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 2018

FINANCIAL HIGHLIGHTS

- Revenue from continuing operations increased by approximately 54.1% to HK$115.7 million.
- Gross profit from continuing operations increased by approximately 159.8% to HK$57.7 million.
- Gross profit margin from continuing operations increased from 29.6% to 49.8%, mainly due to positive return contributed by Money Lending Business during the year ended 31 March 2018.
- Profit for the year attributable to owners of the Company amounted to approximately HK$14.7 million.
- Basic and diluted earnings per share from continuing and discontinued operations amounted to approximately HK0.62 cents.

ANNUAL RESULTS

The board (the "Board") of directors (the "Director(s)") of Newtree Group Holdings Limited (the "Company") is pleased to announce the audited annual results of the Company and its subsidiaries (together the "Group") for the year ended 31 March 2018 with the comparative figures for the corresponding period in 2017 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2018

	Notes	**2018** **HK$'000**	2017 *HK$'000* (restated)
Continuing operations			
Revenue	3	**115,725**	75,073
Cost of sales		**(58,038)**	(52,866)
Gross profit		**57,687**	22,207
Other income	4	**5,922**	1,775
Other gains and losses	5	**(13,898)**	(85,487)
Selling and distribution expenses		**(890)**	(1,171)
Administrative expenses		**(56,018)**	(68,590)
Finance costs	6	**(21,589)**	(8,922)
Share of profit of associates	16	**1,436**	—
Loss before income tax from continuing operations		**(27,350)**	(140,188)
Income tax expense	7	**(4,033)**	(1,639)
Loss for the year from continuing operations		**(31,383)**	(141,827)
Discontinued operations			
Profit (loss) for the year from discontinued operations	9	**45,648**	(51,454)
Profit (loss) for the year	8	**14,265**	(193,281)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
— Exchange differences arising on translation		**3,851**	(3,769)
— Fair value gain on available-for-sale financial asset		**—**	2,200
		3,851	(1,569)

	Notes	**2018** **HK$'000**	2017 HK$'000 (restated)
Items that were reclassified to profit or loss:			
— Exchange differences reclassified to profit or loss upon disposal of subsidiaries		**(12,693)**	—
— Reclassification adjustment of available-for-sale investment reserve upon impairment of assets		**—**	2,800
		(12,693)	2,800
Other comprehensive income for the year, net of income tax		**(8,842)**	1,231
Total comprehensive income for the year, net of income tax		**5,423**	(192,050)
Profit (loss) for the year attributable to:			
Owners of the Company		**14,704**	(190,400)
Non-controlling interests		**(439)**	(2,881)
		14,265	(193,281)
Total comprehensive income for the year attributable to:			
Owners of the Company		**5,834**	(189,169)
Non-controlling interests		**(411)**	(2,881)
		5,423	(192,050)
Earnings (loss) per share attributable to owners of the Company	11		
From continuing and discontinued operations			
Basic and diluted *(HK cents)*		**0.62**	(9.88)
From continuing operations			
Basic and diluted *(HK cents)*		**(1.30)**	(7.21)
From discontinued operations			
Basic and diluted *(HK cents)*		**1.92**	(2.67)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2018

	Notes	2018 HK$'000	2017 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	12	**1,343**	9,408
Prepaid lease payments		—	5,049
Other intangible assets	13	**49,432**	49,818
Goodwill	14	**79,465**	84,285
Interests in associates	16	**97,711**	—
Available-for-sale financial asset	17	—	156,200
Loan receivables	18	—	8,000
Deposit	20	**36,580**	—
		264,531	312,760
CURRENT ASSETS			
Contingent consideration receivable	19	**1,335**	—
Inventories		**5,610**	12,423
Prepaid lease payments		—	164
Loan receivables	18	**283,136**	19,260
Trade and other receivables, prepayments and deposits	20	**45,201**	124,274
Bond receivable		—	10,842
Derivative financial asset	21	**28,854**	—
Financial assets at fair value through profit or loss	21	**23,655**	—
Bank balances and cash		**67,013**	25,636
		454,804	192,599
Assets held for sale		—	33,558
		454,804	226,157
CURRENT LIABILITIES			
Trade and other payables and accruals	22	**104,680**	155,995
Tax payable		**3,948**	6,623
Convertible bonds	23	**206,784**	—
		315,412	162,618
Liabilities directly associated with assets held for sale		—	3,558
		315,412	166,176
NET CURRENT ASSETS		**139,392**	59,981
TOTAL ASSETS LESS CURRENT LIABILITIES		**403,923**	372,741

	Notes	**2018** *HK$'000*	2017 *HK$'000*
NON-CURRENT LIABILITIES			
Promissory notes	24	**18,118**	—
Deferred tax liabilities		**8,833**	8,319
		26,951	8,319
NET ASSETS		**376,972**	364,422
CAPITAL AND RESERVES			
Share capital		**23,788**	23,788
Reserves		**360,471**	347,510
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		**384,259**	371,298
Non-controlling interests		**(7,287)**	(6,876)
TOTAL EQUITY		**376,972**	364,422

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2018

	Attributable to owners of the Company												
	Share capital *HK$'000*	**Share premium** *HK$'000*	**Legal reserve** *HK$'000* *(Note (i))*	**Convertible bonds equity reserve** *HK$'000*	**Share option reserve** *HK$'000*	**Available-for-sale investment reserve** *HK$'000*	**Special reserve** *HK$'000* *(Note (ii))*	**Exchange reserve** *HK$'000*	**Other reserves** *HK$'000* *(Note (iii))*	**Accumulated losses** *HK$'000*	**Total** *HK$'000*	**Non-controlling interests** *HK$'000*	**Total equity** *HK$'000*
At 1 April 2016	9,370	890,519	49	5,947	—	(5,000)	678	12,259	(6,000)	(592,248)	315,574	(3,995)	311,579
Loss for the year	—	—	—	—	—	—	—	—	—	(190,400)	(190,400)	(2,881)	(193,281)
Other comprehensive income, net of income tax:													
— Exchange differences arising on translation	—	—	—	—	—	—	—	(3,769)	—	—	(3,769)	—	(3,769)
— Changes in fair value of available-for-sale financial assets	—	—	—	—	—	2,200	—	—	—	—	2,200	—	2,200
— Reclassification adjustment of available-for-sale investment reserve upon impairment of assets	—	—	—	—	—	2,800	—	—	—	—	2,800	—	2,800
Total comprehensive income for the year	—	—	—	—	—	5,000	—	(3,769)	—	(190,400)	(189,169)	(2,881)	(192,050)
Issue of shares pursuant to open offer	14,055	216,450	—	—	—	—	—	—	—	—	230,505	—	230,505
Transaction cost attributable to issue of open offer shares	—	(11,079)	—	—	—	—	—	—	—	—	(11,079)	—	(11,079)
Acquisition of a subsidiary	313	13,750	—	—	—	—	—	—	—	—	14,063	—	14,063
Recognition of equity-settled share-based payments	—	—	—	—	9,004	—	—	—	—	—	9,004	—	9,004
Issue of shares upon exercise of share options	50	3,171	—	—	(821)	—	—	—	—	—	2,400	—	2,400
Lapse of share options	—	—	—	—	(56)	—	—	—	—	56	—	—	—
Transfer to accumulated losses upon redemption of convertible bonds *(Note 23)*	—	—	—	(5,947)	—	—	—	—	—	5,947	—	—	—
Transactions with owners	14,418	222,292	—	(5,947)	8,127	—	—	—	—	6,003	244,893	—	244,893
At 31 March 2017	23,788	1,112,811	49	—	8,127	—	678	8,490	(6,000)	(776,645)	371,298	(6,876)	364,422
Profit for the year	—	—	—	—	—	—	—	—	—	14,704	14,704	(439)	14,265
Other comprehensive income, net of income tax:													
— Exchange differences arising on translation	—	—	—	—	—	—	—	3,823	—	—	3,823	28	3,851
— Exchange differences reclassified to profit or loss upon disposal of subsidiaries	—	—	—	—	—	—	—	(12,693)	—	—	(12,693)	—	(12,693)
Total comprehensive income for the year	—	—	—	—	—	—	—	(8,870)	—	14,704	5,834	(411)	5,423
Issue of convertible bonds *(Note 23)*	—	—	—	7,127	—	—	—	—	—	—	7,127	—	7,127
Transaction with owners	—	—	—	7,127	—	—	—	—	—	—	7,127	—	7,127
At 31 March 2018	23,788	1,112,811	49	7,127	8,127	—	678	(380)	(6,000)	(761,941)	384,259	(7,287)	376,972

Notes:

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

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

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

Basis of preparation

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

The consolidated financial statements have been prepared on the historical cost basis except for available-for-sale financial asset, contingent consideration receivable, derivative financial assets, financial assets at fair value through profit or loss ("FVTPL") and promissory notes 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 consolidated financial statements for the year ended 31 March 2017 related to discontinued operations have been reclassified and restated to conform with the current year presentations and accounting treatment.

2. ADOPTION OF NEW AND REVISED HKFRSs

In the current year, the Group has applied, for the first time, the following new and revised HKFRSs issued by the HKICPA, which are relevant to and effective for the Group's consolidated financial statements for the annual period beginning on 1 April 2017.

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Annual Improvements to HKFRSs 2014–2016 Cycle	Amendments to a number of HKFRSs

None of the above revised standards had an impact on the accounting policies of the Group. However, additional disclosure has been included in Note 28(a) to satisfy the new disclosure requirements introduced by the amendments to HKAS 7 *Statement of Cash Flows: Disclosure Initiative*, which require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. Comparative information for prior year has not been provided in accordance with the transitional provisions of the amendments.

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

Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
HKFRS 9	Financial Instruments[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
HKFRS 15	Revenue from Contracts with Customers[1]
Amendments to HKFRS 15	Clarification to HKFRS 15 Revenue from Contracts with Customers[1]
HKFRS 16	Leases[2]
HKFRS 17	Insurance Contracts[3]
Amendments HKFRS 19	Plan Amendment, curtailment or settlement
Amendments to HKAS 40	Transfers of Investment Property[1]
HK(IFRIC) Interpretation 22	Foreign Currency Transactions and Advance Consideration[1]
HK(IFRIC) Interpretation 23	Uncertainty over Income Tax Treatments[2]
Annual Improvements to HKFRSs 2014–2016 Cycle	Amendments to a number of HKFRSs[1]
Annual Improvements to HKFRSs 2015–2017 Cycle	Amendments to a number of HKFRSs[2]

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

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

3 Effective for annual periods beginning on or after 1 January 2021

* 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 and 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 has introduced new requirements for (a) classification and measurement of financial assets; (b) impairment of financial assets; and (c) general hedge accounting.

Specifically, with regard to the classification and measurement of financial assets, HKFRS 9 requires all recognised financial assets that are within the scope of HKFRS 9 to be subsequently measured at amortised cost or fair value. Debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of each of the subsequent accounting periods. Debt investments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that are solely payments of principal and interest on the principal amount outstanding, are generally measured at fair value through other comprehensive income. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. Further, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 applies) in other comprehensive income, with only dividend income generally recognised in profit or loss and that cumulative fair value changes will not be reclassified to profit or loss upon derecognition of the investment. The Group has assessed that its financial assets currently measured at amortised cost will continue with their respective classification and measurements upon the adoption of HKFRS 9.

With regard to the measurement of financial liabilities designated as at FVTPL, HKFRS 9 requires that the amount of change in the fair value of a financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of such changes in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as FVTPL is presented in profit or loss. The Group currently does not have any financial liabilities designated at FVTPL and therefore this new requirement will not have any impact on the Group on adoption of HKFRS 9.

With regard to impairment of financial assets, HKFRS 9 has adopted an expected credit loss model, as opposed to an incurred credit loss model required under HKAS 39. In general, the expected credit loss model requires an entity to assess the change in credit risk of the financial asset since initial recognition at each reporting date and to recognise the expected credit loss depending on the degree of the change in credit risk. This new impairment model may result in an earlier recognition of credit losses on the Group's trade receivables and other financial assets. The Group expects that the provision for impairment will increase upon the initial adoption of the standard.

With regard to the general hedge accounting requirements, HKFRS 9 retains the three types of hedge accounting mechanisms currently available in HKAS 39. Under HKFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an "economic relationship". Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced. The Group currently does not apply any hedge accounting and therefore this new requirement will not have any impact on the Group on adoption of HKFRS 9.

HKFRS 9 contains specific transitional provisions for (a) classification and measurement of financial assets; (b) impairment of financial assets; and (c) hedge accounting, which will be adopted by the Group when it applies HKFRS 9 in the year ending 31 March 2019.

The amendments to HKFRS 9 Prepayment Features with Negative Compensation mainly clarify and provide additional guidance as to when a debt instrument financial asset with a prepayment option would satisfy the "solely payment of principal and interest" test.

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.

The Directors have initially assessed the impact of the adoption of HKFRS 15 and based on its preliminarily assessment, this would result in the services income from Digital Technology Business and Education Business and the corresponding direct costs being recognised later than they would have been at present. Such an assessment is subject to change when the Directors perform a more detailed analysis.

HKFRS 16 *Leases*

HKFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessors and lessees. The new standard maintains substantially the lessor accounting requirements in the current standard.

A lessee is required to recognise a right-of-use asset and a lease liability at the commencement of lease arrangement. Right-of-use asset includes the amount of initial measurement of lease liability, any lease payment made to the lessor at or before the lease commencement date, estimated cost to be incurred by the lessee for dismantling or removing the underlying assets from and restoring the site, as well as any other initial direct cost incurred by the lessee. Lease liability represents the present value of the lease payments. Subsequently, depreciation and impairment expenses, if any, on the right-of-use asset will be charged to profit or loss following the requirements of HKAS 16 "Property, Plant and Equipment", while lease liability will be increased by the interest accrual, which will be charged to profit or loss, and deducted by lease payments.

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. HKFRS 16 will primarily affect the Group's accounting as a lessee of leases for properties which are currently classified as operating leases. The application of the new accounting model is expected to lead an increase in both assets and liabilities and to impact on the timing of the expense recognition in the profit or loss over the period of the lease. The total operating lease commitments of the Group in respect of leased properties as at each of the reporting dates are set out in Note 40. The interest expense on the lease liability and the depreciation expense on the right-of-use asset under HKFRS 16 will replace the rental charge under HKAS 17. The operating lease commitments as shown in off-balance sheet item will be replaced by "right-of-use assets" and "lease liabilities" in the consolidated statement of financial position of the Group.

For lessors, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17 *Leases*. Accordingly, a lessor continues to classify its leases as operating leases or financial leases, and to account for those two types of leases differently.

The standard is mandatorily effective for annual periods beginning on or after 1 January 2019. Earlier application is permitted for entities that apply HKFRS 15 at or before the date of initial application of HKFRS 16.

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

3. REVENUE AND SEGMENT INFORMATION

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

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

- Coal Business — Trading of coal products
- Household Consumables Business — Wholesale and retail of household consumables
- Digital Technology Business — Design and development of three-dimensional animations, augmented reality technology application and e-learning web application
- Education Business — Provision of educational technology solutions through online education programs and provision of English language proficiency tests
- Money Lending Business — Provision of money lending services
- Hygienic Disposables Business — Manufacture and trading of clinical and household hygienic disposables and trading of related raw materials[1] (discontinued operation)
- Jewelries and Watches Business — Sales and distribution of jewelries and watches[2] (discontinued operation)

1. The Group completed the disposal of Brighten Tree Limited on 25 May 2017, which held the manufacturing arm of Hygienic Disposables Business. Accordingly, the Hygienic Disposables Business segment was classified as a discontinued operation, details of which are set out in Note 9(b).

2. The Group completed the disposal of the entire equity interest of Tiger Global Group (as further defined in another section below), which carried out the whole Group's Jewelries and Watches Business on 30 June 2017. Accordingly, the Jewelries and Watches Business segment was classified as a discontinued operation. Details of which are set out in Note 9(a).

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

Segment revenues and results

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

	Continuing operations					
For the year ended 31 March 2018	**Coal Business** *HK$'000*	**Household Consumables Business** *HK$'000*	**Digital Technology Business** *HK$'000*	**Education Business** *HK$'000*	**Money Lending Business** *HK$'000*	**Total** *HK$'000*
Revenue from external customers	**—**	**52,147**	**6,194**	**25,054**	**32,330**	**115,725**
Segment (loss) profit	**(4,403)**	**3,957**	**880**	**(1,039)**	**8,826**	**8,221**
Bank interest income						**21**
Exchange differences						**83**
Dividend income from investment in available-for-sale financial asset						**1,995**
Fair value gains on financial assets at FVTPL and derivatives financial asset						**15,952**
Fair value loss on contingent consideration receivable						**(1,854)**
Fair value loss on promissory notes						**(323)**
Interest income from bond receivable						**1,731**
Interest income from other receivables						**2,215**
Amortisation of other intangible assets						**(848)**
Gain on disposal of property, plant and equipment						**77**
Gain on disposal of available-for-sale financial asset						**2,800**
Impairment loss on goodwill						**(4,820)**
Central administration costs						**(52,600)**
Loss before income tax from continuing operations						**(27,350)**

For the year ended 31 March 2017	Continuing operations					
	Coal Business *HK$'000*	Household Consumables Business *HK$'000*	Digital Technology Business *HK$'000*	Education Business *HK$'000*	Money Lending Business *HK$'000*	Total *HK$'000* (restated)
Revenue from external customers	—	55,141	521	17,905	1,506	75,073
Segment (loss) profit	(28,817)	3,734	(6,321)	(3,457)	1,248	(33,613)
Bank interest income						12
Exchange differences						(130)
Interest income from bond receivable						842
Interest income from other receivables						921
Amortisation of other intangible assets						(821)
Gain on disposal of available-for-sale financial asset						547
Impairment loss on available-for-sale financial asset						(2,800)
Impairment loss on goodwill						(53,155)
Central administration costs						(51,991)
Loss before income tax from continuing operations						(140,188)

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

Segment assets and liabilities

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

Segment assets

	2018	2017
	HK$'000	*HK$'000*
		(restated)
Continuing operations		
Coal Business	**28,230**	78,833
Household Consumables Business	**14,570**	13,783
Digital Technology Business	**907**	2,337
Education Business	**3,033**	3,575
Money Lending Business	**283,955**	27,853
Discontinued operations		
Hygienic Disposables Business	**—**	47,206
Jewelries and Watches Business	**—**	33,558
Total segment assets	**330,695**	207,145
Other intangible assets	**49,432**	49,818
Goodwill	**79,465**	84,285
Interests in associates	**97,711**	—
Available-for-sale financial asset	**—**	156,200
Deposit	**36,580**	—
Contingent consideration receivable	**1,335**	—
Amounts due from related companies	**1,638**	364
Bond receivable	**—**	10,842
Derivative financial asset	**28,854**	—
Financial assets at FVTPL	**23,655**	—
Bank balances and cash	**67,013**	25,636
Unallocated corporate assets	**2,957**	4,627
Consolidated total assets	**719,335**	538,917

Segment liabilities

	2018	2017
	HK$'000	*HK$'000*
		(restated)
Continuing operations		
Coal Business	**85,173**	134,783
Household Consumables Business	**2,639**	3,407
Digital Technology Business	**1,907**	301
Education Business	**7,756**	4,386
Money Lending Business	**127**	43
Discontinued operations		
Hygienic Disposables Business	**—**	9,675
Jewelries and Watches Business	**—**	3,558
Total segment liabilities	**97,602**	156,153
Tax payable	**3,948**	6,623
Convertible bonds	**206,784**	—
Promissory notes	**18,118**	—
Deferred tax liabilities	**8,833**	8,319
Unallocated corporate liabilities	**7,078**	3,400
Consolidated total liabilities	**342,363**	174,495

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

- All assets are allocated to operating segments other than other intangible assets, goodwill, interests in associates, available-for-sale financial asset, deposit, contingent consideration receivable, bond receivable, derivative financial asset, financial assets at FVTPL, amounts due from related companies, bank balances and cash and unallocated corporate assets.
- All liabilities are allocated to operating segments other than tax payable, convertible bonds, promissory notes, deferred tax liabilities and unallocated corporate liabilities.

Other segment information

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

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

For the year ended 31 March 2017	Continuing operations						
	Coal Business *HK$'000*	Household Consumables Business *HK$'000*	Digital Technology Business *HK$'000*	Education Business *HK$'000*	Money Lending Business *HK$'000*	Unallocated Corporate Office *HK$'000*	Total *HK$'000* (restated)
Capital additions	—	—	—	14	—	—	14
Depreciation of property, plant and equipment	—	186	—	26	—	1,342	1,554
Impairment loss on trade and other receivables	26,406	221	945	2,299	—	—	29,871
Impairment loss on goodwill	—	—	53,155	—	—	—	53,155
Written-off of trade receivables	—	101	—	—	—	—	101
Reversal of impairment loss on trade receivables	—	—	—	(23)	—	—	(23)

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

Revenue from major products and services

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

	2018	2017
	HK$'000	*HK$'000*
		(restated)
Continuing operations		
Sales of goods from Household Consumables Business	**52,147**	55,141
Services income from		
— Digital Technology Business	**6,194**	521
— Education Business	**25,054**	17,905
Interest income from Money Lending Business	**32,330**	1,506
	115,725	75,073

Information about geographical areas

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

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

	Revenue by geographical market	
	2018	2017
	HK$'000	*HK$'000*
		(restated)
Continuing operations		
The People's Republic of China (the "PRC")	**20,938**	9,683
United Kingdom (the "UK")	**52,147**	55,141
Macau	**38**	282
Hong Kong	**42,602**	9,967
	115,725	75,073

As at 31 March 2018, approximately HK$97,794,000, HK$13,820,000 and HK$116,016,000 and HK$321,000 of the non-financial assets classified as non-current under continuing operations are located in the PRC, the UK, Hong Kong and Macau respectively.

As at 31 March 2017, approximately HK$44,000 (restated), HK$14,286,000 and HK$120,972,000 of the non-financial assets classified as non-current under continuing operations are located in the PRC, the UK and Hong Kong respectively.

Information about a major customer

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

	2018	2017
	HK$'000	*HK$'000*
		(restated)
Customer A[1]	**12,990**	17,975

[1] Revenue is from Household Consumables Business.

4. OTHER INCOME

	2018	2017
	HK$'000	*HK$'000*
		(restated)
Continuing operations		
Bank interest income	**21**	12
Dividend income from investment in available-for-sale financial asset	**1,955**	—
Interest income from bond receivable	**1,731**	842
Interest income from other receivables	**2,215**	921
	5,922	1,775

5. OTHER GAINS AND LOSSES

	2018	2017
	HK$'000	*HK$'000*
		(restated)
Continuing operations		
Exchange differences	**83**	(130)
Gain on disposal of property, plant and equipment	**77**	—
Fair value loss on contingent consideration receivable	**(1,854)**	—
Fair value gains on financial assets at FVTPL	**15,952**	—
Fair value loss on promissory notes	**(323)**	—
Gain on disposal of available-for-sale financial asset *(Note 17)*	**2,800**	547
Impairment loss on trade receivables	**(4,123)**	(29,871)
Impairment loss on available-for-sale financial assets *(Note 17)*	**—**	(2,800)
Impairment loss on goodwill	**(4,820)**	(53,155)
Impairment loss on loan receivables	**(21,583)**	—
Reversal of impairment loss on trade receivables	**—**	23
Written off of trade receivables	**(4)**	(101)
Others	**(103)**	—
	(13,898)	(85,487)

6. FINANCE COSTS

	2018	2017
	HK$'000	*HK$'000*
Continuing operations		
Interests on bank and other borrowings:		
— Effective interest expenses on convertible bonds *(Note 23)*	**21,588**	8,922
— Interest expenses on other borrowings	**1**	—
	21,589	8,922

7. INCOME TAX EXPENSE

	2018	2017
	HK$'000	*HK$'000*
Continuing operations		
Current tax:		
— Hong Kong Profits Tax	**3,597**	206
— PRC Enterprise Income Tax ("PRC EIT")	**559**	790
— Other jurisdictions	**726**	790
	4,882	1,786
(Over) under-provision in respect of prior years:		
— Hong Kong Profits Tax	**—**	(41)
— PRC EIT	**—**	—
— Other jurisdictions	**(42)**	37
	(42)	(4)
Deferred taxation:		
— Current year	**(807)**	(143)
	(807)	(143)
	4,033	1,639

(i) Hong Kong

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

For the year ended 31 March 2017, the Hong Kong Inland Revenue Department (the "HKIRD") was in the process of auditing the tax affairs of certain subsidiaries of the Group. In prior years, the HKIRD 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 were amounted to approximately HK$53,585,000. The Group lodged the relevant objections with the HKIRD against these additional and estimated assessments. The HKIRD granted holdover of the taxes being assessed in the additional and estimated assessments (conditionally and unconditionally) as a result of the objections. As at 31 March 2017, Mr. Chum Tung Hang, the then-shareholder, purchased tax reserve certificates of HK$4,287,000 on behalf of the Group. For 2009/10, Mr. Chum Tung Hang and the Group did not purchase any tax reserve certificate pursuant to the conditional holdover notice granted by the HKIRD. The purchased tax reserve certificates were accounted for as taxes recoverable included in trade and other receivables and prepayments of the Group as at 31 March 2017.

In the opinion of the Directors, after considering the latest communications between the Group and the HKIRD, no provision for Hong Kong Profits Tax in respect of these assessments was considered necessary for the year ended 31 March 2017 as the possibility of payment for these assessments was not probable. In addition, upon the listing of the Company on the Stock

Exchange, Mr. Chum Tung Hang, the then-shareholder, gave 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.

On 13 November 2017, revised notice of assessment for the above mentioned years of assessments have been finalised in which no additional Hong Kong Profits Tax is charged over the subsidiaries of the Group by the HKIRD. All the tax reserve certificates purchased by the Group was transferred to Mr. Chum Tung Hang, the then-shareholder, accordingly.

(ii) PRC EIT

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

(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. PROFIT (LOSS) FOR THE YEAR

	2018	2017
	HK$'000	*HK$'000*
		(restated)
Continuing operations		
The Group's profit (loss) for the year has been arrived at after charging:		
Directors' remuneration	**8,984**	16,119
Other staff costs	**22,774**	21,248
Retirement benefit scheme contributions[1]	**1,883**	1,657
Equity-settled share-based payment expenses — Other staff	**—**	2,867
Total staff costs	**33,641**	41,891
Auditor's remuneration	**2,682**	1,433
Cost of inventories sold	**41,172**	43,730
Depreciation of property, plant and equipment	**423**	1,751
Amortisation of other intangible assets (included in cost of sales)	**848**	821

[1] No forfeited contributions available for offset against existing contributions during the year (2017: Nil).

9. DISCONTINUED OPERATIONS

(a) Jewelries and Watches Business

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

Tiger Global Group represents the whole Jewelries and Watches Business segment of the Group in the business of sales and distribution of jewelries and watches, a separate major line of business which was classified as discontinued operation. As a result, as at 31 March 2017, all assets and liabilities under the Tiger Global Group were classified as assets held for sale and liabilities directly associated with assets held for sale.

The Tiger Global Disposal was completed on 30 June 2017.

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

(b) Hygienic Disposables Business

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

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

The comparative financial performance and cash flows of Hygienic Disposables Business have been re-presented as part of discontinued operations for the year ended 31 March 2017. The financial performance and cash flows of Hygienic Disposables Business for the year ended 31 March 2017 and for the period from 1 April 2017 up to 25 May 2017 are classified and included as part of discontinued operations for the years ended 31 March 2017 and 2018 respectively.

The results of Jewelries and Watches Business and Hygienic Disposables Business for the period from 1 April 2017 up to their respective dates of disposal and the year ended 31 March 2017 have been presented separately as a single line item in the consolidated statement of comprehensive income, details of which are as follows:

	2018			2017		
	Jewelries and Watches Business	**Hygienic Disposables Business**	**Total**	Jewelries and Watches Business	Hygienic Disposables Business	Total
	HK$'000	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000* (restated)
Revenue	**1**	**12,069**	**12,070**	365	47,027	47,392
Cost of sales	**(172)**	**(11,940)**	**(12,112)**	(937)	(42,048)	(42,985)
Gross (loss) profit	**(171)**	**129**	**(42)**	(572)	4,979	4,407
Other income	**—**	**—**	**—**	532	71	603
Other gains and losses	**—**	**(14,358)**	**(14,358)**	(3)	1,492	1,489
Selling and distribution expenses	**—**	**(261)**	**(261)**	(9)	(1,957)	(1,966)
Administrative expenses	**(155)**	**(4,583)**	**(4,738)**	(1,208)	(9,784)	(10,992)
Finance costs	**—**	**—**	**—**	—	(10)	(10)
Share of loss of an associate	**(227)**	**—**	**(227)**	(111)	—	(111)
Loss before income tax from discontinued operations	**(553)**	**(19,073)**	**(19,626)**	(1,371)	(5,209)	(6,580)
Income tax credit	**28**	**—**	**28**	113	—	113
Loss after income tax from discontinued operations	**(525)**	**(19,073)**	**(19,598)**	(1,258)	(5,209)	(6,467)
Loss recognised on the measurement to fair value less costs of disposal of the disposal group	**—**	**—**	**—**	(44,987)	—	(44,987)
Gain on disposal of subsidiaries and an associate (including reclassification of exchange reserve from equity to profit or loss on disposal of subsidiaries)	**525**	**64,721**	**65,246**	—	—	—
Profit (loss) for the year from discontinued operations	**—**	**45,648**	**45,648**	(46,245)	(5,209)	(51,454)
Profit (loss) from discontinued operations attributable to:						
— Owners of the Company	**—**	**45,648**	**45,648**	(46,245)	(5,209)	(51,454)
Cash flows from discontinued operations						
Net cash generated from (used in) operating activities	**15**	**3,876**	**3,891**	(15)	(2,095)	(2,110)
Net cash generated from financing activities	**—**	**—**	**—**	7	—	7
Net increase (decrease) in bank balances and cash	**15**	**3,876**	**3,891**	(8)	(2,095)	(2,103)

10. DIVIDENDS

No dividend has been paid or declared by the Company during the year (2017: Nil). The Directors do not recommend the payment of a final dividend for the year (2017: Nil).

11. EARNINGS (LOSS) PER SHARE

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

The calculations of diluted earnings (loss) per share from (i) continuing and discontinued operations; (ii) continuing operations; and (iii) discontinued operations are based on the respective adjusted profit (loss) for the years attributable to the owners of the Company and the adjusted weighted average number of ordinary shares outstanding both of which are adjusted to assume exercise or conversion of all dilutive potential ordinary shares.

As at 31 March 2018, the Company has outstanding share options and convertible bonds (31 March 2017: outstanding share options). For the outstanding share options, the number of shares that would have been issued assuming the exercise of the share options less the number of shares that could have been issued at fair value (determined as the average market price per share for the year) for the same total proceeds is the number of shares issued for no consideration. The resulting number of shares issued for no consideration is included in the weighted average number of ordinary shares as the denominator for calculating diluted earnings per share. The convertible bonds were assumed to have been converted into ordinary shares, and the net profit is adjusted to eliminate the interest expense less the tax effect.

As the Company's outstanding share options and convertible bonds (2017: share options) had an anti-dilutive effect to the basic loss per share from continuing operations calculation for the year ended 31 March 2017 and 2018, the exercise or conversion of the above potential ordinary shares is not assumed in the computation of diluted earnings (loss) per share.

(i) From continuing and discontinued operations

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

	2018	2017
	HK$'000	*HK$'000*
Profit (loss) for the year attributable to owners of the Company	**14,704**	(190,400)
Weighted average number of ordinary shares for the purposes of basic and diluted earnings (loss) per share	**2,378,783,201**	1,927,781,130

(ii) Continuing operations

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

	2018	2017
	HK$'000	*HK$'000*
		(restated)
Loss for the year from continuing operations attributable to owners of the Company	**(30,944)**	(138,946)
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	**2,378,783,201**	1,927,781,130

(iii) Discontinued operations

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

	2018	2017
	HK$'000	*HK$'000*
		(restated)
Profit (loss) for the year from discontinued operations attributable to owners of the Company	**45,648**	(51,454)
Weighted average number of ordinary shares for the purposes of basic and diluted earnings (loss) per share	**2,378,783,201**	1,927,781,130

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 2016	34,108	41,751	1,541	8,223	3,785	89,408
Additions	—	—	116	445	14	575
Disposals	—	—	(517)	(2,699)	(359)	(3,575)
Exchange realignment	(1,772)	(2,232)	(72)	(350)	(100)	(4,526)
At 31 March 2017	32,336	39,519	1,068	5,619	3,340	81,882
Additions	—	18	—	—	120	138
Disposal of subsidiaries	(32,210)	(39,434)	(101)	(4,991)	(1,521)	(78,257)
Disposals	—	—	(876)	—	(12)	(888)
Exchange realignment	255	364	17	127	37	800
At 31 March 2018	381	467	108	755	1,964	3,675
ACCUMULATED DEPRECIATION AND IMPAIRMENT						
At 1 April 2016	25,042	41,525	1,500	6,505	2,660	77,232
Charge for the year	954	42	17	1,216	387	2,616
Elimination on disposals	—	—	(517)	(2,699)	(192)	(3,408)
Exchange realignment	(1,336)	(2,208)	(63)	(266)	(93)	(3,966)
At 31 March 2017	24,660	39,359	937	4,756	2,762	72,474
Charge for the year	162	38	9	147	240	596
Disposal of subsidiaries	(24,912)	(39,434)	(10)	(4,633)	(1,521)	(70,510)
Elimination on disposals	—	—	(860)	—	(12)	(872)
Exchange realignment	196	344	13	68	23	644
At 31 March 2018	106	307	89	338	1,492	2,332
NET CARRYING VALUES						
At 31 March 2018	275	160	19	417	472	1,343
At 31 March 2017	7,676	160	131	863	578	9,408

As at 31 March 2017, the Group has pledged certain buildings to secure general banking facilities granted to the Group.

13. OTHER INTANGIBLE ASSETS

	Coal Sales Contract *HK$'000*	Customer Network *HK$'000*	Exclusive License *HK$'000*	License Agreements *HK$'000*	Total *HK$'000*
COST					
At 1 April 2016	57,346	9,061	9,800	55,006	131,213
Reclassification to assets held for sale	—	—	(9,800)	—	(9,800)
Exchange realignment	—	(1,183)	—	—	(1,183)
At 31 March 2017	57,346	7,878	—	55,006	120,230
Exchange realignment	—	1,049	—	—	1,049
At 31 March 2018	57,346	8,927	—	55,006	121,279
ACCUMULATED AMORTISATION AND IMPAIRMENT					
At 1 April 2016	57,346	3,775	1,040	8,996	71,157
Charge for the year	—	821	686	—	1,507
Reclassification to assets held for sale	—	—	(1,726)	—	(1,726)
Exchange realignment	—	(526)	—	—	(526)
At 31 March 2017	57,346	4,070	—	8,996	70,412
Charge for the year	—	848	—	—	848
Exchange realignment	—	587	—	—	587
At 31 March 2018	57,346	5,505	—	8,996	71,847
NET CARRYING VALUES					
At 31 March 2018	—	3,422	—	46,010	49,432
At 31 March 2017	—	3,808	—	46,010	49,818

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

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 year and has been allocated to the Household Consumables Business CGU.

The Exclusive License represented the right to design, distribute and sell "Cosi Moda" branded products in the Asia Pacific region (other than the PRC) granted to the Group from an associate, which was acquired as part of the Group's acquisition of Tiger Global Group in prior year and has been allocated to the Jewelries and Watches Business CGU. A disposal agreement for the disposal of the entire equity interest in Tiger Global Group was entered on 28 March 2017 and the Exclusive License was reclassified to assets held for sale as at 31 March 2017. The Exclusive License was disposed of upon the completion of the disposal of Tiger Global Group.

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

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

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

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

14. GOODWILL

	Household Consumables Business CGU HK$'000	Jewelries and Watches Business CGU HK$'000	Digital Technology Business CGU HK$'000	Education Business CGU HK$'000	Money Lending Business CGU HK$'000	Total HK$'000
COST						
At 1 April 2016	9,774	43,072	113,633	61,319	—	227,798
Acquisition of a subsidiary	—	—	—	—	21,795	21,795
Reclassification to assets held for sale	—	(43,072)	—	—	—	(43,072)
At 31 March 2017 and 2018	9,774	—	113,633	61,319	21,795	206,521
ACCUMULATED IMPAIRMENT LOSSES						
At 1 April 2016	—	—	7,762	61,319	—	69,081
Impairment *(Note 15)*	—	43,072	53,155	—	—	96,227
Reclassification to assets held for sale	—	(43,072)	—	—	—	(43,072)
At 31 March 2017	—	—	60,917	61,319	—	122,236
Impairment *(Note 15)*	—	—	4,820	—	—	4,820
At 31 March 2018	—	—	65,737	61,319	—	127,056
NET CARRYING VALUES						
At 31 March 2018	9,774	—	47,896	—	21,795	79,465
At 31 March 2017	9,774	—	52,716	—	21,795	84,285

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

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

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

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

15. IMPAIRMENT TESTING ON OTHER INTANGIBLE ASSETS AND GOODWILL

For the purpose of impairment testing, other intangible assets and goodwill set out in Notes 13 and 14 respectively have been allocated to four individual CGUs, comprising a subsidiary in Household Consumables Business, subsidiaries in Digital Technology Business, subsidiaries in Education Business and a subsidiary in Money Lending Business. Other intangible assets and goodwill had been allocated to five individual CGUs for the purpose of impairment testing as at 31 March 2018, comprising the above four CGUs, and a subsidiary in Jewelries and Watches Business. Goodwill and other intangible assets allocated to Jewelries and Watches Business were reclassified under assets held for sale as at 31 March 2017 after the impairment testing. The carrying amounts of other intangible assets and goodwill as at 31 March 2018 allocated to these units are as follows:

	Customer Network with finite useful life		Exclusive License with finite useful life		License Agreements with indefinite useful lives		Goodwill	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Household Consumables Business CGU (Unit A)	**3,422**	3,808	**—**	—	**—**	—	**9,774**	9,774
Jewelries and Watches Business CGU (Unit B)	**—**	—	**—**	—	**—**	—	**—**	—
Digital Technology Business CGU (Unit C)	**—**	—	**—**	—	**—**	—	**47,896**	52,716
Education Business CGU (Unit D)	**—**	—	**—**	—	**46,010**	46,010	**—**	—
Money Lending Business CGU (Unit E)	**—**	—	**—**	—	**—**	—	**21,795**	21,795
	3,422	3,808	**—**	—	**46,010**	46,010	**79,465**	84,285

During the year ended 31 March 2018, the Group determines that there is no impairment of other intangible assets in respect of the Household Consumables Business CGU and Education Business CGU. There is no impairment of goodwill in respect of the Household Consumable Business CGU and Money Lending Business CGU as at 31 March 2018.

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

Unit A

The recoverable amount of this unit has been determined based on a fair value less cost of disposal calculation with reference to a professional valuation performed by Greater China Appraisal Limited, an independent firm of professionally qualified valuers for both years. That calculation covered an indefinite period as estimated by the Group as there is no foreseeable limitation on the period of time over which the CGU is expected to generate economic benefits to the Group. The calculation uses cash flow projections based on financial budgets approved by management covering a five-year period (2017: a five-year period). Cash flows beyond the projection period are extrapolated using an estimated growth rate of 3% (2017: 3%). The post-tax rate used to discount the forecast cash flows is 14.00% (2017: 15.07%).

Unit B

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

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

Unit C

The recoverable amount of this unit as at 31 March 2018 has been determined to be approximately HK$49,300,000 (2017: HK$53,000,000) based on a value-in-use calculation (2017: value-in-use calculation) with reference to a professional valuation performed by Asset Appraisal Limited ("AAL"), an independent firm of professionally qualified valuers. That calculation covered an indefinite period as estimated by the Group as there is no foreseeable limitation on the period of time over which the CGU is expected to generate economic benefits to the Group. The calculation uses cash flow projections based on financial budgets approved by management covering a five-year period (2017: five-year period). Cash flows beyond the projection period are extrapolated using an estimated growth rate of 3% (2017: 3%). The pre-tax rate used to discount the forecast cash flows is 16.43% (2017: 14.82%).

Based on the impairment assessment of the Digital Technology Business CGU, the goodwill allocated to Digital Technology Business CGU was determined to be impaired. An impairment loss of approximately HK$4,820,000 (2017: HK$53,155,000) was recognised in consolidated profit or loss under other gains and losses in the current year. The above impairment loss recognised during the year ended 31 March 2018 was mainly attributable to the unfavorable changes in estimated discount rate and a fall in annual growth rate over the five-year forecast period due to the increase in competition among other market participants, loss of digital competitiveness and the change in customers' needs.

Unit D

The recoverable amount of this unit as at 31 March 2018 has been determined to be approximately HK$84,200,000 based on a value-in-use calculation (2017: value-in-use calculation) with reference to a professional valuation performed by AAL. That calculation covered an indefinite period as estimated by the Group as there is no foreseeable limitation on the period of time over which the CGU is expected to generate economic benefits to the Group. The calculation uses cash flow projections based on financial budgets approved by management covering a five-year period (2017: five-year period). Cash flows beyond the projection period are extrapolated using an estimated growth rate of 3% (2017: 3%). The pre-tax rate used to discount the forecast cash flows is 20.84% (2017: 15.46%).

Unit E

The recoverable amount of this unit as at 31 March 2018 has been determined based on a value-in-use calculation (2017: value-in-use calculation) with reference to a professional valuation performed by AAL. That calculation covered an indefinite period as estimated by the Group as there is no foreseeable limitation on the period of time over which the CGU is expected to generate economic benefits to the Group. The calculation uses cash flow projections based on financial budgets approved by management covering a five-year period (2017: five-year period). Cash flows beyond the projection period are extrapolated using zero (2017: zero) growth rate. The pre-tax rate used to discount the forecast cash flows is 16.13% (2017: 14.38%).

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

The recoverable amounts of Unit A were based on the fair-value-less-costs-of-disposal calculation determined by income approach using discounted cash flow projections for both years ended 31 March 2018 and 2017. The recoverable amount of Unit B as at 31 March 2017 was based on the fair-value-less-cost-of-disposal calculation determined by the consideration for the Tiger Global Disposal for the year ended 31 March 2017. The fair value of the recoverable amounts of Unit A and Unit B are classified as a level 3 fair value measurement.

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

16. INTERESTS IN ASSOCIATES

	2018	2017
	HK$'000	*HK$'000*
Share of net assets	**50,217**	7,742
Goodwill	**46,058**	17,755
Share of post-tax gain of associates	**1,436**	163
Impairment loss on interest in an associate *(Note)*	**—**	(13,286)
Reclassification to assets held for sale	**—**	(12,374)
	97,711	—

Note: As at 31 March 2017, the recoverable amount of 40% equity interest in Kwan Lun Precision Jewelry Limited ("Kwan Lun") has been determined to be approximately HK$12,374,000 based on a fair value less cost of disposal from the consideration for the Tiger Global Disposal of HK$30,000,000 less the carrying amount of other assets and liabilities of the Jewelries and Watches Business. As a result, interest in Kwan Lun was further impaired by approximately HK$1,915,000, which is charged to profit or loss and presented as discontinued operations in the year ended 31 March 2017 and the impairment of interest in Kwan Lun was accumulated impaired by approximately HK$13,286,000. The fair value less costs of disposal was classified as a level 3 fair value measurement.

Particulars of the associates as at 31 March 2018 are set out below, of which are unlisted corporate entities whose quoted market price is not available.

Name of associate	Place and date of incorporation/ establishment	Issued and fully paid share capital/ paid up capital	Attributable equity interest held by the Group as at 31 March		Principal activities and place of operation
			2018	2017	
			%	*%*	
Kwan Lun *(Note (i))*	Hong Kong 10 December 2003	HK$1,000,000	—	40	Trading of jewelries and watches in the PRC
Alpha Youth Limited *(Note (ii))*	The British Virgin Islands (the "BVI") 10 May 2016	US$200	**20**	—	Investment holding
Grace Wisdom Holdings Limited *(Note (ii))*	Hong Kong 12 April 2016	HK$100	**20**	—	Investment holding
Hainan Huasheng Concrete Company Limited* (海南華盛混凝土有限公司) ("Hainan Huasheng") *(Note (ii))*	The PRC 23 May 2006	RMB20,000,000	**20**	—	Production and sales of concrete in the PRC

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

Notes:

(i) On 25 September 2014, Kwan Lun was acquired through business combination of Tiger Global Group. On 28 March 2017, a disposal agreement was entered by the Group in relation to the disposal of the entire equity interest in Tiger Global. Accordingly, the interest in an associate under Tiger Global Group was classified under the assets held for sale as at 31 March 2017.

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

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

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

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

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

	HK$'000
Cash consideration	95,000
Promissory notes *(Note 24)*	17,795
Add: legal and professional fee directly attributable to the acquisition	3,784
Less: contingent consideration receivable *(Note 19)*	(3,189)
Total	113,390
Group's share of net fair value of identifiable assets and liabilities of Alpha Youth Group	50,217
Derivative financial asset — call option	17,115
Goodwill attributable to interests in associates	46,058
Total	113,390

17. AVAILABLE-FOR-SALE FINANCIAL ASSETS

As at 31 March 2017, available-for-sale financial asset represented investment in unlisted equity securities issued by Goldbell Holdings Limited ("Goldbell"), a company incorporated in the BVI with limited liabilities, and the investment represents approximately 10% of the entire issued share capital of Goldbell ("10% of Goldbell"). It is measured at fair value.

As at 1 April 2016, other than 10% of Goldbell, available-for-sale financial assets also represented investments in unlisted equity securities issued by China Energy Trading Company Limited ("China Energy"), which was fully impaired as at that date. The investments in China Energy, together with the shareholder's loan of HK$1,950,000 were disposed of at a cash consideration of HK$2,500,000 on 27 January 2017. After deducting the transaction cost attributable to the disposal, gain on disposal of available-for-sale financial asset of approximately HK$547,000 was recognised in other gains and losses during the year ended 31 March 2017 (Note 5).

Available-for-sale financial asset is measured at fair value as at 31 March 2017.

	2018	2017
	HK$'000	*HK$'000*
Unlisted equity securities	—	156,200

	10% of Goldbell
	HK$'000
Net carrying value at 1 April 2016	154,000
Change in fair value	2,200
Net carrying value at 31 March 2017	156,200
Disposal	(156,200)
Net carrying value at 31 March 2018	—

On 10 July 2014, the Group entered into a conditional acquisition agreement (the "Acquisition Agreement") with two independent vendors (the "Vendors") relating to the acquisition of 1,066 shares of Goldbell (the "Sales Shares"), representing approximately 10% equity interest in Goldbell at the consideration of HK$159,000,000 (the "Consideration"). Goldbell, through its subsidiaries, is principally engaged in the exploration and exploitation of gold mines, and processing, smelting, refining and sales of gold in the PRC. The acquisition was completed on 16 July 2014.

Pursuant to the Acquisition Agreement, the Group should 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 "Put Option").

The Directors were in the opinion that the value of the Put Option to require the Vendors to purchase the Sales Shares from the Group was insignificant as at the date of the acquisition.

As at 31 March 2017, the 10% equity interest in Goldbell was determined to be impaired on the basis of the prolonged decline in its fair value below cost for several years which indicated that the investment cost may not be fully recovered. During the year ended 31 March 2017, a fair value gain of approximately HK$2,200,000 on the investment was recognised in available-for-sale investment reserve whereas an impairment loss of approximately HK$2,800,000 was then recognised in profit or loss under other gains and losses (Note 5).

On 17 January 2018, the Group by serving the Put Option notice on the Vendors in accordance with the Acquisition Agreement stating its intention to exercise the Put Option and required the Vendors to purchase the Sales Shares from the Group at the Consideration. After serving the Put Option notice, the Group and the Vendors entered into a deed of installment, pursuant to which the Vendors agreed to settle the Consideration by 12 monthly installments, with an interest rate of 15% per annum.

On 16 March 2018, the Vendors have paid the entire amount of the Consideration of HK$159,000,000 and the interest of approximately HK$2,215,000 accrued thereon ahead of the payment schedule as set out in the deed of installment. Accordingly, completion of the Put Option took place on 16 March 2018 and the Group ceased to have any interest in Goldbell. Gain on disposal of available-for-sale financial asset of approximately HK$2,800,000 was recognised in other gains and losses during the year (Note 5).

Further details are set out in the Company's announcements dated 17 January 2018 and 16 March 2018.

18. LOAN RECEIVABLES

	2018	2017
	HK$'000	*HK$'000*
Loan receivables		
— Collateralised	**115,830**	3,000
— Non-collateralised	**165,718**	24,200
	281,548	27,200
Accrued interest receivables	**23,171**	60
	304,719	27,260
Less: impairment loss recognised	**(21,583)**	—
	283,136	27,260
Analysed for reporting purposes as:		
Non-current assets	**—**	8,000
Current assets	**283,136**	19,260
	283,136	27,260

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

The loans provided to customers bore fixed monthly interest rate ranging from 8% to 39% per annum (31 March 2017: 12% to 36% per annum). The effective interest rates of the above loan receivables ranging from 8% to 44% per annum (31 March 2017: 13% to 36% per annum).

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

	2018	2017
	HK$'000	*HK$'000*
0–90 days	**50,298**	3,500
91–180 days	**15,000**	15,000
181–365 days	**186,827**	8,000
Over 365 days	**7,840**	700
	259,965	27,200

There are loans receivables, amounting to approximately HK$35,800,000 and HK$99,719,000, have been renewed before and subsequent to the reporting date, respectively (the "Balances"). The Balances were renewed without the settlement of the outstanding principals and/or interests upon their original expiries.

Loan receivables that were neither past due nor impaired related to a wide range of customers for whom there is no recent history of default.

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

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

	2018	2017
	HK$'000	*HK$'000*
At the beginning of the year or the acquisition date of Chengxin Finance	**—**	—
Impairment loss during the year	**(21,583)**	—
At the end of the year	**(21,583)**	—

Impairment provisions are recognised for financial reporting purposes only for losses that have incurred at the end of reporting period based on objective evidence of impairment.

The management of the Company reviews and assesses for impairment individually based on customers' repayment history and the fair values of the collaterals, if any. As at 31 March 2018, the Group has provided impairment loss of approximately HK$21,583,000 (2017: Nil) on loan receivables with the aggregate gross carrying amount of approximately HK$153,700,000 (2017: Nil) on an individual assessment basis. No impairment loss was provided on a collective assessment basis (2017: Nil). Certain loan receivables amounting to HK$10,084,000 are guaranteed by a related party.

19. CONTINGENT CONSIDERATION RECEIVABLE

As at 31 March 2018, the balance represents the contingent consideration receivable in relation to the acquisition of Alpha Youth Group. Contingent consideration receivable is classified as financial assets at FVTPL and measured at fair value.

	HK$'000
At 1 April 2016 and 31 March 2017	—
Acquisition of interests in associates *(Note 16)*	3,189
Fair value loss recognised in profit or loss *(Note 5)*	(1,854)
At 31 March 2018	1,335

20. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS, AND DEPOSIT

	2018	2017
	HK$'000	*HK$'000*
Non-current assets		
Deposit for acquisition of a subsidiary	**36,580**	—
Current assets		
Trade receivables	**200,809**	264,172
Less: impairment loss recognised	**(163,361)**	(159,284)
	37,448	104,888
Bills receivables	**—**	2,227
Prepayments and deposits	**5,131**	7,344
Other receivables	**896**	2,709
Taxes recoverable	**—**	4,760
Amount due from a non-controlling owner of a subsidiary *(Note (i))*	**88**	88
Amounts due from related companies *(Note (ii))*	**1,638**	2,128
Amounts due from related parties *(Note (iii))*	**—**	130
Trade and other receivables and prepayments	**45,201**	124,274

Notes:

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

(ii) As at 31 March 2018, the amounts are due from companies which directors of certain subsidiaries have direct equity interest. The amounts are unsecured, interest-free and repayable on demand.

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

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

The Group generally allows an average credit period of 30 to 90 days (2017: 30 to 90 days) to its trade customers. All bills receivables of the Group were aged within 90 days at 31 March 2017.

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

	2018	2017
	HK$'000	*HK$'000*
Trade and bills receivables:		
0–30 days	**5,459**	9,229
31–60 days	**1,664**	2,266
61–90 days	**1,948**	426
Over 90 days	**28,377**	95,194
	37,448	107,115

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

Included in the Group's trade receivables are debtors with aggregate carrying amount of approximately HK$31,989,000 (2017: HK$97,887,000) which are past due as at the reporting date for which the Group has not provided for impairment loss because the Group believes that the amounts are still recoverable as there has not been a significant deterioration in credit quality of these customers and there are continuing subsequent settlements. The Group does not hold any material collateral over these balances. Subsequent to 31 March 2018, the Group entered into an arrangement with an independent third party in respect of disposing certain trade receivables attributable to a customer of Coal Business of principal amount of approximately HK$35,906,000 and the corresponding trade payables to a supplier of approximately HK$34,336,000 at a service charge of approximately HK$3,591,000. The amount of approximately HK$35,906,000 represented the gross carrying amount of the trade receivables, of which provision for impairment amounting to HK$7,764,000 has been provided as at 31 March 2018.

Including those trade debtors which their trade receivable balances were partially impaired with carrying amount of HK$28,142,000 (2017: HK$78,251,000), ageing analysis of trade receivables which are past due but not impaired, is as follows:

	2018	2017
	HK$'000	*HK$'000*
0–30 days	**2,226**	2,578
31–60 days	**1,386**	498
61–90 days	**34**	1,056
Over 90 days	**28,343**	93,755
	31,989	97,887

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

	2018	2017
	HK$'000	*HK$'000*
At the beginning of the year	**159,284**	131,129
Impairment loss during the year	**4,123**	30,592
Amount written back	**(4)**	(2,323)
Bad debts written off	**—**	(80)
Exchange realignment	**(42)**	(34)
At the end of the year	**163,361**	159,284

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

Included in the impairment loss of trade receivables as at 31 March 2018 were individually fully/partially impaired trade receivables mainly due from customers with an aggregate carrying amount before allowance of approximately HK$191,610,000 (2017: HK$237,535,000). The balances were long outstanding and the management of the Group considered the recoverability of the balance is remote as the related customers were in financial difficulties or have prolonged delay in repayment, and therefore only a portion of the receivables is expected to be recovered. The Group did not hold any material collateral over those balances.

Impaired receivables mainly related to balances due from the sole customer of the Group in its Coal Business amounting to gross carrying amount of approximately HK$110,599,000 (2017: HK$156,878,000) as at 31 March 2018 and net carrying amount of approximately HK$28,142,000 (2017: HK$77,992,000) as at 31 March 2018. In 2013, the Group had entered into a master agreement with the sole customer, a State-Owned Enterprise in the PRC. Due to prolonged delay in repayment of receivables from this customer casts doubts on the recoverability, the Group temporarily suspended the trading transactions with this customer. No sales were recorded during the years ended 31 March 2018 and 2017. Based on impairment assessment of the trade receivables due by the sole customer, taking into account the historical settlement record during the year, latest negotiations with the customer of the outstanding amounts, continuing subsequent settlements and subsequent factoring without recourse of certain of the receivables, further impairment loss of HK$3,591,000 impairment loss was recognised for this customer during the year ended 31 March 2018 (2017: approximately HK$26,405,000).

Deposit for acquisition of a subsidiary

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

As at 31 March 2018, deposit amounting to HK$36,580,000 has been paid to the vendor. The deposit is refundable upon the event the conditions attached in the Agreement are not fulfilled by the vendor on or before 28 September 2018. As at 31 March 2018 and the date when these consolidated financial statements are authorised for issue, the acquisition has not yet completed. The remaining cash consideration of HK$109,740,000 will be paid on the date of completion of the acquisition.

Further details are set out in the Company's announcement dated 27 March 2018.

21. FINANCIAL ASSETS AT FVTPL AND, DERIVATIVE FINANCIAL ASSETS

	2018	2017
	HK$'000	*HK$'000*
Listed investments		
— Equity securities listed in Hong Kong *(Note (i))*	**23,655**	—
Derivative financial instrument *(Note (ii))*	**28,854**	—
	52,509	—

Notes:

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

(ii) As at 31 March 2018, the balance represents the Call Option in relation to the acquisition of Alpha Youth Group. For details of the Call Option are set out in Note 16.

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

	Listed investments	**Derivative financial instrument**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
At the beginning of the year	—	—	—
Call option in the acquisition of Alpha Youth Group	—	17,115	17,115
Additions	92,162	—	92,162
Change in fair value	4,213	11,739	15,952
Disposals	(72,720)	—	(72,720)
At the end of the year	23,655	28,854	52,509

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

Condition:	To obtain or satisfy any all necessary relevant statutory and regulatory requirements, approvals and consents in relation to the transaction contemplated hereof.
Exercise period:	Any time within 2 years from 15 February 2018
Option shares:	Up to 160 shares of Alpha Youth Group (80% equity interest in Alpha Youth Group)
Option price:	The exercise price of the call option is determined with reference to 80% of the valuation of Alpha Youth Group at the time of exercise of the Call Option and is capped to RMB481,066,000. If the exercise price is below RMB320,710,000, the vendor has the right to refuse the exercise of the Call Option by the Group.

The fair value of the Call Option at 15 February 2018 (i.e. the acquisition date) and 31 March 2018 was calculated using the Monte-Carlo Simulator Analysis evaluated by GW Financial Advisory Services Limited, an independent qualified professional valuer not connected to the Group. The inputs into the valuation were as follows:

Assumptions	**As at 15 February 2018**	**As at 31 March 2018**
Years Remaining *(Note a)*	2.00	1.88
Equity Interest *(Note a)*	80.00%	80.00%
Valuation Cap *(Note a)*	120.00%	120.00%
100% Equity Value of the Alpha Youth Group as contained in the Company's Circular in Renminbi (the "RMB") dated 25 January 2018 *(Note a)*	501,110,000	501,110,000
Strike Price (RMB) *(Note a)*	481,066,000	481,066,000
Normalised Profit (RMB)	46,583,000	49,452,000
Risk-Free Rate *(Note b)*	3.54%	3.41%
Volatility *(Note c)*	11.54%	11.54%

The fair value of the Call Option was approximately HK$28,854,000 and HK$17,115,000 as at 31 March 2018 and 15 February 2018 respectively. Hence, the change in fair value of approximately HK$11,739,000 was recognised in the profit or loss during the year ended 31 March 2018.

Notes:

(a) Information is according to the terms and conditions of the Call Option Deed.

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

(c) Expected volatility is based on the average of revenue and net profit of Alpha Youth Group from the year of 2014 to 2022.

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

Valuation Technique	**Significant unobservable inputs**	**Relating of unobservable inputs to fair value**
Monte-Carlo Simulator Analysis	Volatility rate and normalised net profits	The higher volatility rate and normalised net profit, the higher fair value of the option, and vice versa.

22. TRADE AND OTHER PAYABLES AND ACCRUALS

	2018	2017
	HK$'000	*HK$'000*
Trade payables *(Note (i))*	**89,375**	141,711
Customer deposits	**1,764**	1,081
Other payables and accruals	**13,541**	8,908
Amount due to a related party *(Note (ii))*	**—**	4,295
	104,680	155,995

Notes:

(i) Certain trade payables were sold to an independent third party as detailed in note 20.

(ii) The related party is a close family member of a resigned director. The amount due to a related party is unsecured, interest-free and repayable on demand.

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

	2018	2017
	HK$'000	*HK$'000*
0–30 days	**3,215**	3,919
31–60 days	**211**	2,271
61–90 days	**—**	325
Over 90 days	**85,949**	135,196
	89,375	141,711

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

23. CONVERTIBLE BONDS

(a) Convertible Bonds due on 2019

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

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

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

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

There was no conversion of Convertible Bonds 2019 during the year.

(b) Convertible Bonds due on 2016

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 2016").

The Convertible Bonds 2016 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 2016 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 until the bonds are converted or redeemed.

On 17 May 2016, the Company and the bondholders entered into a deed of amendments which both parties agreed to amend certain terms and conditions of the Convertible Bonds 2016, among others (i) to extend the maturity date of the Convertible Bonds 2016 to 31 August 2016; and (ii) unless previously redeemed, converted or purchased and cancelled under the terms of the Convertible Bonds 2016, the Company will redeem all the outstanding Convertible Bonds 2016 at 100% of the outstanding principal amount of the Convertible Bonds 2016 plus a premium of 12% per annum on 31 August 2016. The amendments became effective on the same date.

On 16 August 2016, all the Convertible Bonds 2016 were redeemed in full by the Company. Upon the settlement of the Convertible Bonds 2016, the remaining value of the convertible bonds equity reserve of approximately HK$5,947,000 was released to accumulated losses during the year ended 31 March 2017.

The Convertible Bonds 2019 and the Convertible Bonds 2016 recognised at the end of the year were calculated as follows:

	2018	2017
	HK$'000	*HK$'000*
Equity component		
Proceeds at the date of issuance	**200,000**	100,000
Liability component, at the date of issuance	**(191,465)**	(94,053)
Provision for deferred tax	**(1,408)**	—
Equity component, at the date of issuance	**7,127**	5,947
Transfer to accumulated losses upon redemption	**—**	(5,947)
At the end of the year	**7,127**	—
Liability component		
At the beginning of the year	**—**	122,340
Issuance during the year	**191,465**	—
Effective interest expenses *(Note 6)*	**21,588**	8,922
Interest paid	**(6,269)**	(31,262)
Redemption	**—**	(100,000)
At the end of the year	**206,784**	—

The effective interest rate of the liability component on initial recognition and the subsequent recognition of interest expense on the Convertible Bonds 2019 and the Convertible Bonds 2016 were calculated using effective interest rate of 17.67% per annum and 23.24% per annum respectively.

The Convertible Bonds 2019 and the Convertible Bonds 2016 were guaranteed by Mr. Wong Wai Sing, an executive Director, (the "Guarantor"), who unconditionally and irrevocably guaranteed that if the Company does not pay any sum payable by it under the subscription agreement or Convertible Bonds 2019 and the Convertible Bonds 2016 by the time and on the date specified for such payment, the Guarantor would pay that sum to or to the order of the Convertible Bonds 2019 holder and the Convertible Bonds 2016 holder respectively. Upon the settlement of the Convertible Bonds 2016, the guarantee in relation to the Convertible Bonds 2016 was released.

24. PROMISSORY NOTES

	2018 *HK$'000*	2017 *HK$'000*
At the beginning of the year	**—**	—
Fair value of promissory notes issued for acquisition of interests in associates *(Note 16)*	**17,795**	—
Fair value loss recognised in profit or loss *(Note 5)*	**323**	—
At the end of the year	**18,118**	—

On 15 February 2018, the Group completed the acquisition of 20% equity interest in Alpha Youth Group, for a nominal consideration of HK$119,000,000. Part of the consideration was satisfied by the Company's issue of promissory notes in principal amount of HK$8,500,000 (the "Promissory Note 1") and HK$15,500,000 in favour of Mr. Zhou Fengtang, the ultimate controlling shareholder of Alpha Youth Group.

The promissory notes are unsecured, interest-free and repayable on the date falling two years after the date of issue. The promissory notes can be early redeemed by the Company at all or part of the outstanding principal amount of the promissory notes.

The promissory notes are measured at fair value.

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

The Promissory Note 1 was early redeemed by the Company in full subsequent to the end of reporting period.

EXTRACT FROM INDEPENDENT AUDITOR'S REPORT

The following is an extract of the independent auditor's report on the Group's consolidated financial statements for the year ended 31 March 2018:

"Qualified Opinion

We have audited the consolidated financial statements of Newtree Group Holdings Limited and its subsidiaries (together, the "Group"), which comprise the consolidated statement of financial position as at 31 March 2018, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matters described in the *Basis for Qualified Opinion* section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of Hong Kong Companies Ordinance.

Basis for Qualified Opinion

Scope limitation — Impairment assessment of loan receivables and recognition of interest income

As set out in Note 18 to the consolidated financial statements, as at 31 March 2018, the net carrying amounts of the loan receivables of the Group arising from its Money Lending Business amounted to approximately HK$283,136,000. In addition, as set out in Note 3 to the consolidated financial statements, interest income amounting to approximately HK$32,330,000 was recognised under the Money Lending Business for the year ended 31 March 2018.

As at the reporting date, the management has performed impairment assessment on its outstanding loan receivables, including the accrued interests balances. As a result of the assessment, a total impairment loss on loan receivables of approximately HK$21,583,000 has been provided for the year ended 31 March 2018. Management has informed us that the impairment assessment has been performed based on credit reviews of the outstanding loan and interest balances, taking into account the ageing analysis, historical payment records including subsequent settlements with the Group and, where available to the Group, credit information of the debtors, including information of the debtors' wealth and financial resources.

However, we have not been able to obtain sufficient appropriate audit evidence regarding the impairment assessments of the outstanding loan receivables, including sufficiently documented credit risk assessments and bases and supporting documentation for the results of the credit reviews. Due to insufficient documentary evidence concerning the credit reviews made available to us, there were no alternative audit procedures we could perform to satisfy ourselves as to the recoverability of the net carrying amounts of the loan receivables and the adequacy of the allowance for impairment of the loan receivables and hence as to whether the carrying amount of the loan receivables balances as at 31 March 2018 and the amount reported as impairment loss for loan receivables for the year ended 31 March 2018 were free from material misstatements. Furthermore, any adjustments found to be necessary in respect of impairment of the loan receivables might have significant effects on the recognition of interest income in the Money Lending Business, as such interest income should be recognised in consolidated profit or loss only if it is probable that the economic benefits associated with the transactions will flow to the Group and the amount of the revenue can be measured reliably. As a result, we were also unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to whether the interest income recognised as revenue for the year ended 31 March 2018 was free from material misstatements. Any adjustments that might have been found to be necessary in relation to these matters might have significant effects on the Group's consolidated financial position as at 31 March 2018 and the Group's consolidated financial performance and cash flows for the year then ended, and the related disclosures thereof in the consolidated financial statements."

Management's response on the Qualified Opinion

The Company had provided the Company's auditor with all available information concerning loan receivables recoverability assessment, including ageing analysis and settlement information of overdue balances, information concerning repayment ability and wealth proof documents of borrowers, and/or other documents in support the judgements and assessment.

It is the intention of the Company to rectify the matters in relation to the qualified opinion. Going forward, the Company will allocate more resources in this segment to ensure client's information in relation to their credibility and risk assessment are sufficiently obtained and retained.

With the above actions taken, the management of the Company believes that similar qualified opinion will not be issued in the Group's consolidated financial statements for the year ending 31 March 2019.

Audit committee's and Management's views

The audit committee of the Company had critically reviewed the major judgmental areas relating to the qualified opinion on the Group's audited consolidated financial statements for the year ended 31 March 2018. There is no disagreement between the views of the audit committee and the management of the Company and those of the auditor on the qualified opinion issued by the auditor.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND FINANCIAL REVIEW

During the year, the Group has been engaged in (i) wholesale and retail of household consumables ("Household Consumables Business"); (ii) design and development of three-dimensional animations, augmented reality technology application and e-learning web application ("Digital Technology Business"); (iii) trading of coal products ("Coal Business"); (iv) provision of educational technology solutions through online education programs and provision of English language proficiency tests ("Education Business"); and (v) provision of money lending services ("Money Lending Business"). The Group was also engaged in (i) sales and distribution of jewelries and watches ("Jewelries and Watches Business"); and (ii) manufacture and trading of clinical and household hygienic disposables and trading of related raw materials ("Hygienic Disposables Business"); which were disposed and classified as discontinued operations during the year ended 31 March 2018. Details are disclosed in Note 9 to this announcement.

For the year under review, the Group recorded a net profit attributable to owners of the Company of approximately HK$14.7 million (2017: approximately HK$190.4 million).

Continuing Operations

Revenue

The Group's revenue from continuing operations increased by approximately HK$40.6 million or 54.1% from approximately HK$75.1 million for the year ended 31 March 2017 to approximately HK$115.7 million for the corresponding period in 2018.

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 2018, with comparative figures for the corresponding period in 2017:

	Year ended 31 March			
	2018	**2018**	2017	2017
	HK$'000	*%*	*HK$'000*	*%*
			(restated)	
By segment:				
Household Consumables Business	**52,147**	**45.1**	55,141	73.4
Digital Technology Business	**6,194**	**5.3**	521	0.7
Coal Business	**—**	**—**	—	—
Education Business	**25,054**	**21.6**	17,905	23.9
Money Lending Business	**32,330**	**28.0**	1,506	2.0
Total	**115,725**	**100.0**	75,073	100.0

	Year ended 31 March			
	2018	**2018**	2017	2017
	HK$'000	*%*	*HK$'000*	*%*
			(restated)	
By geographical location:				
The People's Republic of China (the "PRC")	**20,938**	**18.0**	9,683	12.9
United Kingdom	**52,147**	**45.1**	55,141	73.5
Macau	**38**	**0.1**	282	0.4
Hong Kong	**42,602**	**36.8**	9,967	13.2
Total	**115,725**	**100.0**	75,073	100.0

The Group's revenue from Household Consumables Business slightly decreased by approximately HK$3.0 million or 5.4% from approximately HK$55.1 million for the year ended 31 March 2017 to approximately HK$52.1 million for the corresponding period in 2018 was mainly due to change in product mix for higher profit margin contribution products.

No revenue was generated from Coal Business for both years ended 31 March 2018 and 2017. During the year ended 31 March 2018, the trading transactions were still under suspension whereas the long outstanding trade receivables from the sole customer were under repayment steadily. Trading would only resume if the respective trade receivables being lessen to an acceptable level.

Revenue from Digital Technology Business increased by approximately HK$5.7 million from approximately HK$0.5 million for the year ended 31 March 2017 to approximately HK$6.2 million during the corresponding period in 2018 was mainly due to the positive results from the change in its sales mix which regain the competitiveness in the market especially in the PRC and sales volume increase accordingly.

Revenue from Education Business increased by approximately HK$7.2 million or 39.9% from approximately HK$17.9 million for the year ended 31 March 2017 to approximately HK$25.1 million during the corresponding period in 2018 was mainly due to the increase in revenue from the provision of English language proficiency tests in both Hong Kong and the PRC.

Revenue from Money Lending Business increased by approximately HK$30.8 million from approximately HK$1.5 million for the year ended 31 March 2017 to approximately HK$32.3 million for the corresponding period in 2018 as Money Lending Business was acquired during the last quarter of financial year ended 31 March 2017, while revenue of a full year period has been incorporated into the Group's financial results for the year ended 31 March 2018. Revenue from Money Lending Business accounted for approximately 28.0% of the Group's total revenue from continuing operations, which is one of the key revenue contributor during year ended 31 March 2018.

Gross Profit (Loss) and Gross Profit Margin

The following table sets forth the Group's gross profit (loss) and the gross profit margin from continuing operations by business segment for the year ended 31 March 2018, with comparative figures for the corresponding period in 2017:

	Year ended 31 March			
	2018	**2018**	2017	2017
	HK$'000	***GP%***	*HK$'000*	*GP%*
			(restated)	
By segment:				
Household Consumables Business	**10,043**	**19.3**	10,399	18.9
Digital Technology Business	**4,929**	**79.6**	(2,727)	—
Coal Business	**—**	**—**	—	—
Education Business	**10,385**	**41.5**	13,029	72.8
Money Lending Business	**32,330**	**100.0**	1,506	100.0
Overall	**57,687**	**49.8**	22,207	29.6

Gross profit from continuing operations increased by approximately HK$35.5 million or doubled from approximately HK$22.2 million for the year ended 31 March 2017 to approximately HK$57.7 million year-on-year.

The Group's gross profit margin for Household Consumables Business rose from approximately 18.9% for the year ended 31 March 2017 to approximately 19.3% for the corresponding period in 2018 which was resulted from the focus in trading of higher profit margin contribution products.

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

Gross profit margin for Digital Technology Business turnaround from a gross loss for year ended 31 March 2017 to a gross profit margin of approximately 79.6% for the corresponding period in 2018 primarily due to the cost of services remain constant over the increase in sales volume.

The gross profit margin for Education Business decreased from approximately 72.8% for year ended 31 March 2017 to approximately 41.5% for the same corresponding period in 2018 as the demand from provision of educational technology solutions through online education programs shrank, whereas it contributed a higher profit margin as compared to the provision of English language proficiency tests services.

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

Other Income

Other income from continuing operations mainly consists of bank interest income, interest income from bond receivable, dividend income from investment in available-for-sale financial asset. Other income increased by approximately HK$4.1 million or 3 times from approximately HK$1.8 million for the year ended 31 March 2017 to approximately HK$5.9 million for the corresponding period in 2018 as (i) dividend income was received from the Group's unlisted equity investment in Goldbell Holdings Limited ("Goldbell") of approximately HK$2.0 million; (ii) only approximately 4-months bond interest income were accounted for in the year ended 31 March 2017, while 8-months bond interest income, approximately HK$1.7 million were recognised during the year ended 31 March 2018; and (iii) approximately HK$2.2 million of interest income generated from other receivables.

Other Gains and Losses

Other gains and losses from continuing operations for the year ended 31 March 2018 mainly comprise of fair value gain on financial assets at fair value through profit or loss of approximately HK$16.0 million, gain on disposal of available-for-sale financial asset of approximately HK$2.8 million offset by impairment loss on loan receivables of approximately HK$21.6 million, impairment loss on trade receivables of approximately HK$4.1 million and impairment loss on goodwill arised from Digital Technology Business of approximately HK$4.8 million, while for the corresponding period in 2017, the other gains and losses mainly comprise of impairment loss and written-off of trade receivables, net of reversal of impairment loss on trade receivables of approximately HK$29.9 million due to certain customers with prolonged delay in repayment which casts doubts on their abilities to make repayments, impairment loss on available-for-sale financial asset of approximately HK$2.8 million and impairment loss on goodwill of approximately HK$53.2 million arising from Digital Technology Business.

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 and commissions paid to sales agents. Approximately HK$0.9 million was recognised during the year ended 31 March 2018 which remains similar compared with the corresponding period in 2017.

Administrative Expenses

Administrative expenses from continuing operations mainly consist of staff costs (including directors' remuneration), legal and professional fees, consultancy fees and rental expenses. Administrative expenses decreased by approximately HK$12.6 million or 18.3% from approximately HK$68.6 million for the year ended 31 March 2017 to approximately HK$56.0 million for the corresponding period in 2018 mainly due to decrease in staff costs of approximately HK$8.3 million.

Finance Costs

Finance costs from continuing operations mainly represent interest expenses on convertible bonds. The finance costs increased by approximately HK$12.7 million or 142.0% from approximately HK$8.9 million for the year ended 31 March 2017 to approximately HK$21.6 million for corresponding year 2018 as new convertible bonds were issued in August 2017, approximately 8-months interest expenses were recognised, while for the year ended 31 March 2017, approximately 5-months interest expenses arising from the old convertible bonds which were fully redeemed in August 2016.

Loss before Income Tax

The Group recorded a loss before income tax from continuing operations of approximately HK$27.4 million for the year ended 31 March 2018 as compared to approximately HK$140.1 million for the year ended 31 March 2017. The decrease in loss in 2018 was mainly due to the substantial increase in gross profit of approximately HK$35.5 million primarily arising from Money Lending Business which was acquired in December 2016 and contributed a positive gross profit to the Group since its acquisition; and the decrease in impairment losses on trade receivables and goodwill from continuing operations amounting to approximately HK$74.1 million. These positive drivers were partially offset by the increase in impairment losses on loan receivables amounting to approximately HK$21.6 million and increase in finance costs of approximately HK$13.0 million, mainly due to new issue of convertible bonds in August 2017.

Income Tax Expense

The Group recorded an income tax expense from continuing operations of approximately HK$4.0 million during the year ended 31 March 2018 as compared to approximately HK$1.6 million during the year ended 31 March 2017. There was no change in applicable tax rates for the Company's subsidiaries for both years. The subsidiaries operating in Hong Kong were subject to Hong Kong Profits Tax at a rate of 16.5% (2017: 16.5%) for the year. For the subsidiaries operating in the PRC, pursuant to the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and the Regulation on the implementation of the EIT Law, the general enterprise income tax rate of the PRC entities was 25% from 1 January 2008 onwards, the majority subsidiaries operating in the PRC was subject to a tax rate of 25% (2017: 25%) except for a subsidiary which was recognised as a high and new technology enterprise is subject to a preferential tax rate of 15% (2017: 15%). For the subsidiary operating in Macau, profit was exempted from Macao Complementary Tax for both years.

The increase in income tax expense was mainly due to increase in income tax provision for Money Lending Business which was acquired in December 2016.

Impairments

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

(a) Impairment losses were recognised on goodwill of approximately HK$4.8 million in relation to the Digital Technology Business. An independent professional valuer was engaged to perform impairment assessment and found that the recoverable amount of the respective cash generating unit was less than the carrying amount of the segment. Thus impairment on the goodwill is considered necessary. The impairment loss was mainly attributable to the increase in competition among other market participants, which led to slowdown in our development growth rate in our cash flow projection.

(b) Impairment losses were recognised on trade receivables of approximately HK$4.1 million for several customers who were in financial difficulties or have a prolonged delay in repayment and the Group considers that the recoverability of amounts due from these customers is remote.

(c) Impairment losses were recognised on loan receivables of approximately HK$21.6 million for several loan borrowers who have a prolonged delay in repayment of loan interest/principal and the Group considers that the default risk of these borrowers is high and thus impairment on loan receivables is considered necessary.

Discontinued Operations

Jewelries and Watches Business

On 28 March 2017, the Group entered into a disposal agreement to dispose of its entire equity interest of Tiger Global Group Limited ("Tiger Global", together with its subsidiary and associate are referred to as the "Tiger Global Group"), to an independent third party at a consideration of HK$30.0 million. The Tiger Global Group carried out all of the Group's Jewelries and Watches Business operation. Accordingly, the Group's Jewelries and Watches Business operation was classified as discontinued operation, and the disposal was completed on 30 June 2017. A gain on disposal of Tiger Global Group of approximately HK$0.5 million was recognised during the year ended 31 March 2018.

Gross loss and net loss were resulted for year ended 31 March 2017 and period before disposal during financial year 2018. In view of the unsatisfactory performance of Tiger Global Group over the past years, the Board considered that the disposal of Tiger Global Group is expected to allow the Group to realise its investment in Tiger Global Group, eliminate the uncertainty of future performance of the sales and distribution of jewelries and watches from the Group, reallocate its resources to other business segments and strengthen the capital base of the Group.

Details of the disposal are set out in the announcements of the Company dated 28 March 2017, 29 March 2017 and 30 June 2017 and Note 9 to the consolidated financial statements.

Hygienic Disposables Business

On 5 May 2017, the Group also entered into a disposal agreement to dispose of its entire equity interest of Brighten Tree Limited, together with its subsidiary (the "Brighten Tree Group") and the aggregate advance owned by the Brighten Tree Group, to independent third parties at a consideration of HK$85.0 million. Brighten Tree Group held the manufacturing arm of the Group's Hygienic Disposables Business. Accordingly, the Group's Hygienic Disposables Business would then be classified as discontinued operation, and the disposal was completed on 25 May 2017. A gain on disposal of approximately HK$64.7 million was recognised in the year ended 31 March 2018.

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

Details of the disposal are set out in the announcements of the Company dated 5 May 2017 and 25 May 2017 and Note 9 to the consolidated financial statements.

Total Comprehensive Income For The Year Attributable To Owners Of The Company

The total comprehensive income for the year attributable to owners of the Company approximately HK$5.8 million for the year ended 31 March 2018 as compared to a loss of approximately HK$189.2 million for the year ended 31 March 2017.

Results of Performance Guarantees On Acquisitions

Chengxin Finance — 2017 Guaranteed Profit

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

On 9 April 2018, the Company has received the certificate issued by the auditors to Chengxin Finance which confirmed that the 2017 Guaranteed Profit has been fulfilled. Further details are set out in the announcement of the Company dated 9 April 2018.

Alpha Youth Group — 2017 Guaranteed Profit

In relation to the Alpha Youth Acquisition (as defined in subsection headed "Significant Events and Material Acquisition and Disposal"), pursuant to the Acquisition Agreement, the vendor guaranteed that audited net profit after tax of the 海南華盛混凝土有限公司 (Hainan Huasheng Concrete Company Limited*), a wholly-owned subsidiary of Alpha Youth Limited for the year ended 31 December 2017, shall not be less than RMB42.0 million (the "Alpha 2017 Guaranteed Profit").

On 18 April 2018, the Company has received a certificate from the auditors confirmed the Alpha 2017 Guaranteed Profit has been fulfilled. Further details are set out in the announcement of the Company dated 18 April 2018.

* *For identification purpose only*

Trade Receivables

The amount of trade receivables before allowance for bad and doubtful debts amounting to approximately HK$200.8 million as at 31 March 2018, which slightly decreased by 24.0% as compared to approximately HK$264.2 million as at 31 March 2017. As at 31 March 2018, allowance for bad and doubtful debts of trade receivables amounted to approximately HK$163.3 million was made as compared to an allowance of approximately HK$159.3 million as at 31 March 2017. For long outstanding receivables, follow up actions have been taken by the Group to recover these receivables, including the negotiation of repayments by way of assets other than cash and/or instituting legal actions against these customers.

Trade Payables

Trade payables decreased by approximately 36.9% from approximately HK$141.7 million as at 31 March 2017 to approximately HK$89.4 million as at 31 March 2018. The decrease was mainly come from the disposal of Hygienic Disposables Business in the current year.

Liquidity and Financial Resources

As at 31 March 2018, the Group had nil bank borrowings (2017: nil) and other debts comprising promissory notes and liability component of convertible bonds of amounting to approximately HK$224.9 million (2017: nil).

As at 31 March 2018, the Group had cash and cash equivalents of approximately HK$67.0 million (2017: approximately HK$25.6 million) which were mainly denominated in HK$ and RMB.

As at 31 March 2018, the Group's current ratio was approximately 1.4 (2017: 1.4) and the Group's gearing ratio was approximately 58.5% (2017: nil), calculated based on the total debts of approximately HK$224.9 million (2017: nil) over shareholder's equity of approximately HK$384.3 million (2017: approximately HK$371.3 million).

Capital Structure

The capital structure of the Group as at 31 March 2018 is summarised as follows:

(A) Share Capital

As at 31 March 2018 and 2017, the Company has 2,378,783,201 ordinary shares in issue with total shareholders' equity of the Group amounted to approximately HK$384.0 million (31 March 2017: approximately HK$371.3 million). There was no change in the share capital structure of the Company during the year ended 31 March 2018.

(B) Share Option

On 29 August 2016, the Company granted 57,900,000 share options under the share option scheme of the Company adopted on 26 February 2015 to certain Directors and employees at an exercise price of HK$0.48 per share, which were vested immediately on the date of grant (i.e. 29 August 2016) and will expire on 28 August 2019, of which 52,500,000 share options were outstanding as at 31 March 2018.

(C) Convertible Bonds

The Group has raised fund via issue of convertible bond during year ended 31 March 2018.

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

During the year ended 31 March 2018, no Convertible Bonds 2019 has been converted into shares of the Company. As at 31 March 2018, the outstanding principal amount of the Convertible Bonds 2019 was HK$200.0 million, representing a maximum of 434,782,608 new shares may be issued upon its full conversion.

Details of the use of proceeds as at 31 March 2018 are set out as below:

Net proceeds raised	Intended use of proceeds	Approximate actual use of net proceeds as at 31 March 2018
HK$199.7 million	(i) Payment for the acquisition of 20% equity interest in Alpha Youth Limited; and (ii) as general working capital of the Group	(i) HK$95.0 million had been used for the settlement of cash consideration for the Alpha Youth Acquisition (as defined in the subsection head "Significant Events and Material Acquisition and Disposal"); (ii) HK$104.7 million applied as the working capital of Money Lending Business.

Further details are set out in the announcements of the Company dated 4 August 2017 and 11 August 2017 and Note 23 to the consolidated financial statements.

Currency and Interest Rate Exposure

Certain sales transactions of the Group are denominated in foreign currencies, which expose the Group to foreign currency risks. Currently, the Group does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises. Certain monetary financial assets are denominated in foreign currencies as at 31 March 2018. The exposure in exchange rate risks mainly arose from fluctuations of United States Dollar ("USD"), British Pound ("GBP"), Renminbi ("RMB") and Macau Pataca ("MOP") to Hong Kong Dollar ("HKD"). The Group's currency risk exposure in relation to the monetary financial assets is expected to be minimal as USD is pegged with HKD. Also, the Group does not have significant monetary financial assets denominated in MOP and RMB.

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

Charge on Assets

As at 31 March 2018, the Group did not have any assets under charged/pledged while as at 31 March 2017, certain buildings and leasehold land with carrying value of approximately HK$10.2 million had been pledged as securities for certain banking facilities granted to the Group.

Contingent Liabilities

As at 31 March 2017, a wholly-owned subsidiary of the Company provided corporate guarantee to a bank for securing a borrowing of an associate of the Company amounting to approximately HK$9.1 million. Such corporate guarantee is ceased upon the completion of disposal of Tiger Global Group on 30 June 2017. Save as aforesaid or otherwise mention herein, the Group did not have any material contingent liabilities as at 31 March 2018.

Capital Commitment

As at 31 March 2018, the Group had the following commitments:

	2018	2017
	HK$'000	*HK$'000*
Capital commitment contracted but not provided for:		
Equity Interest in Treasure Profit Limited	**109,740**	—

Operating Lease Commitments

At the end of the year ended 31 March 2018, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2018	2017
	HK$'000	*HK$'000*
As lessee		
Within one year	**2,759**	4,391
In the second to fifth years inclusive	**3,272**	4,076
	6,031	8,467

SIGNIFICANT EVENTS AND MATERIAL ACQUISITIONS AND DISPOSAL

Save as the Convertible Bond 2019 as disclosed in the paragraph headed "Capital Structure" under "Business and Financial Review", disposal of the Tiger Global Group and the Brighten Tree Group as disclosed in the paragraph headed "Discontinued Operations" under "Business and Financial Review" in this announcement, the Group has also involved in the following acquisitions and disposal during year ended 31 March 2018:

(i) Acquisition of 20% equity interest in Alpha Youth Limited

On 21 September 2017, Bright World Investment Limited, a wholly-owned subsidiary of the Company, entered into a conditional acquisition agreement (as amended and supplemented by the supplemental agreement dated 6 October 2017 and the extension letter dated 7 December 2017, the "Acquisition Agreement") with an independent vendor relating to the acquisition of 20% equity interest in Alpha Youth Limited (together with its subsidiaries are referred as "Alpha Youth Group") at a consideration of HK$119.0 million (the "Alpha Youth Acquisition").

The Alpha Youth Group is principally engaged in the production and sale of concrete in Hainan Province, the PRC through its subsidiary. The Directors believe there would be strong demand for concrete in Hainan Province in coming years and are optimistic about the growth and prospect of the concrete industry in Hainan Province. The Directors are also considering that the Alpha Youth Acquisition represents an attractive investment opportunity for the Group to tap into the concrete industry in the PRC.

The Alpha Youth Acquisition was completed on 15 February 2018. Upon completion, the Alpha Youth Group will become an associate of the Group.

On 15 February 2018, the Group and the independent vendor entered into an option deed pursuant to which the independent vendor will grant the Group a right to acquire all but not part of the remaining 80% of the issued share capital of Alpha Youth Limited within two years from the date of completion.

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

(ii) Disposal of 10% equity interest in Goldbell Holdings Limited

On 10 July 2014, Golden Star Group Holdings Limited, a wholly-owned subsidiary of the Group, entered into a conditional acquisition agreement (the "Goldbell Acquisition Agreement") with two independents vendors (the "Vendors") relating to the acquisition of 10% of the total issued share capital of Goldbell (the "Sales Shares") at the consideration of HK$159.0 million (the "Consideration"). Pursuant to the Goldbell Acquisition Agreement, the Group shall be entitled to serve a notice to the Vendors to require the Vendors to purchase the Sales Shares from the Group at the Consideration commencing from 42 months after the completion of the acquisition (the "Put Option").

Based on the financial performance and the unsatisfactory dividend yield of Goldbell in recent years, the Board is of the view that there has not been any substantial progress in the business of Goldbell, and its business is no longer in line with the Group's future development plans.

On 17 January 2018, the Group exercised the Put Option and entered into a deed of installment with the Vendors, pursuant to which the Vendors agreed to settle the Consideration by 12 installments, with and interest rate of 15% per annum.

On 16 March 2018, the Vendors have paid the entire amount of the Consideration and the interest accrued thereon. The disposal of Goldbell was completed on 16 March 2018 and the Group ceased to have any interest in Goldbell.

Further details are set out in the announcements of the Company dated 17 January 2018 and 16 March 2018.

(iii) Acquisition of Treasure Profit Limited

On 27 March 2018, the Group entered into acquisition agreement with an independent vendor to acquire the entire equity interest in Treasure Profit Limited ("Treasure Profit') at an aggregate cash consideration of approximately HK$146.3 million.

Treasure Profit is principally engaged in property investment and is the sole owner of a commercial property located in Hong Kong. As at 31 March 2018, approximately HK$36.6 million refundable deposit had been paid to vendor. The Company intends to use the property as its operating office in Hong Kong following the expiry of all the existing tenancies.

The acquisition has not been completed as at the date of this announcement. Further details are set out in the announcement of the Company dated 27 March 2018.

SIGNIFICANT EVENT AFTER THE REPORTING PERIOD

Save as disclosed in the paragraphs headed "Results of Performance Guarantees On Acquisitions" under "Business and Financial Review" of the 2017 Guaranteed Profit and the Alpha 2017 Guaranteed Profit, there is no other significant event noted after the reporting period.

EMPLOYEE INFORMATION AND REMUNERATION POLICY

As at 31 March 2018, the Group employed a total of 92 (31 March 2017: 144) employees. During year ended 31 March 2018, staff costs, including directors' emoluments under the continuing operations, amounted to approximately HK$33.6 million (31 March 2017: approximately HK$41.9 million).

The Group firmly believes that staff is the most important resources and provides its staff with sound working conditions. The salaries and benefits of the Group's employees are maintained at a competitive level and the Group periodically review the performance of the employees for determining the level of salary adjustment and promotion of the employees. Discretionary year-ended bonus based on individual performance will be paid to employees as recognition of and reward for their contributions. Other benefits include contributions to statutory mandatory provident fund scheme and medical benefits.

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

PROSPECT

During the year ended 31 March 2018, the Group has disposed of its underperformed businesses with an aim of improving the overall profitability and performance of the Group. By reallocating the Group's resources towards profit-making activities, managements believes the Group will be benefited financially and sustainability.

Household Consumables Business

Despite the slight decrease in revenue, the segment profitability has been improving due to change in product mix for higher profit margin contribution products. The Company is still optimistic in its potential growth and it has deployed resources to expand the sales team with an aim to explore new business opportunities. In addition, the Group is identifying and introducing new products to expand its product and client base.

Coal Business

The overdue account receivable from our customer were under repayment steadily through out the year ended 31 March 2018. The Group will only consider the resume of this business segment when the respective account receivable being lessen to an acceptable level. As substantial financial resources have been deployed in this segment, the Group will continue to monitor the market development and interact closely with both supplier and customer in reviewing our operating position with an aim to have a sustainable development in this business segment.

Digital Technology Business

The rapid changing in demand of mobile user and netizens, emerging of sophisticated ideas and advancement of innovation information technology like big data, cloud computing, AI application etc. attributed to the booming in the industry but put very high pressure on the market players. However, the positive results from the change in the sales mix of the Group has re-gains the competitiveness in the market especially in the PRC. The Group is exploring business opportunities and in the process of identifying potential partners, through cooperation and collaboration of the Group's resources and the partners' expertise, to seize new markets in the digital technology business.

Education Business

The never ending demand for education-related products and services in Hong Kong and the PRC drives the continuous growth in this industry as a whole. The Company believes that the positive industry outlook will attract more entrants, which could induce more intense competition. Market researches on talent education and early childhood education has been conducted to analyse the feasibility and profitability in order to expand the business scale.

Money Lending Business

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

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

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

Compliance of the Code Provisions

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

Code provision A.2.1

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

Mr. Wong Wai Sing ("Mr. Wong") held the role of chairman of the Board ("Chairman") and chief executive officer of the Company ("CEO") during the year ended 31 March 2018.

The Board is of the view that it is appropriate and in the best interests of the Company for Mr. Wong to hold both positions as it helps to maintain the continuity of the policies and the stability of the operations of the Company. As the Board meets regularly to consider matters relating to business operations of the Group, the Board is of the view that the above arrangement will not impair the balance of power and authority of the Board and the executive management. The effectiveness of corporate planning and implementation of corporate strategies and decisions will generally not be undermined.

Notwithstanding the above, the Board will review the current structure from time to time. If any candidate with suitable leadership, knowledge, skills and experience can be identified within or outside the Group, the Company may consider to make necessary arrangements.

Code provision E.1.2

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

Mr. Wong, the Chairman, was unable to attend the annual general meeting of the Company held on 15 August 2017 (the "2017 AGM") and the extraordinary general meeting of the Company held on 14 February 2018 (the "EGM") due to other commitment and Mr. Wong appointed Mr. Wong Jeffrey, an executive Director, to act as his representative and to take the chair of both at the 2017 AGM and the EGM and to ensure that proceedings of the meetings would be conducted in order. The Company considers that sufficient measures have been taken to ensure the Company's corporate governance practices are no less exacting than those in the CG Code.

DIRECTORS' SECURITIES TRANSACTIONS

The Company had adopted a code of conduct regarding directors' securities transactions with terms no less exacting than those set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the "Model Code"). The Company had made specific enquiries to all Directors and all Directors have confirmed that they complied with the required standards set out in the Model Code and the code of conduct regarding securities transactions throughout the year ended 31 March 2018.

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 securities listed on the Stock Exchange during the year ended 31 March 2018.

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 2018.

SCOPE OF WORK OF MOORE STEPHENS CPA LIMITED

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 2018 as set out in this announcement have been agreed by the Group's auditor, Moore Stephens CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year.

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

PUBLICATION OF FURTHER FINANCIAL INFORMATION

The annual results announcement is published on the Stock Exchange's website (http://www.hkexnews.hk) and the Company's website (http://www.newtreegroupholdings.com). The annual report for the year ended 31 March 2018 containing all the information required by the Listing Rules will be despatched to the Company's shareholders and published on the Stock Exchange's website and Company's website in due course.

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

Hong Kong, 29 June 2018

As at the date of this announcement, the executive Directors are Mr. Wong Wai Sing, Mr. Chan Kin Lung, Mr. Lee Chi Shing, Caesar 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.