unless unexpected or special circumstances preventing them from doing so. The board will continuously review and improve the corporate governance practices and standards of the Company to ensure that business activities and decision-making processes are properly regulated.

SCOPE OF AUDITOR'S WORK ON ANNUAL RESULTS ANNOUNCEMENT

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 March 2017 as set out in the preliminary annual results announcement have been agreed by the Company's auditor, PKF, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PKF in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PKF on the preliminary annual results announcement.

By order of the Board
New Wisdom Holding Company Limited
Chan Kin Chun Victor
Chairman

Hong Kong, 27 June 2017

As at the date of this announcement, the Company's executive Directors are Mr. Chan Kin Chun Victor and Mr. Zheng Hua; and the independent non-executive Directors are Mr. Yip Tai Him, Mr. Chan Yee Ping, Michael and Mr. Deng Guozhen.

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