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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1323)

PRELIMINARY ANNOUNCEMENT OF THE FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2016

FINANCIAL HIGHLIGHTS

- Revenue from continuing operations decreased by approximately 18.4% to HK$246.8 million.
- Gross profit from continuing operations increased by approximately 45.0% to HK$53.6 million.
- Gross profit margin from continuing operations increased from 12.2% to 21.7%, mainly due to the improvement of gross profit margin of Household Consumables Business and the full year period contribution by the Jewelries and Watches Business, Education Business and Digital Technology Business which were acquired during the year ended 31 March 2015.
- Loss for the year attributable to owners of the Company amounted to approximately HK$284.4 million.
- Basic and diluted loss per share from continuing and discontinued operations amounted to approximately HK31.50 cents.

Annual Results

The board (the "Board") of directors (the "Directors") of Newtree Group Holdings Limited (the "Company") is pleased to announce the audited annual results of the Company and its subsidiaries (together the "Group") for the year ended 31 March 2016 with the comparative figures for the corresponding period in 2015 as follows:

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2016

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

	Notes	**2016** **HK$'000**	2015 HK$'000 (restated)
Loss for the year attributable to:			
Owners of the Company		**(284,394)**	(258,875)
Non-controlling interests		**(8,331)**	(250)
		(292,725)	(259,125)
Total comprehensive income for the year attributable to:			
Owners of the Company		**(300,941)**	(252,409)
Non-controlling interests		**(8,331)**	(252)
		(309,272)	(252,661)
(Loss) profit per share attributable to owners of the Company	11		
From continuing and discontinued operations			
Basic and diluted (HK cents)		**(31.50)**	(31.78)
From continuing operations			
Basic and diluted (HK cents)		**(31.60)**	(21.81)
From discontinued operation			
Basic and diluted (HK cents)		**0.10**	(9.97)

Consolidated Statement of Financial Position

At 31 March 2016

	Notes	2016 HK$'000	2015 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	12	**12,176**	18,583
Prepaid lease payments		**5,503**	6,027
Other intangible assets	13	**60,056**	119,274
Goodwill	14	**158,717**	198,830
Interests in associates		**14,400**	33,570
Available-for-sale financial assets	16	**154,000**	170,300
Contingent consideration receivable	17	**–**	24,317
		404,852	570,901
CURRENT ASSETS			
Contingent consideration receivable	17	**–**	15,409
Inventories		**20,159**	28,929
Prepaid lease payments		**173**	216
Trade and other receivables and prepayments	18	**162,907**	459,661
Refundable deposits	18	**–**	48,824
Pledged bank deposit		**7,809**	7,808
Bank balances and cash		**27,811**	29,548
		218,859	590,395
CURRENT LIABILITIES			
Trade and other payables and accruals	19	**167,375**	407,633
Trust receipt loan		**752**	1,909
Tax payable		**11,634**	8,168
Promissory note		**–**	9,000
Convertible bonds	20	**122,340**	106,479
		302,101	533,189
NET CURRENT (LIABILITIES) ASSETS		**(83,242)**	57,206
TOTAL ASSETS LESS CURRENT LIABILITIES		**321,610**	628,107
NON CURRENT LIABILITIES			
Deferred tax liabilities		**10,031**	19,815
NET ASSETS		**311,579**	608,292
CAPITAL AND RESERVES			
Share capital		**9,370**	9,026
Reserves		**306,204**	594,930
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		**315,574**	603,956
Non-controlling interests		**(3,995)**	4,336
TOTAL EQUITY		**311,579**	608,292

Consolidated Statement of Changes in Equity

For the year ended 31 March 2016

	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	Available-for-sale investment reserve HK$'000	Special reserve HK$'000 (Note (ii))	Exchange reserve HK$'000	Other reserves HK$'000 (Note (iii))	Accum-ulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 April 2014	7,282	414,488	49	–	–	678	17,840	(8,046)	(46,933)	385,358	4,588	389,946
Loss for the year	–	–	–	–	–	–	–	–	(258,875)	(258,875)	(250)	(259,125)
Other comprehensive income, net of income tax:												
– Exchange differences arising on translation	–	–	–	–	–	–	(2,634)	–	–	(2,634)	(2)	(2,636)
– Changes in fair value of available-for-sale financial assets	–	–	–	–	9,100	–	–	–	–	9,100	–	9,100
Total comprehensive income for the year	–	–	–	–	9,100	–	(2,634)	–	(258,875)	(252,409)	(252)	(252,661)
Acquisition of subsidiaries	1,128	317,782	–	–	–	–	–	–	–	318,910	–	318,910
Issue of shares pursuant to placing agreements	616	150,489	–	–	–	–	–	–	–	151,105	–	151,105
Transaction cost attributable to issue of placing shares	–	(4,955)	–	–	–	–	–	–	–	(4,955)	–	(4,955)
Issue of convertible bonds (Note 20)	–	–	–	5,947	–	–	–	–	–	5,947	–	5,947
Transactions with owners	1,744	463,316	–	5,947	–	–	–	–	–	471,007	–	471,007
At 31 March 2015	9,026	877,804	49	5,947	9,100	678	15,206	(8,046)	(305,808)	603,956	4,336	608,292
Loss for the year	–	–	–	–	–	–	–	–	(284,394)	(284,394)	(8,331)	(292,725)
Other comprehensive income, net of income tax:												
– Exchange differences arising on translation	–	–	–	–	–	–	(3,411)	–	–	(3,411)	–	(3,411)
– Changes in fair value of available-for-sale financial assets	–	–	–	–	(16,300)	–	–	–	–	(16,300)	–	(16,300)
– Exchange differences reclassified to profit or loss upon disposal of subsidiaries (Note 21)	–	–	–	–	–	–	464	–	–	464	–	464
– Reclassification adjustment of available-for-sale investment reserve upon impairment of assets	–	–	–	–	2,200	–	–	–	–	2,200	–	2,200
Total comprehensive income for the year	–	–	–	–	(14,100)	–	(2,947)	–	(284,394)	(301,441)	(8,331)	(309,772)
Issue of shares pursuant to settlement of earn-out consideration (Note 17)	344	12,715	–	–	–	–	–	–	–	13,059	–	13,059
Disposal of subsidiaries	–	–	–	–	–	–	–	2,046	(2,046)	–	–	–
Transactions with owners	344	12,715	–	–	–	–	–	2,046	(2,046)	13,059	–	13,059
At 31 March 2016	9,370	890,519	49	5,947	(5,000)	678	12,259	(6,000)	(592,248)	315,574	(3,995)	311,579

Notes:

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

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

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

Notes to the Consolidated Financial Statements

1. General Information

The Company was incorporated as an exempted company and registered in the Cayman Islands with limited liability under the Companies Law Chapter 22 (Laws of 1961, as consolidated and revised) of the Cayman Islands on 9 June 2010. The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 13 January 2011. The registered office and principal place of business of the Company are Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Island and Suite 3505-08, 35/F., Tower 6, The Gateway, Harbour City, Kowloon, Hong Kong.

The principal activities of the Group are (i) manufacture and trading of the clinical and household hygienic disposables and trading of related raw materials ("Hygienic Disposables Business"); (ii) trading of coal products ("Coal Business"); (iii) wholesale and retail of household consumables ("Household Consumables Business"); (iv) sales and distribution of jewelries and watches ("Jewelries and Watches Business"); (v) design and development of three-dimensional animations, augmented reality technology application and e-learning web application ("Digital Technology Business") and (vi) provision of educational technology solutions through online education programs and provision of English language proficiency tests ("Education Business"). The Group was also engaged in the business of trading of Methyl Tertiary Butyl Ether ("MTBE") products ("MTBE Business") which was discontinued during the year, further details of which are set out in Note 9 and 21.

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

Basis of preparation

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

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

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

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

The Directors have taken the following measures to mitigate the liquidity pressure and to improve financial position of the Group:

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

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

(iii) Seeking potential strategic investors;

(iv) On 17 May 2016, the Group proposed to obtain equity financing of approximately HK$219,700,000 through the Open Offer (as defined in subsection "Significant event after the reporting period" under section "Management Discussion and Analysis") and proposed to amend the terms of the Convertible Bonds (as defined in Note 20) to postpone the maturity date to 31 August 2016 or 5 business days after the completion of the Open Offer, whichever is earlier. Further details are set out in the announcement and circular of the Company dated 17 May 2016 and 24 June 2016, respectively. The proposed transactions are yet to complete and are subject to approval of shareholders of the Company; and

(v) financial support from substantial shareholders.

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

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

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

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

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

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

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

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

1 Effective for annual periods beginning on or after 1 January 2016.

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

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

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

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

HKFRS 9 (2014) Financial Instruments

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

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

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

HKFRS 15 Revenue from Contracts with Customers

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

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

(2) Identify separate performance obligations in a contract;

(3) Determine the transaction price;

(4) Allocate transaction price to performance obligations; and

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

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

HKFRS 16 Leases

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

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

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

3. Revenue and Segment Information

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

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

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

MTBE Business segment comprised the business of trading of MTBE products. During the year ended 31 March 2016, the Group entered into a sales and purchase agreement with an independent third party, to dispose of the entire equity interest and shareholder's loan of Sino-Singapore (Offshore) Chemical Resources Trading Company Limited ("Sino-Singapore", together with its subsidiary are referred to as the "Sino-Singapore Group"), an indirectly wholly-owned subsidiary of the Company which through its wholly-owned subsidiary carried out all the Group's MTBE Business operation. Accordingly, the MTBE Business segment was classified as a discontinued operation, details of which are set out in Note 9. The disposal was completed on 11 December 2015.

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

Segment revenues and results

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

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

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

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

Segment assets and liabilities

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

Segment assets

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

Segment liabilities

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

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

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

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

Other segment information

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

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

Revenue from major products and services

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

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

Information about geographical areas

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

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

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

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

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

Information about major customers

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

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

1 Revenue is from Coal Business.

2 Revenue is from Hygienic Disposables Business.

4. Other Income

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

5. Other Gains and Losses

	2016 HK$'000	2015 HK$'000 (restated)
Continuing operations		
Exchange differences	**49**	(199)
(Loss) gain on disposal of property, plant and equipment	**(5)**	296
Fair value (loss) gain on contingent consideration receivables/ earn-out consideration payable (Note 17)	**(52,785)**	8,473
Gain on disposal of a subsidiary (Note 21)	**4,775**	–
Impairment loss recognised on trade and other receivables	**(91,517)**	(26,587)
Impairment loss on available-for-sale financial assets (Note 16)	**(2,200)**	–
Impairment loss on property, plant and equipment (Note 12)	**(2,903)**	–
Impairment loss on other intangible assets (Note 13)	**(50,132)**	(7,719)
Impairment loss on goodwill (Note 14)	**(40,113)**	(28,968)
Impairment loss on interest in an associate	**(3,971)**	(7,400)
Written back of impairment loss on trade and other receivables	**83**	6,940
Written off of trade receivables	**(25)**	–
Loss on early redemption of promissory note	**–**	(325)
	(238,744)	(55,489)

6. Finance Costs

	2016 HK$'000	2015 HK$'000
Continuing operations		
Interests on bank and other borrowings:		
– Interest expenses on trust receipt loans	**45**	112
– Interest expenses on other loan	**–**	2,117
– Imputed interest expenses on promissory note	**–**	123
– Effective interest expenses on convertible bonds (Note 20)	**23,861**	16,426
	23,906	18,778

7. Income Tax (Credit) Expense

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

(i) Hong Kong

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

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

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

(ii) PRC EIT

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

(iii) Macau

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

(iv) Other jurisdictions

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

8. Loss for the Year

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

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

9. Discontinued Operation

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

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

Details of the assets and liabilities disposed of, and the calculation of the profit or loss on disposal, are disclosed in Note 21.

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

	2016 **HK$'000**	2015 HK$'000
Revenue	**2,866**	247,940
Cost of sales	**(2,808)**	(242,259)
Gross profit	**58**	5,681
Other income	**27**	678
Other gains and losses	**–**	(84,509)
Selling and distribution expenses	**(22)**	(565)
Administrative expenses	**(18)**	(2,169)
Profit (loss) before income tax from discontinued operation	**45**	(80,884)
Income tax credit (expense)	**11**	(292)
Profit (loss) after income tax from discontinued operation	**56**	(81,176)
Gain on disposal of subsidiaries (including HK$464,000 reclassification of exchange reserve from equity to profit or loss on disposal of subsidiaries) (Note 21)	**803**	–
Profit (loss) for the year from discontinued operation	**859**	(81,176)
Profit (loss) from discontinued operation attributable to:		
– Owners of the Company	**859**	(81,176)
Cash flows from discontinued operation		
Net cash used in operating activities	**(1,576)**	(3,031)
Net cash from financing activities	**1,408**	3,164
Net (decrease) increase in bank balances and cash	**(168)**	133

10. Dividends

No dividend has been paid or declared by the Company during the year (2015: Nil).

The Directors do not recommend for payment of a final dividend for the year.

11. (Loss) profit per Share

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

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

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

12. Property, Plant and Equipment

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

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

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

13. Other Intangible Assets

	Coal Sales Contract	MTBE Sales Contract	Customer Network	Exclusive License	License Agreements	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
COST						
At 1 April 2014	57,346	33,292	10,482	–	–	101,120
Acquisition of subsidiaries	–	–	–	9,800	55,006	64,806
Exchange realignment	–	–	(1,143)	–	–	(1,143)
At 31 March 2015	57,346	33,292	9,339	9,800	55,006	164,783
Disposal of subsidiaries (Note 21)	–	(33,292)	–	–	–	(33,292)
Exchange realignment	–	–	(278)	–	–	(278)
At 31 March 2016	57,346	–	9,061	9,800	55,006	131,213
ACCUMULATED AMORTISATION AND IMPAIRMENT						
At 1 April 2014	8,491	21,397	2,271	–	–	32,159
Charge for the year	–	–	1,013	352	–	1,365
Impairment (Note 15)	7,719	4,593	–	–	–	12,312
Exchange realignment	–	–	(327)	–	–	(327)
At 31 March 2015	16,210	25,990	2,957	352	–	45,509
Charge for the year	–	–	947	688	–	1,635
Disposal of subsidiaries (Note 21)	–	(25,990)	–	–	–	(25,990)
Impairment (Note 15)	41,136	–	–	–	8,996	50,132
Exchange realignment	–	–	(129)	–	–	(129)
At 31 March 2016	57,346	–	3,775	1,040	8,996	71,157
NET CARRYING VALUES						
At 31 March 2016	–	–	5,286	8,760	46,010	60,056
At 31 March 2015	41,136	7,302	6,382	9,448	55,006	119,274

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

The MTBE Sales Contract represents a legally binding sales contract of MTBE products entered into between the Group and a customer, which was acquired as part of the Group's acquisition of Sino-Singapore Group in prior years and has been allocated to the MTBE Business CGU. On 11 December 2015, Sino-Singapore Group has been disposed together with the MTBE Sales Contract, further details are set out in Note 21.

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

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

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

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

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

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

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

14. Goodwill

	Household Consumables Business CGU HK$'000	Jewelries and Watches Business CGU HK$'000	Digital Technology Business CGU HK$'000	Education Business CGU HK$'000	Total HK$'000
COST					
At 1 April 2014	9,774	–	–	–	9,774
Acquisition of subsidiaries	–	43,072	113,633	61,319	218,024
At 31 March 2015 and 31 March 2016	9,774	43,072	113,633	61,319	227,798
ACCUMULATED IMPAIRMENT LOSSES					
At 1 April 2014	–	–	–	–	–
Impairment losses recognised (Note 15)	–	–	7,762	21,206	28,968
At 31 March 2015	–	–	7,762	21,206	28,968
Impairment losses recognised (Note 15)	–	–	–	40,113	40,113
At 31 March 2016	–	–	7,762	61,319	69,081
NET CARRYING VALUES					
At 31 March 2016	9,774	43,072	105,871	–	158,717
At 31 March 2015	9,774	43,072	105,871	40,113	198,830

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

Jewelries and Watches Business CGU

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

Digital Technology Business CGU

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

Education Business CGU

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

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

Particulars regarding impairment testing on goodwill are set out in Note 15.

15. Impairment Testing on Other Intangible Assets and Goodwill

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

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

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

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

Unit A

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

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

Unit B

Save as disclosed in this announcement, the MTBE Business was completely disposed of on 11 December 2015, with a gain on disposal of approximately HK$803,000 was recognised in the profit or loss. The Group determines that there is no impairment of other intangible assets, the MTBE Sales Contract under the MTBE Business CGU prior to its disposal during the year ended 31 March 2016. The MTBE Sales Contract of approximately HK$7,302,000 was disposed of with the disposal of MTBE Business (Note 21).

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

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

Unit C

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

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

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

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

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

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

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

Unit F

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

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

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

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

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

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

16. Available-for-sale Financial Assets

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

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

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

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

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

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

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

17. Contingent Consideration Receivable

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

	HK$'000
At 1 April 2014	–
Additions	31,253
Fair value gain recognised in profit or loss (Note 5)	8,473
At 31 March 2015	39,726
Fair value loss recognised in profit or loss (Note 5)	(52,785)
Settlement of earn-out consideration through issuance of ordinary shares	13,059
At 31 March 2016	–

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

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

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

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

Notes:

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

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

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

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

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

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

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

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

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

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

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

19. Trade and Other Payables and Accruals

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

Note:

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

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

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

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

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

20. Convertible Bonds

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

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

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

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

Details of the proposed extension of Convertible Bonds are set out in the announcement of the Company dated 17 May 2016.

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

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

The Convertible Bonds recognised were calculated as follows:

	2016 **HK$'000**	2015 HK$'000
Equity component		
Proceeds at the date of issuance	**100,000**	100,000
Liability component, at the date of issuance	**(94,053)**	(94,053)
Equity component, at the date of issuance	**5,947**	5,947
Liability component		
At the beginning of the year/the date of issuance	**106,479**	94,053
Effective interest expenses (Note 6)	**23,861**	16,426
Interest paid	**(8,000)**	(4,000)
At the end of the year	**122,340**	106,479

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

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

21. Disposal of subsidiaries

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

On 19 January 2016, the Group disposed of entire equity interest of Sing Sing Investment Holdings Limited, (together with its subsidiary and associate are referred to as the "Sing Sing Group") at a cash consideration of HK$3,800,000. The disposal could enable the Group to free up the resources and redirect it to other existing businesses which may have higher growth potential to maximise the benefit of the shareholders of the Company.

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

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

The gain on disposal of Sino-Singapore Group is included in the profit for the year from discontinued operation (Note 9).

Extract from the Independent Auditor's Report

The following is an extract of the independent auditor's report for the year ended 31 March 2016 which has included an emphasis of matter, but without qualification:

Opinion

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

Emphasis of matter

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

* *Being Note 1 in this announcement*

Management Discussion and Analysis

Business and Financial Review

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

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

Revenue

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

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

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

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

Gross profit and gross profit margin

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

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

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

Other income

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

Other gains and losses

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

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

Selling and distribution expenses

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

Administrative expenses

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

Finance costs

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

Other expenses

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

Loss before income tax

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

Income tax expenses (credit)

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

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

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

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

Trade receivables

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

Trade payables

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

Results of performance guarantees on acquisitions

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

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

Liquidity and financial resources and capital structure

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

Currency and interest rate exposure

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

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

Trust Receipt Loan

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

Charge on Assets

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

Contingent Liabilities

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

Operating Lease Commitments

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

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

Material disposal during the year

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

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

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

Impairments

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

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

(b) A full impairment loss was recognised on intangible asset of approximately HK$41.0 million in relation to the Coal Business. The decision to take a full impairment charge against the other intangible assets – Coal Sales Contract was followed by a careful internal strategic review undertaken in the context of the substantial negative effect of coal price decline, oversupply of coal in PRC, long term strategic switching on use of renewable energy in PRC and prolonged repayment of account receivable by our sole customer in this segment. The Group thus opted to apply a more conservative approach to make full impairment in the Group's consolidated financial statements for the year ended 31 March 2016.

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

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

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

Significant event after the reporting period

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

Employee information and remuneration policy

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

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

Prospect

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

Hygienic Disposables Business

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

Household Consumables Business

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

Coal Business

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

Jewelries and Watches Business

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

Digital Technology Business

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

Education Business

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

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

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

Compliance of the Code Provisions

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

Code provision A.2.1

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

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

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

Code provision A.6.7

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

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

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

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

Code provision E.1.2

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

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

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

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

DIRECTORS' SECURITIES TRANSACTIONS

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

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES

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

AUDIT COMMITTEE AND FINANCIAL INFORMATION

The financial information in this announcement does not constitute the Group's consolidated financial statements for the year, but represents an extract from those consolidated financial statements. The audit committee of the Company has reviewed the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters, and the final results of the Group for the year ended 31 March 2016 in conjunction with the external auditor of the Company. The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income, consolidated statement of changes in equity and the related notes thereto for the year ended 31 March 2016 as set out in this announcement have been agreed by the Group's auditor, Moore Stephens CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year.

PUBLICATION OF FURTHER FINANCIAL INFORMATION

The annual results announcement is published on the Stock Exchange website (http://www.hkexnews.hk) and the Company's website (http://www.newtreegroupholdings.com). The annual report for the year ended 31 March 2016 containing all the information required by the Listing Rules will be despatched to the Company's shareholders and published on the Stock Exchanges website and Company's website in due course.

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

Hong Kong, 28 June 2016

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