NUTRYFARM INTERNATIONAL LIMITED

Building Resilience
Enhancing Growth

ANNUAL REPORT 2017

Business Philosophy

"Nutrition for health" – We believe that through the use of advanced technologies in the areas of research and development, rigorous recipe screening and efficacy trials, we will be able to provide the finest quality nutrition and health food products to improve human lives.

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Corporate Profile

NutryFarm International Limited ("NutryFarm" or "the Company"), and together with its subsidiaries, ("the Group"), through its 100% interest in NutryFarm Biomedicine International Limited ("NFB"), produces high quality nutrition and health food products formulated mainly from natural traditional medicinal herbs from across the Americas and regions in China, Europe and New Zealand for consumers in the People's Republic of China ("PRC").

Based at its 34,165.33 square metres state-of-the-art facilities in the Sichuan province, the Group is involved in the research and development, manufacturing and sales and marketing of more than 40 of its self-manufactured brands catering to the diverse nutritional needs of every customer segment in its vast PRC market.

Vision

To be a leading manufacturer and distributor of nutrition and health food products.

Mission

To develop a sound business model and to continually seek and develop opportunities in high-growth markets.

Our Core Values

Good Management
We seek innovation and continuous improvements in our business, and work diligently to deliver on our plans and overcome obstacles.

Ownership
We take great pride in our ability to meet expectations and trust put in us as a leading company. This includes the quality of our nutrition and health food products, our overall company growth and our obligation to the advancement and training of our employees.

Honesty and Integrity
We operate in an open and honest manner with our stakeholders, in the spirit of creating long-term business relationships.

Proactivity
We constantly work towards being the best we can be. We do this by continuously improving our efficiency, innovating our products and refining our efforts to win bigger market share.

Mutual Respect
We believe in conducting business in a respectful manner with all our stakeholders to gain and keep their confidence and faith in us.

Building Resilience

To masterfully tread our course, we creatively and strategically envision, plan, build and deliver our commitment. As with any endeavour, we adapt to changes when needed and work challenges to our advantages. With resilience, we steadily take strides and stay focused on our goals.

About NutryFarm

NutryFarm aims to provide the finest quality nutrition and health food products and the gentlest care to its customers with the intention to improve the quality of their lives.

NFB's Business

Established in 2005 by award-winning scientist Dr. Chen Yao Ming, NFB, through its wholly-owned subsidiary, NutryFarm (Chengdu) Biomedicine Limited. ("NFC"), focuses on research and development, manufacture and sale of nutrition and health food products. At its 34,165.33 square metres state-of-the-art factory, NFC employs close to 40 highly-qualified researchers, nutritionists, sales and marketing professionals with the aim of providing the finest quality nutrition and health food products and the gentlest care to its customers to improve the quality of their lives.

Under the strong leadership of Dr. Chen, who is the President and Chief Scientist at NFB, NFC has built a sound business model with a profitable track record since 2007. The Company also has a strong research and development team that is constantly innovating and improving its products to produce a series of diverse and competitively-priced nutrition and health food products for the PRC market.

In addition, NFC has jointly set up a special laboratory with the Chinese Academy of Sciences and National Physical Examination Centre to study the physical health status and dietary habits of consumers in the PRC, which has helped boost its product offerings.

Key Products

Manufactured in strict accordance to the requirements of the Good Manufacturing Practice guidelines prescribed by the PRC government, NFC counts collagen, Vitamin C, Vitamin E, fish oil, liquid calcium and royal jelly as some of its most popular products. These core products are mainly aimed at protecting and improving the functions of the joints, heart, brain and blood as well as controlling diabetes.

A vast majority of its products are made from traditional medicinal herbs and plants, and NFC has to-date launched more than 40 nutritional products catered to the diverse nutritional needs of the population in the PRC.

Growing Prospects

With the increasing health awareness in the PRC creating a vast potential for growth in demand for nutrition and health food products, NFC has developed and embarked on three key "Macro" strategies to enhance its branding and distribution channels to boost brand recognition and further expand its market share.

Macro Platform

- Focus on e-commerce platforms to enhance brand recognition
- Expanding sales team to increase trading of its own brands and imported products through its e-commerce platforms
- Introduce more diverse varieties of the most advanced and trusted nutrition and health food products

Macro Brand

- Target traditional brick–and-mortar retail chains to build its Over-The-Counter distribution network
    - Cooperate with large pharmaceutical retail chains, as well as local gyms, spas, hospitals and clinics, fitness and nutrition stores and candy stores
- Build brand equity through marketing and public relations activities
    - Work with specialised media companies to concentrate on its reach in second and third tier cities, including Changsha, Lanzhou, Harbin and Wenzhou

Fast Moving Nutrition Consumer Goods (FMNCG)

- Identify high traffic supermarket chains to sell highly popular products

Corporate Information

Board of Directors

Paul Gao Xiang Nong
Executive Director and Chief Executive Officer

Xu Hai Min
Non-Executive Director

Li Chunling
Executive Director

Ng Poh Khoon Jimmy
Independent Director

Neo Chee Beng
Independent Director

Management Team

Paul Gao Xiang Nong
Executive Director and Chief Executive Officer

Li Chunling
Executive Director

Andy Xu Peng
Chief Financial Officer

Audit Committee

Ng Poh Khoon Jimmy (Chairman)
Neo Chee Beng
Xu Hai Min

Nominating Committee

Ng Poh Khoon Jimmy (Chairman)
Neo Chee Beng
Xu Hai Min

Remuneration Committee

Neo Chee Beng (Chairman)
Ng Poh Khoon Jimmy
Xu Hai Min

Company Secretary

Andy Xu Peng

Deputy Company Secretary

Adrian Chan Pengee

Registered Office

Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

Principal Share Registrar

Appleby Management (Bermuda) Ltd.
Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

Share Transfer Office

Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

Auditor

Baker Tilly TFW LLP
Chartered Accountants of Singapore
600 North Bridge Road
#05-01 Parkview Square
Singapore 188778

Partner-in-charge : Gilbert Lee Chee Sum
(Appointment effective from financial year ended 31 March 2015)

CEO's Message

The Group is focusing our efforts in increasing membership sales as well as working with more business partners to expand our over-the-counter sales in key provinces such as Hunan, Gansu, Heilongjiang, Zhejiang and Shandong.

REVENUE
FY2017
HK$79.1 million

PROFIT BEFORE INCOME TAX
FY2017
HK$3.1 million

Dear Shareholders,

Financial Performance

In financial year ended 31 March 2017 ("FY2017"), the Group has remained focus on building our market share in the nutrition and health food business in the People's Republic of China ("PRC"), through our 100% stake in NutryFarm Biomedicine International Limited ("NFB").

With effective cost management and lower impairment of trade receivables in FY2017, the Group turned around from a net loss attributable to shareholders of approximately HK$2.3 million in FY2016 to a net profit attributable to shareholders of approximately HK$1.4 million. Revenue for the year was approximately HK$79.1 million, with majority generated by the Group's subsidiary, NFB. This was a 5% dip from HK$83.5 million recorded in FY2016 due to a marginal decline in sales of imported products.

Operationally, expenses for the year were lower compared to FY2016. Distribution expenses declined 4% to approximately HK$16.8 million from approximately HK$17.6 million in FY2016, while administrative expenses decreased 22% to approximately HK$21.8 million from approximately HK$27.9 million in FY2016.

The Group's balance sheet remained stable, rounding off the year with a strengthened cash position of approximately HK$25.4 million compared to HK$18.6 million in FY2016, and gearing stood at a healthy 0.11 times.

NFC Updates

During the year, the Group has continued to reinforce our key strategic pillars of strengthening our distribution channels and NFB, through its wholly-owned subsidiary, NutryFarm (Chengdu) Biomedicine Ltd. ("NFC"), has played up its strengths in research and innovation to expand its range of health food products to cater to the changing consumer lifestyle and healthcare needs in the China market.

Marketing and distribution channels

The Group is focused in building brand awareness for our core range of products that are aimed at improving and protecting the functions of joints, heart, brain and blood, as well as controlling diabetes. Going forward, NFC also intends to partner some local media agencies to further enhance its brand equity, especially in the Sichuan province.

NFC's core distribution channels are through membership sales which contributed to more than 60% of the Group's turnover, and its efforts in expanding over-the-counter sales are also showing positive results, especially in pharmacies. The Group is focusing our efforts in increasing membership sales as well as working with more business partners to expand our over-the-counter sales in key provinces such as Hunan, Gansu, Heilongjiang, Zhejiang and Shandong.

Products

As a vast majority of NFC's products stem from traditional Chinese medical herbs, NFC has a team of dedicated researchers that are constantly innovating and developing new products using only natural herbs and ingredients to cater to various healthcare issues and changing consumer lifestyle needs.

In FY2017, NFC successfully acquired two major licenses for its food supplements for lowering blood cholesterol and enhancing immunisation. A number of new products have also been submitted to the Chinese authorities for review, to which NFC hopes to obtain more new licenses in FY2018 with these submissions.

Outlook

With growing affluence and as consumption upgrade continues in China, consumers are willing to pay more for foods without undesirable ingredients and are actively seeking all natural and organic foods.

Approximately 70% Chinese respondents in Nielsen's new Global Health and Ingredient-Sentiment Survey said they follow a diet that limits or prohibits consumption of at least some foods or ingredients,which is higher than that of global average (64%). Besides, 82% of them said they were willing to pay more for foods without undesirable ingredients, also much higher than the global average (68%).[1]

The Chinese consumers' health awareness is on the rise, creating opportunities for health food products and food manufacturers. With NFC's quality health food products that address the needs of this rising trend, the Group will stay on course to capitalise on this growing opportunity to gain greater market share.

Acknowledgements

Firstly, on behalf of the Board of Directors, I would like to welcome Mrs. Li Chunling as Executive Director to the Board. Mrs. Li is a veteran in the internet business and had vast experience with various multinational companies in the telecommunications industry. We believe she will be able to contribute to the Group's growth and future investment plans.

My appreciation also goes out to my fellow Board members, management team and employees for their dedication and continued support. Lastly, to our valued shareholders, thank you for your faith in the Group. I would like to assure you that we are committed to grow the Group and deliver continued value to all our stakeholders.

Paul Gao Xiang Nong

Executive Director and Chief Executive Officer

[1] Nielsen – New eating trends in China: The healthier the better, 22 September 2016

Sharpening Focus

A deeply-rooted foundation and steadfast values. NutryFarm operates on a firm ground that enables it to stand strong through varying seasons. For us, each forward step we take is made possible by a clear view of our path. We do not lose sight of our core values and aspirations and instead continuously sharpen and enhance our vision and direction.

Financial Review

Income Review

For the financial year ended 31 March 2017 ("FY2017"), the Group registered revenue of HK$79.1 million, generated mainly by NFC. The slight dip in revenue from HK$83.5 million a year ago ("FY2016") was largely due to lower imported sales.

At the gross level, the Group achieved gross profit of HK$41.8 million in FY2017 compared to HK$49.3 million in FY2016.

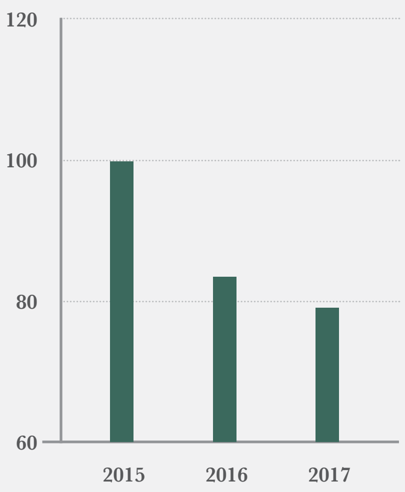
Comprising mainly HK$0.5 million in interest income and HK$0.5 million from foreign exhange gain, the Group's other income rose 62% to HK$1.1 million in FY2017 from HK$0.6 million in FY2016.

In FY2017, the Group had no material fluctuation of distribution expenses compared to FY2016 (FY2017: HK$16.8 million; FY2016: HK$17.6 million). On the other hand, NutryFarm reported a 22% decrease in administrative expenses to HK$21.8 million in FY2017 from HK$27.9 million due to lower trade receivables impairment of HK$147,000 recorded in FY2017 compared to HK$5.9 million recorded in FY2016.

The Group recorded HK$1.1 million in finance cost and HK$1.6 million of income tax expense in FY2017. Respectively, these represent the interest paid for the Group's bank loan and income tax charged to NFC due to the operating profit generated in the PRC.

At the bottomline, the Group posted a net attributable profit of HK$1.4 million in FY2017 against a net attributable loss of HK$2.3 million in the previous year.

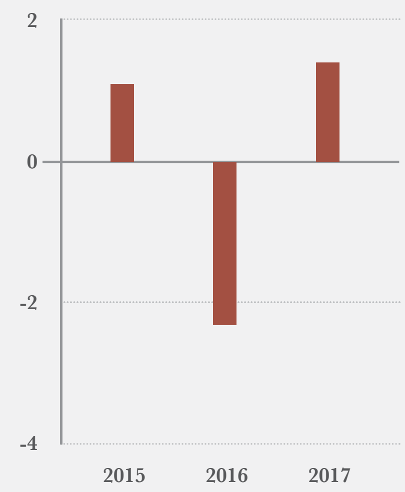
Revenue (HK$'Million)



Turnover

2017 : **79.1**
2016 : **83.5**
2015 : **99.8**

Net Profit/(Loss) (HK$'Million)



Net Attributable Profit/(Loss)

2017 : **1.4**
2016 : **(2.3)**
2015 : **1.1**

Balance Sheet Review

As at 31 March 2017, NutryFarm's balance sheet remained relatively stable. Albeit experiencing a marginal dip, net assets in FY2017 stood at HK$135.1 million compared to HK$138.8 million in FY2016. Total assets of the Group in FY2017 was HK$173.5 million while total liabilities fell significantly by 67% to HK$38.5 million from HK$117.2 million in the preceding year.

NutryFarm's non-current assets declined to HK$87.0 million in FY2017, from HK$96.8 million in FY2016. The Group's intangible assets slipped 10% to HK$42.2 million in FY2017, from HK$46.6 million in FY2016, due to the amortisation of intangible assets of HK$3.5 million charged in FY2017, and translation reserve adjustment of goodwill of HK$1.2 million for the same period. In addition, the Group recorded non-current prepayments of HK$1.4 million mainly comprising prepayment to acquire new licenses to launch more NFC products, as well as land use right of HK$5.7 million held by NFC for its factory and office areas.

Current assets of the Group also reduced substantially to HK$86.6 million in FY2017 from HK$159.2 million in FY2016. The decline was largely attributable to three factors – a HK$68.3 million decrease in prepayments, deposits and other receivables stemming mainly from the acquisition of the remaining 45% interest in NFB; a HK$9.8 million decrease in inventory level in a bid to improve capital efficiency and enhance supplier cooperation; and a HK$1.3 million decrease in trade receivables due to customers' settlement.

The Group's current liabilities decreased to HK$38.5 million as at 31 March 2017, from HK$49.6 million as at 31 March 2016, due to repayment of short term loans and settlement with suppliers. There was no non-current liabilities reported in FY2017 because the vendor of NFC (the "Vendor") waived dividend payables following the Group's acquisition of the remaining 45% interest in NFC. Pending this completion, NutryFarm has had entered into a deed with the Vendor whereby the Vendor has agreed that for the period from 1 July 2016 until completion, NutryFarm shall be entitled to any and all profits recorded in respect of NFB and its subsidiaries (including, but not limited to, NFC).

Based on 64,281,402 ordinary shares in issue as at 31 March 2017, the Group's net asset value per share was HK$2.10, 28% higher as compared to HK$1.64 in the last financial year.

Cash Flow Review

HK$'million	FY2017	FY2016
Net cash generated from operating activities	**10.7**	**23.8**
Net cash (used in) investing activities	**(1.6)**	**(75.5)**
Net cash (used in) / generated from financing activities	**(2.3)**	**31.2**
Net increase / (decrease) in cash and cash equivalents	**6.8**	**(20.5)**
Cash and cash equivalents as at 31 March	**25.4**	**18.6**

The Group registered a net cash inflow of HK$10.7 million from operating activities in FY2017 compared to HK$23.8 million in FY2016. This was due mainly to an increase in the collection of trade and other receivables by NFC during FY2016.

There was a net cash outflow of HK$1.6 million from investing activities in FY2017 as opposed to HK$75.5 million a year ago mainly due to payment of HK$73.6 million for the proposed acquisition of the remaining 45% stake in NFB incurred in FY2016.

As at 31 March 2017, the Group strengthened its cash balance position, recording HK$25.4 million against HK$18.6 million in the previous financial year.

Expanding Possibilities

As our perspective broadens, our growth possibilities become more visible. With discerning moves, we are quick in recognising favourable opportunities before us. With our investment acumen, we are nimble in leveraging our strengths to seize the opportunity.

Board of Directors

MR. PAUL GAO XIANG NONG

Executive Director and Chief Executive Officer

Mr. Paul Gao Xiang Nong was appointed as Executive Director on 9 January 2006, and is also the Chief Executive Officer of the Group.

Mr. Gao has been with the Group since August 2003, when he joined as Chief Financial Officer. He has more than 19 years of international experience having worked in the USA, Hong Kong and China. Prior to joining the Group, Mr. Gao served as International Marketing Director at Platt College: Cerritos (now renamed Western College) in the USA and Chief Account Officer at Amdec LLC in the USA. Mr. Gao is a Certified Public Accountant with the State Board of Accountancy, Colorado, USA.

MRS. LI CHUNLING

Executive Director

Mrs. Li Chunling was appointed as our Executive Director on 10 March 2017.

She has previously held senior management positions with various multinational companies in the telecommunications industry. Mrs. Li graduated with a Bachelor's Degree from Tsinghua University of China in 1993. She also obtained her Master of Science and Ph.D in Optics from the Chinese Academy of Sciences in 1999, as well as a Master of Science in Finance in 1999 from the Renmin University of China, School of Finance.

MR. XU HAI MIN

Non-Executive Director

Mr. Xu Hai Min was appointed as Non-Executive Director on 9 April 2014.

He is currently the Chief Financial Officer of Beijing Sinoix Communication Co., Ltd. since 2000. From 1996 to 2000, he served as Deputy General Manager at China United Assets Appraisal Group. Prior to that, he was with state-run research institutions and was engaged in quantitative economics research from 1987 to 1995. He was awarded the prestigious National Science Progress Award and a number of provincial and ministerial level scientific and technological progress awards for his research works.

MR. NEO CHEE BENG

Independent Director

Mr. Neo Chee Beng was appointed as Independent Director on 1 October 2009.

He is currently the Chief Investment Officer of Beijing Ruyi Media Group, a leading movie and TV series production company. Prior to that, Mr. Neo was Chief Compliance Officer of Persistent Asset Management Pte Ltd, an asset management company with total assets of USD800 million under management.

Mr. Neo was also an Independent Business Consultant appointed to a number of companies listed on Catalyst and NASDAQ. From 1996 to early 2005, he was with Vertex Management II Pte Ltd, a venture capital firm and was head of its Beijing office. A number of his investments were successfully listed on NASDAQ, New York Stock Exchange and Hong Kong Stock Exchange. Mr. Neo was previously the Finance Manager of the Cycle & Carriage Group and has years of working experience with international audit firms.

Mr. Neo is a Fellow of the Association of Chartered Certified Accountants, United Kingdom and a member of Singapore Institute of Directors.

MR. NG POH KHOON JIMMY

Independent Director

Mr. Ng Poh Khoon was appointed as our Independent Director on 1 April 2008.

He has over 20 years of experience in auditing, financial management, sales & business development, IR, fund raising and M&A activities. Mr. Ng is currently the Independent Director and the Chairman of the Audit Committee of Star Pharmaceutical Limited, a company listed on the mainboard of SGX-ST. Mr. Ng is a Chartered Accountant and a member of the Institute of Singapore Chartered Accountants and Singapore Institute of Directors. Mr. Ng is also a fellow member of the Association of Chartered Certified Accountants, UK.

Management Team

MR. PAUL GAO XIANG NONG

Executive Director and Chief Executive Officer

Mr. Paul Gao Xiang Nong was appointed as the Chief Executive Officer of the Group on 9 January 2006. In this capacity, he is responsible for spearheading the execution of the Group's strategic direction and charting the roadmap for its growth.

MRS. LI CHUNLING

Executive Director

Mrs. Li Chunling was appointed as the Executive Director of the Group on 10 March 2017. In this capacity, she is responsible for forging new alliances and business opportunities for the Group.

MR. ANDY XU PENG

Chief Financial Officer

Mr. Andy Xu Peng was appointed as Chief Financial Officer on 1 February 2009. He is responsible for the finance, accounting and corporate secretarial functions of the Group.

Mr. Xu was previously the Chief Financial Officer of the Group's associate company, PAL (Beijing) Information and Technology Co., Ltd, where he oversaw the human resource and finance departments within the company. From 2005 to 2006, he was with Dell (China) Co., Limited as Finance Manager. He has over five years of audit and financial consulting as well as finance and accounting management experience with Deloitte and Ernst & Young in the PRC.

Mr. Xu holds a Master Degree of Science in Business and Administration (Finance) from San Diego State University, USA. He also holds a Bachelor Degree of Economics from University of International Business and Economics, PRC.

Mr. Xu is also a Certified Public Accountant with the State Board of Accountancy, Guam, USA and a Chartered Public Accountant in British Columbia, Canada.

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CORPORATE GOVERNANCE REPORT

NutryFarm International Limited (the "Company") is committed to achieving a high standard of corporate governance which conforms to the principles set out in the Code of Corporate Governance 2012 (the "Code"). The Board is pleased to report on the compliance of the Company with the Code (except as otherwise stated).

Principle 1: Board's Conduct of its Affairs

Apart from its statutory duties and responsibilities, the Board is responsible for overseeing the management and affairs of the Group and approving the Group's corporate and strategic directions. The Board is also responsible for implementing policies in relation to financial matters, which include risk management, internal controls, and compliance.

The Directors are expected to objectively discharge their duties and responsibilities at all times as fiduciaries in the best interests of the Group at all times, and to make decisions independently and objectively.

In accordance with the Code, the Board has, without abdicating its responsibility, delegated specific authority to three (3) Board Committees namely, the Audit Committee ("AC"), the Nominating Committee ("NC") and the Remuneration Committee ("RC"), to assist the Board in discharging its responsibilities and to enhance the Group's corporate governance framework. Each Board Committee is chaired by an Independent Director and has its own terms of references to address its respective areas of focus. The Board Committees have explicit authority to investigate any matter within their terms of reference, have full access to and co-operation by the Management, have resources to enable them to discharge their functions properly and full discretion to invite any Director or executive to attend their meetings. The Board reviews each Board Committee's terms of references from time to time, to ensure that these are updated and remain relevant in line with, inter alia, best practices and the evolving needs of the Group. The composition and description of each Board Committee is set out in this Report.

The Board meets at least once a year to review and deliberate on the key activities and business strategies of the Group, including reviewing and approving internal guidelines on materiality of transactions, acquisitions, financial performance and to endorse the release of the quarterly and annual financial results. Additional meetings may be held to address significant transactions or issues, where necessary. The Company's Bye-laws permit a Board meeting to be conducted by way of teleconference and video-conference. The record of the Directors' attendance at Board and the respective committee meetings during the financial year ended 31 March 2017 is set out below. Minutes of the Board Committee meetings are circulated to the Board to keep all Directors updated on the activities of each Board Committee.

	Directors' Attendance at Board and Other Committee Meetings No. of meetings & attendance (for the period from 01/04/16 to 31/03/17)			
	Board	**AC**	**NC**	**RC**
Number of meetings held	5	4	2	1
Name of Director				
Paul Gao Xiang Nong	5	4	2	1
Ng Poh Khoon Jimmy	5	4	2	1
Neo Chee Beng	4	3	2	1
Xu Hai Min	5	4	2	1
Li Chunling	-	-	-	-

The principal functions of the Board of Directors of the Company ("Board" or "Directors") include:

1. providing entrepreneurial leadership, set strategic objectives, and ensure that the necessary financial and human resources are in place for the company to meet its objectives;
2. establishing a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders' interests and the company's assets;
3. reviewing management performance;
4. identifying the key stakeholder groups and recognising that their perceptions affect the company's reputation;
5. setting the company's values and standards (including ethical standards), and ensuring that obligations to shareholders and other stakeholders are understood and met;
6. considering sustainability issues, e.g. environmental and social factors, as part of its strategic formulation;

CORPORATE GOVERNANCE REPORT

7. approving policies, strategies, structure and direction of the Group;
8. approving annual budgets, key operational issues, major funding proposals, and investment and divestment proposals;
9. overseeing the processes for evaluating the adequacy of internal controls, risk management, financial reporting and compliance;
10. approving the nominations of Board Directors, committee members and key personnel, recommended by the NC; and
11. providing oversight for the proper conduct of the Company's business and assuming responsibility for corporate governance.

The Board gives clear instructions to Management on the levels of authorisation required and the Management team seeks Board approval on material transactions such as material acquisitions and disposals, joint ventures and other transactions that would materially impact the Company.

Prior to their respective appointments to the Board, each of the Directors is given comprehensive and tailored induction on joining the Board, including his duties as a Director and how to discharge those duties, and an orientation on the Group's business strategies, operations and governance practices. A formal letter is also issued to each Director upon appointment, setting out the Directors' roles, duties and obligations. Each Director is also informed of the terms of reference of each Board Committee to help him/her understand the roles, duties and obligations of each Board Committee. The formal letter issued to newly-appointed Directors is updated from time to time, in line with best practices in respect of corporate governance standards. Newly appointed Directors who have no prior experience as directors of a listed company will be given legal and accounting training, and training on the industry the Company operates in.

The Directors will receive, from time to time, further relevant training funded by the Company particularly on applicable new laws, regulations and changing commercial risks which are relevant to the business and operations of the Group. The Directors will also be updated on the business of the Group through regular presentations and meetings.

Principle 2: Board Composition and Balance

The Company believes that there should be a strong and independent element in the Board to exercise objective judgement on corporate affairs independently, in particular from Management and 10% shareholders. The Directors appointed are qualified professionals who possess a diverse range of expertise to provide a balanced view within the Board.

The Board is made up of five Directors of whom two are independent Non-Executive Directors. Although slightly less than half of the Board is independent, the Company is confident that the two independent Directors are able to more than adequately perform their roles as independent Directors and safeguard the interests of minority shareholders. Although the Chairman and CEO are currently the same person, the Board is of the view that the current composition of the Board sufficiently meets the Company's needs. The Company considers the composition of the Board appropriate and suitable for the Company's current requirements for effective decision making, taking into account, inter alia, the scope and nature of the operations of the Company.

The involvement of the Non-Executive Directors in setting and developing strategies and goals for Management, and reviewing and assessing Management's performance enables Management to benefit from the external and objective perspective of issues that are tabled before the Board.

To facilitate a more effective check on the Executive Directors and Management, the Non-Executive Directors meet at least once annually without the presence of Management to discuss matters that they wish to raise privately. The Non-Executive Directors also constructively challenge the Executive Directors and Management and help develop proposals on strategy and review the performance of Management in meeting agreed goals and objectives and monitor the reporting of performance.

The independence of each Independent Director is reviewed annually by the NC based on the definition of independence as set out in the Code. The Independent Directors have abstained from voting on any resolutions and making any recommendations and/or participated in any deliberations of the Board in respect of the evaluation of his or her independence. The NC provides its views on the independence of each Director to the Board. Mr. Ng Poh Khoon Jimmy has served the Board for approximately nine years. In subjecting the independence of Mr. Ng Poh Khoon Jimmy to particularly rigorous review and taking into account the need for progressive refreshing of the Board, the NC placed emphasis on whether he has demonstrated strong independence in character and judgement in discharging his responsibility as a Director of the Company and whether he is free from any interest, business or other relationship which could reasonably be perceived to interfere with the exercise of his independent judgement with a view to the best interests of the Company. After due consideration and careful assessment, the NC and the Board noted that Mr. Ng Poh Khoon Jimmy's independence as a Director is not affected as he continues to exercise independent judgement and demonstrate objectivity in his deliberations in the interest of the Shareholders and the Company.Taking into account the views of the NC, the Board is satisfied as to the independence of Mr. Ng Poh Khoon Jimmy and Mr. Neo Chee Beng, both of whom do not have any material relationship with the Company, its related corporations, its Shareholders who have an interest of at least 10% of the Company's voting shares or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of their independent business judgement with a view to the best interests of the Company.

CORPORATE GOVERNANCE REPORT

The Board has examined its size and is of the view that it is an appropriate size for effective decision making, taking into account the scope and nature of the operations of the Company, the requirements of the business and the need to avoid undue disruptions from changes to the composition of the Board and board committees. In FY2017, the Board accepted the NC's nomination of Ms. Li Chunling as executive Director, thereby increasing its size to five Directors. Having considered the Company's plans for the development of its business and expansion of its scope of operations, the Board concurred with the NC's view that Ms. Li Chunling, with her educational and career background, and the expansion of the size of the Board, would improve the effectiveness of the Board's decision making.

The Board has also considered that its Directors as a group provide an appropriate balance and diversity of gender, industry skills, knowledge of the Company and experience, and possess core competencies such as in accounting, finance, industry knowledge, strategic planning experience, customer-based experience or knowledge and business strategies, which contributes to effective and robust decision-making that enhances shareholder value. The NC also places importance on diversity of age, gender, ethnicity and tenure on the Board so as to form a quality Board that can contribute to more robust decision-making and thereby increase corporate governance and maximize shareholder value. These differences will be considered in determining the optimum composition of the Board and when possible should be balanced appropriately. All Board appointments are made based on merit, in the context of the skills, experience, independence and knowledge which the Board as a whole requires to be effective. In particular, in FY2017, the Board accepted the NC's nomination of Ms. Li Chunling as executive Director as this would add gender diversity to its Board.

Nominating Committee

The NC comprises Mr. Neo Chee Beng and Mr. Xu Hai Min, and is chaired by Mr. Ng Poh Khoon Jimmy.

The NC held one meeting during the financial year ended 31 March 2017.

The Board has approved the written terms of reference of the NC. The NC performs the following functions:

a) reviewing and making recommendations to the Board on all candidates nominated for appointment to the Board;
b) reviewing all candidates nominated for appointment as senior management staff;
c) reviewing and recommending to the Board on an annual basis, the Board structure, size and composition, taking into account the balance between Executive and Non-Executive, Independent and Non-Independent Directors and having regard at all times for the principles of corporate governance and the Code;
d) procuring that at least one-third of the Board shall comprise Independent Directors;
e) making recommendations to the Board on continuation of service of any Director who has reached the age of 70;
f) identifying and making recommendations to the Board as to the Directors who are to retire by rotation and to be put forward for re-election at each Annual General Meeting ("AGM") of the Company, having regard to the Directors' contribution and performance, including Independent Directors;
g) determining whether a Director is independent (taking into account the circumstances set out in the Code and other salient factors); and
h) proposing a set of objective performance criteria to the Board for approval and implementation, to evaluate the effectiveness of the Board as a whole and the contribution of each Director to the effectiveness of the Board.

Principle 4: Board Membership

The composition of the Board and Board Committees is as follows:

Directors	Board Membership	Date of First Appointment	Date of Last Re-Appointment	AC	RC	NC
Paul Gao Xiang Nong	Executive Director, Chief Executive Officer	09 January 2006	29 July 2014	-	-	-
Ng Poh Khoon Jimmy	Independent Director	01 April 2008	28 July 2016	Chairman	Member	Chairman
Neo Chee Beng	Independent Director	01 October 2009	29 July 2013	Member	Chairman	Member
Xu Hai Min	Non-Executive Director	09 April 2014	29 July 2014	Member	Member	Member
Li Chunling	Executive Director	10 March 2017	-	-	-	-

CORPORATE GOVERNANCE REPORT

The Board recognises the importance of good succession planning. The NC is tasked to review the Board membership progressively and identify the potential successors to key positions. Succession and leadership development plans for the senior management will be implemented to ensure smooth transition. The review, if any, will be presented to the Board for its approval.

The NC also makes recommendations to the Board on relevant matters relating to:

a) the review of board succession plans for Directors;
b) the development of a process for evaluating the performance of the Board, its board committees and Directors;
c) the review of training and professional development programs for the Board; and
d) the appointment and re-appointment of Directors.

The search and nomination process for new Directors, if any, will be through search agencies, contacts and recommendations to reach out to the largest pool of candidates as possible for the right candidate.

When considering a new Board member, the NC will review the curriculum vitae of the potential candidate and consider his/her experience and likely contribution to the Board. Interviews will then be subsequently conducted before the NC makes its recommendation to the Board. The Board will make the final determination for the appointment.

Pursuant to Article 104 of the Company's Bye-laws, other than the Managing Director, all Directors submit themselves for re-election at least once every three years. In addition, under Article 107(B), any Director appointed by the Board shall hold office only until the next AGM and shall then be eligible for re-election at the meeting.

The NC recommended to the Board that Mr. Neo Chee Beng will be nominated for re-appointment at the forthcoming AGM. In making its recommendation, the NC had considered the overall contribution and performance of Mr. Neo Chee Beng. Mr. Neo Chee Beng will abstain from making any recommendation in respect of his re-appointment.

Notwithstanding that some of the Directors have multiple board representations, the NC is satisfied that each Director is able to and has been adequately carrying out his or her duties as a director of the Company. The NC monitors and determines on an on-going basis whether Directors who have multiple board representations and other principal commitments, give sufficient time and attention to the affairs of the Company and adequately carry out their duties as a Director. The NC takes into account both the results of the assessment of the effectiveness of the individual Directors and their actual conduct during Board and Board Committee meetings and ad-hoc discussions when making this determination. The Board also believes that each Director has to personally determine the demands of his or her competing directorships and obligations and assess how much time is available to serve on the Board effectively. Accordingly, the Board has not made a determination of the maximum number of board representations a director may hold.

Key information regarding the Directors' academic and professional qualifications and other appointments is set out on pages 14 and 15 of the Annual Report.

There have been no alternate directors appointed.

Principle 3: Chairman and Chief Executive Officer

The role of the Chairman is to provide guidance on the corporate direction of the Group and, inter alia:

(a) lead the Board to ensure its effectiveness on all aspects of its role;
(b) set the agenda and ensures that adequate time is available for discussion of all agenda items, in particular strategic issues;
(c) promote a culture of openness and debate at the Board;
(d) ensure that the Directors receive complete, adequate and timely information;
(e) ensure effective communication with shareholders;
(f) encourage constructive relations within the Board and between the Board and Management;
(g) facilitate the effective contribution of Non-Executive Directors in particular; and
(h) promote high standards of corporate governance.

The role of the CEO is to set the business strategies and directions for the Group and manage the business operations of the Group with the Executive Directors and other management staff.

The Company recognises that under the Code, the Chairman and CEO should in principle be separate persons. However, the Board, having in mind the needs of the Company and the current business climate, is satisfied that this leadership structure is still an effective one.

CORPORATE GOVERNANCE REPORT

The Board believes that Mr. Paul Gao is able to take on both roles effectively, taking into account his abilities in developing the business of the Group, and the leadership and direction which he brings to the Group. Furthermore, given that the members of the Board are well-qualified, competent and experienced, and that 40% of the Board comprises Independent Directors, the Board takes the view that there is an appropriate balance of power and authority, and that accountability and independent decision making are not compromised.

The Company has strengthened the balance of power and authority among the members of the Board by appointing Mr. Ng Poh Khoon Jimmy as the lead independent Director of the Company. The lead independent Director is appointed by the Board to serve in a lead capacity to coordinate the activities of the non-executive Directors in circumstances where it would be inappropriate for the Chairman to serve in such capacity. He also assists the Chairman and the Board to assure effective corporate governance in managing the affairs of the Board and the Company. As the lead independent Director, Mr. Ng Poh Khoon Jimmy is available to address the concerns of shareholders and will lead the independent Directors in meeting periodically without the presence of the other Directors and provide feedback to the Chairman after such meetings. Led by Mr. Ng Poh Khoon Jimmy, the independent Directors meet at least annually without the presence of the other Directors to appraise the performance of the Chairman, after which the lead independent Director provides feedback to the Chairman.

Principle 5: Board Performance

The Board has implemented a process to be carried out by the NC to assess the performance and effectiveness of the Board as a whole, its Board Committees, the contribution of the Chairman and each individual director to the effectiveness of the Board.

In conducting the individual evaluation of Directors, the NC assesses on an individual basis whether each director continues to contribute effectively and demonstrate commitment to the role (including commitment of time for meetings of the Board and board committees, and any other duties). The criteria taken into consideration include, inter alia, the level of preparation of each Director, commitment to the role, performance, level of independence in views, effectiveness and value of contribution to the development of strategy for the Group and risk management, and the Director's knowledge and experience. The Chairman will act on the results of the performance evaluation, and, in consultation with the NC, propose, where appropriate, new members to be appointed to the Board or seek the resignation of directors. Through such performance evaluations, the NC and Board also identify areas for the Board and Board Committees to improve their effectiveness.

Each member of the NC shall abstain from voting on any resolutions and making any recommendations and/or participating in any deliberations of the NC in respect of the assessment of his or her performance or re-nomination as a Director.

The performance of each Board Committee is evaluated based on its roles and functions set out in its terms of reference, and its ability to perform these functions effectively.

The assessment of the Board's performance as a whole adopted both quantitative and qualitative criteria, such as return on equity, the success of the strategic and long-term objectives set by the Board and the effectiveness of the Board in monitoring Management's performance against the goals that had been set by the Board. The performance criteria for the Board was decided upon and proposed by the NC, and approved by the Board.

The Nominating Committee has assessed the Board's performance to-date and is of the view that the performance of the Board as a whole was satisfactory.

Principle 6: Access to Information and Company Secretaries

To assist the Board in fulfilling its responsibilities, the Board will be provided with board papers and related materials, background or explanatory information relating to matters to be brought before the Board, and copies of disclosure documents, budgets, forecasts and monthly internal financial statements prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities. In respect of budgets, any material variance between the projections and actual results is also disclosed and explained.

The Board is provided with adequate and timely information prior to each Board meeting. Board papers are prepared for each Board meeting and are usually circulated at least three working days prior to each meeting. Directors are entitled to request from Management, and are provided with, such complete and adequate additional information in a timely manner as needed to make informed decisions. The Chief Financial Officer (the "CFO"), key management personnel of the Group and external professionals may also be invited to attend the meetings to provide further insight on specific matters or respond to queries from the Directors.

CORPORATE GOVERNANCE REPORT

If any of the Directors require independent professional advice in the furtherance of their duties, the cost of such professional advice will be borne by the Company. The Company encourages each Director to seek independence professional advice where necessary so as to best facilitate the effective discharge of their duties.

The Board has separate and independent access to the Management and the company secretaries at all times.

The company secretaries administer, attend and prepare minutes of Board meetings, assist the Chairman in ensuring that:-

(i) Board procedures are followed and reviewed so that the Board functions effectively;

(ii) the Company's Bye-laws and relevant rules and regulations, including requirements of the Companies Act and the SGX-ST, are complied with;

(iii) under the direction of the Chairman, ensuring good information flows within the Board and its Board Committees and between the Management and the Non-Executive Directors;

(iv) facilitating the orientation of incoming Directors and assist with professional development as required; and

(v) advising the Board on all governance matters.

The appointment and removal of the company secretary is a matter for the Board as a whole to decide.

Principle 7: Procedures for Developing Remuneration Policies

Remuneration Committee

The RC comprises Mr. Ng Poh Khoon, Mr. Xu Hai Min and is chaired by Mr. Neo Chee Beng.

The RC held one meeting during the financial year under review.

The Board has approved the written terms of reference of the RC. The functions of the RC are as follows:

a) recommending to the Board a general framework for remuneration for its members and the key executives of the Group including all aspects such as Directors fees, salaries, allowances, bonuses, options and benefits-in-kind;
b) proposing to the Board, appropriate and meaningful measures for assessing the performance of Executive Directors;

c) determining and reviewing the specific remuneration package for each Director and key management personnel and recommending this to the Board;
d) considering the eligibility of Directors for benefits under long-term incentive schemes; and
e) considering and recommending to the Board the disclosure of details of the Company's remuneration policy, level and mix of remuneration, the procedure for setting remuneration, and details of the specific remuneration packages of the Directors and key executives of the Company to those required by law or by the Code.

The RC will review the Company's obligations arising in the event of termination of the Executive Directors and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

In discharging its functions, the RC may obtain independent external legal and other professional advice as it deems necessary. The expenses for such advice shall be borne by the Company. The Company did not appoint any remuneration consultants for the financial year ended 31 March 2017.

Principle 8: Level and Mix of Remuneration

In setting remuneration packages, the RC aligns the level and structure of remuneration with the long-term interest and risk policies of the Company and considers what is appropriate to attract, retain and motivate (i) the Directors to provide good stewardship of the Company, and (ii) the key management personnel to successfully manage the Company.

CORPORATE GOVERNANCE REPORT

The Company sets remuneration packages which are competitive and sufficient to attract, retain and motivate Directors and senior management with adequate experience and expertise to manage the business and operations of the Group. The RC also takes into account the risk policies of the Company, and ensures that remuneration is symmetric with risk outcomes and is sensitive to the time horizon of risks.

The Company will continually evaluate the remuneration structure of Executive Directors and key management personnel and consider linking rewards to corporate and individual performance, to promote the long-term success of the Company. The remuneration policy will take into account the risk policies of the Company, be symmetric with risk outcomes and be sensitive to the time horizon of risks. The Company has introduced the Scheme and an Incentive Share Scheme administered by the RC. Executive Directors and key management personnel are encouraged to hold their shares beyond the vesting period, subject to the need to finance any cost of acquiring the shares and associated tax liability.

The remuneration of Non-Executive Directors is measured against their level of contribution, taking into account factors such as effort and time spent, and the responsibilities undertaken. The RC ensures that Non-Executive Directors are not overcompensated to the extent that their independence may be compromised. Non-Executive Directors are also entitled to be offered shares under the Incentive Share Scheme.

The Company is entitled to reclaim incentive components of remuneration from Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company.

Principle 9: Disclosure on Remuneration

The remuneration paid to the Directors and Executive Officers for services rendered during the financial year ended 31 March 2017 was as follows:

Remuneration bands	Salary (%)	Performance bonus (%)	Directors' fees (%)	Others (%)	Total (%)
Directors					
Below S$250,000					
Paul Gao Xiangnong	100	-	-	-	100
Ng Poh Khoon	-	-	100	-	100
Neo Chee Beng	-	-	100	-	100
Xu Hai Min	-	-	-	-	-
Li Chunling[(1)]	100	-	-	-	100

1. Mrs. Li Chunling was appointed as Executive Director of the Company on 10 March 2017.

No termination, retrenchment and post-employment benefits were granted to the Directors and Key Management personnel during FY2017.

The RC and the Board are of the view that the remuneration of the Directors is adequate but not excessive in order to attract, retain and motivate them to run the Company successfully and also believes that the remuneration package of the Directors and Key Management is a competitive advantage of the Group and as such has chosen to make disclosure in relation thereto in bands of S$250,000.

Mr. Xu Haimin did not receive any compensation for services rendered as Director during the financial year ended 31 March 2017.

The remuneration of the Independent Directors was in the form of a fixed fee subject to shareholders' approval at the AGM.

Executive Directors have service agreements with the Company. Their compensation consists of a salary, bonus and performance awards that are dependent on the performance of the Group and their individual performance, based on performance conditions which are consistent with the Company's business goals and which focus on creating value for shareholders. Such performance conditions can include targets relating to the cash flow and net profits of the Group over specified periods.

The Company does not have any employees who are immediate family members of a Director or the Chief Executive Officer.

CORPORATE GOVERNANCE REPORT

For FY 2017, the top six key management personnel (who are not also Directors or CEOs) (in terms of remuneration paid) of the Company are Andy Xu Peng, Peng Li Hong, Ma Ting, Chen Yao Ming, Fang Zheng Lin and Duan Qing Hai. Key Management personnel are remunerated on a similar basis to Executive Directors, and receive salary, bonus and performance awards that are dependent on the performance of the Group and their individual performance, based on performance conditions which are consistent with the Company's business goals and which focus on creating value for shareholders. Such performance conditions can include targets relating to the cash flow and net profits of the Group over specified periods.

A breakdown, showing the level and mix of the top six key management personnel who are not Directors or CEO in remuneration bands of S$250,000 for FY 2017, is as follows:-

Remuneration bands	Salary (%)	Performance bonus (%)	Benefits in kind (%)	Stock options, share based incentives and awards, and other long-term incentives (%)	Total (%)
Below S$250,000					
Andy Xu Peng	100	-	-	-	100
Peng Li Hong	100	-	-	-	100
Ma Ting	100	-	-	-	100
Chen Yao Ming	100	-	-	-	100
Fang Zheng Lin	100	-	-	-	100
Duan Qing Hai	100	-	-	-	100

The Company has established the LottVision Incentive Share Scheme, and further details of this (including the description of performance conditions to which entitlement to short-term and long-term incentive schemes are subject, an explanation on why such performance conditions were chosen, and a statement of whether such performance conditions are met) are set out on Page 31 of the Annual Report.

Principle 11: Risk Management & Internal Controls

Risk management is an integral aspect of the Company and the Group. The Board has the overall responsibility for risk management and exercises oversight of the key risk areas in the Group's business, setting the overall strategic direction in the identification and assessment of risks and ensuring that decisions and strategies adopted are in line with the risk management tolerances of the Group. In order to create, enhance, protect value for its shareholders, the Company proactively manages risks and embeds the risk management process into all planning and decision-making processes as well as its day-to-day operations at the Company and Group levels. Led by the Board, Management regularly reviews the Company's business and operational activities to identify areas of significant business risk as well as appropriate measures to control and mitigate these risks. Management also reviews all significant control policies and procedures and highlights all significant matters to the Directors and the AC. In conducting its affairs, the Company understands the importance of preparation and all major investments undergo a due diligence and risk management review process.

The Company has instituted a system of internal controls for the Group. While no system can provide absolute assurance against material loss or financial misstatement, the Group's internal financial controls are designed to provide reasonable assurance that assets are safeguarded, that proper accounting records are maintained, and that financial information used within the business and for publication is reliable. In designing these controls, Management has had regard to the risks to which the business is exposed, the likelihood of such risks occurring and the costs of protecting against them. The Company seeks to improve internal control and risk management on an on-going basis to ensure that they remain sound and relevant.

The Board has in place a set of internal controls which sets out approval limits for expenditure, investments and divestments and cheque signatory arrangements. Approval sub-limits are also provided at management and committee levels to facilitate operational efficiency. The Board also determines the Company's levels of risk tolerance and risk policies, and oversees Management in the design, implementation and monitoring of risk management and internal control systems.

CORPORATE GOVERNANCE REPORT

During the year under review, the Management has conducted an annual review of the effectiveness of the Company's material internal controls, including financial, operational, compliance and information technology controls and these are reported to the AC. Any material non-compliance and recommendation for improvement are reported to the AC. The AC, on behalf of the Board, also reviewed the effectiveness of the Group's system of internal controls in light of key business and financial risks affecting its businesses through discussion with Management and the auditor. The members of the Board are vigilant in looking out for potential risks that the Group may face, and will take the necessary steps to work with Management to ensure that such potential risks are dealt with in a timely manner.

The Board believes that the risk management and internal control systems, including financial, operational, compliance and information technology controls, established by the Company is adequate and effective to provide reasonable assurance that the Company would not be adversely affected by any event that could be reasonably foreseen. However, the Board also notes that no system of risk management and internal control systems, including financial, operational, compliance and information technology controls, could provide an absolute assurance in this regard, or absolute assurance against poor judgement in decision making, human error, losses, fraud or other irregularities.

Based on:

a) the risk management and internal control systems, including financial, operational, compliance and information technology controls, established and maintained by the Group;
b) reviews performed by Management, various Board Committees and the Board; and
c) assurance from the CEO and CFO that
   i) the financial records of the Group have been properly maintained,
   ii) the financial statements for the year ended 31 March 2017 give a true and fair view of the Group's operations and finances;
   iii) and the Group's risk management and internal control systems are effective in addressing the material risks in the Group in its current business environment,

the AC and the Board are of the opinion that the Group's risk management and internal control systems, including financial, operational, compliance and information technology controls, were adequate and effective as at 31 March 2017.

In connection with the above, the Board has received written assurance from the CEO and CFO that the financial records have been properly maintained, the financial statements give a true and fair view of the Company's operations and finances, and the company's risk management and internal control systems are effective.

The AC and the Board have also reviewed the Company's overall risk management framework and policies and considered them to be adequate, taking into account the scope and nature of the operations of the Company and the risk profile of the Company. In this regard, the AC and the Board are of the opinion that there is no necessity for the establishment of a separate board risk committee.

Principle 12: Audit Committee

The AC comprises Mr. Xu Hai Min, Mr. Neo Chee Beng and is chaired by Mr. Ng Poh Khoon Jimmy. None of the AC members were former partners or Directors of the Company's existing auditing firm, and none of them have any financial interest in that firm.

The Board ensures that the members of the AC are appropriately qualified to discharge their responsibilities. In particular, Mr. Ng (the AC Chairman) and Mr. Neo have a wealth of experience in accounting.

The Board has approved the written terms of reference of the AC. The AC performs the following functions:

a) reviewing with external auditor the audit plan and their audit report;
b) reviewing the overall internal control system;
c) reviewing the Group's financial results and the announcements before submission to the Board for approval;
d) reviewing the assistance given by Management to external auditor;
e) reviewing significant findings of internal investigations;
f) considering the appointment/re-appointment of the external auditor;
g) reviewing interested person transactions; and
h) other functions as required by law or the Code.

The AC also reviews significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance, and review the scope and results of the external audit, and the independence and objectivity of external auditor.

CORPORATE GOVERNANCE REPORT

The AC meets periodically and also holds informal meetings and discussions with Management from time to time. The AC has full discretion to invite any director or executive officer to attend its meetings, and has reasonable resources to discharge its functions properly.

During FY2017, the AC met four times to discuss and review the audit plan, the audit report and evaluate the system of internal controls. In such meetings, the AC also reviewed the quarterly financial statements prior to recommending their release on SGXNET to the Board, interested person transactions, and the re-appointment of the external auditor and its remuneration.

The AC's primary role is to investigate any matter within its terms of reference, and it has explicit authority to investigate any matter within its terms of reference. It has full access to, and the co-operation of, Management and has been given full access to and is provided with the co-operation of the Company's management. In addition, the AC has independent access to the external auditor. The AC meets with the external auditor without the presence of Management at least annually.

The members of the AC also meet with Management, the CFO and external auditor to discuss and keep abreast of changes to accounting standards and issues which have to direct impact on financial statements. Where necessary, the members of the AC would also attend training conducted by professionals or external consultants in respect of such changes.

The aggregate amount of fees paid to the external auditor of the Company for FY2017 is HK$384,000. No non-audit services are provided by the external auditor to the Company.

The Group has complied with Rules 712 and 715 of the Listing Manual issued by Singapore Exchange Securities Trading Limited ("SGX-ST") in relation to its auditor.

The Company has put in place a "whistle-blowing" policy which enables employees who have major concerns over any wrongdoing within the Company and its subsidiaries ("Group") relating to unlawful conduct, financial malpractice or dangers to the public or the environment to come forward and express these concerns without fear of any punitive action. The AC has reviewed and ensured that arrangements are in place for concerns to be raised and independently investigated, and for appropriate follow-up action to be taken.

Principle 13: Internal Audit

The Group currently does not have in place an internal audit function as the Board is of the view that this is not necessary taking into account the Group's current size and operations.

The Board recognises the importance of the internal audit function and will continue to monitor whether it is necessary to set up such function internally or outsource it to a professional body.

Principle 10: Accountability and Audit

The Board provides the shareholders with a detailed and balanced explanation and analysis of the Company's performance, position and prospects on a quarterly basis. This responsibility extends to interim and other price-sensitive public reports, and reports to regulators (if required).

The Board also takes adequate steps to ensure compliance with legislative and regulatory requirements, including requirements under the listing rules of the securities exchange, by establishing written policies where appropriate. The Board ensures that it is regularly updated on relevant changes to laws and regulations so that it can monitor and supervise compliance by the Group with such laws and regulations and requirements of regulatory and governmental authorities.

Management provides the Board with appropriately detailed management accounts of the Group's performance, position and prospects and such explanation and information on a quarterly basis to enable the Board to make a balanced and informed assessment of the company's performance, position and prospects. Where the Board requires any additional information, the Board will request for such information from Management. Such information may include additional financial information such as monthly management accounts, and will be available for the Board's review on its request.

Principle 14: Shareholder Rights

Principle 15: Communication with Shareholders

Although the Company does not have a formal investor relations policy, the Company recognises that effective communication can highlight transparency and enhance accountability to its shareholders and investors. In this regard, the Company maintains a high standard of disclosure by providing information to its shareholders and investors on a timely basis via SGXNET announcements and press releases. Such information is also available on the Company's website. In disclosing information to its shareholders and investors, the Company aims to be as descriptive, detailed and forthcoming as possible, so as to, inter alia, provide sufficient information to all shareholders and investors to keep them abreast of latest developments in relation to the Company and to facilitate the exercise of ownership rights by all shareholders and investors. The Company ensures that it does not practice selective disclosure of material information. If inadvertent disclosure is made to a select group of shareholders and/or investors, the Company will make the same disclosure publicly to all others as promptly and possible. The Company ensures that price-sensitive information is publicly released, and announced on an immediate basis where required under the Listing Manual of the SGX-ST. Such information includes information relating to changes in the company or its business which would be likely to materially affect the price or value of the Company's shares. Where an immediate announcement is not possible, the announcement is made as soon as possible to ensure that shareholders, investors and the public have fair access to the information. At shareholders' meetings, the Board also seeks for the views, comments and input of the Company's shareholders and investors, to better understand and address their specific concerns.

While the Company does not have a dedicated investor relations team, the Management, including the CEO and CFO, actively undertakes efforts to engage with investors (both present and prospective). Such investor relations engagement efforts may include meetings with investors.

In deciding whether to declare any dividends in a given financial year, the Company takes into account, inter alia, maximizing shareholder value in the long term, the profits of the Company in a given year, future development and investment plans of the Company, projected capital expenditure, the market outlook for each of the Company's areas of business, and the Company's expected performance in the coming financial years. For FY2017 the Company will not be paying dividends to shareholders. Due to the ongoing challenges in the economic and business environment, there is a need to conserve cash.

Principle 16: Conduct of Shareholder Meetings

The Company encourages shareholders to participate and vote at AGMs. Shareholders are informed of the rules, including voting procedures, that govern the AGMs, and all shareholders are given the opportunity to voice their views and to direct queries regarding the Group to Directors, including the chairperson of each of the Board Committees. The Directors, chairmen of the Board Committees and external auditors are normally present at the AGMs, and are available to address the Shareholders' questions.

All shareholders of the Company will receive the Annual Report and the notice of the AGM. The notice is also advertised in a local newspaper and made available on the SGXNET.

The Company's Bye-Laws allow the Shareholders to appoint proxies to attend and vote in their stead at general meetings. Pursuant to Bye-Law 84 of the Company's Bye-Laws, the Shareholders holding two (2) or more shares may appoint not more than two (2) proxies to attend and vote at the same general meeting. When a Shareholder appoints more than one (1) proxy, he or she shall specify the proportion of his or her shareholding to be represented by each proxy.

The Company has not amended its Bye-Laws to provide for absentia voting methods. Voting in absentia and by electronic mail may only be possible following careful study to ensure that integrity of the information and authentication of the Shareholders' identities through the web are maintained.

The Company ensures that there are separate resolutions at general meetings on each distinct issue, and puts each resolutions to poll, with an announcement of the detailed results showing the number of votes cast for and against each resolution and the respective percentages. The Company will not be using electronic polling this year, but is aware of the benefits of electronic polling and will consider implementing it at an appropriate time.

All minutes of general meetings that include substantial and relevant comments or queries from the Shareholders and responses from the Board and the Management are made available to the Shareholders upon their request.

Material Contracts
(Listing Manual Rule 1207(8))

Save for the service agreement between the Executive Directors and the Company, there are no material contracts entered into by the Company or its subsidiaries and in which the Chief Executive Officer, or any Director or controlling shareholders were interested subsisting at the end of the financial year ended 31 March 2017.

CORPORATE GOVERNANCE REPORT

Risk Management
(Listing Manual Rule 1207(4)(b)(iv))

The Company does not have a Risk Management Committee. However, Management regularly reviews the Company's business and operational activities to identify areas of significant business risk as well as appropriate measures to control and mitigate these risks. Management also reviews all significant control policies and procedures and highlights all significant matters to the Directors and the AC.

The Group has identified the various financial risks, details of which are found on pages 74 to 78 of the Annual Report.

Employee Share Option Scheme ("ESOS")
(Listing Manual Rule 852(1))

The ESOS is administered by a committee comprising Mr. Xu Hai Min, Mr. Ng Poh Khoon Jimmy and Mr. Neo Chee Beng.

As at the end of the financial year ended 31 March 2017, there were no outstanding share options.

Dealings in Securities
(Listing Manual Rule 1207(19))

The Group has adopted the SGX-ST's Best Practices Guide with respect to dealings in securities by the Directors and its executive officers. Officers of the Company should not deal in the securities of the Company on short-term considerations. Directors, Management and officers of the Group who have access to price-sensitive, financial or confidential information are not permitted to deal in the Company's shares during the periods commencing two weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year, or one month before the financial year-end, as the case may be, and ending on the date of announcement of the relevant results, or when they are in possession of unpublished price-sensitive information on the Group.

To provide further guidance to employees on dealings in the Company's shares, the Company has adopted a code of conduct on transactions in the Company's shares. The code of conduct is modeled after the Best Practices Guide with some modifications.

Interested Person Transactions
(Listing Manual Rule 907)

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC and that the transactions are carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders.

The Company has not sought a mandate from its shareholders for interested person transactions in its financial year ended 31 March 2017.

CORPORATE SOCIAL RESPONSIBILITY

The Company is aware of the effects of its operations and the role it plays in preserving the environment. The Company intends to encourage a more environmentally responsible culture, including implementing policies for paper recycling, reducing the unnecessary use of paper and reducing electricity consumption.

USE OF PROCEEDS

In FY2016, the Company undertook a placement of 20 million ordinary shares which was completed on 24 June 2015 (the "2015 Placement"). The Company received proceeds of S$6.2 million from the 2015 Placement deducting related expenses.

In FY2016, approximately S$700,000 has been used for working capital purposes and in FY2017 approximately S$5.5 million was used for the acquisition of 45% interest of NutryFarm Biomedicine International Limited.

DIRECTORS' REPORT

We submit herewith this annual report together with the audited financial statements for the financial year ended 31 March 2017.

DIRECTORS

The Directors in office during the financial year were as follows:

Paul Gao Xiang Nong
Ng Poh Khoon Jimmy
Neo Chee Beng
Xu Hai Min
Li Chunling[1]

Note:

[1] Mrs. Li Chunling was appointed as Executive Director of the Company on 10 March 2017.

The Directors of the Company, including the Non-Executive Directors, are subject to retirement and re-election at the forthcoming Annual General Meeting in accordance with the Company's Bye-laws.

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings kept by the Company, particulars of interests of the Directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares, debentures, warrants and share options in the Company and in related corporations are as follows:

	Holdings registered in the name of Director or nominee	
Ordinary shares of HK$0.10 each fully paid	**At 1 April 2016**	**At 31 March 2017**
Paul Gao Xiang Nong	6,597,355	1,397,355

The Directors' interest in the ordinary shares of the Company as at 21 April 2017 were the same as those at 31 March 2017.

Except as disclosed in this report, no other Directors who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related corporations, either at the beginning of the financial year, or at the date of appointment if later, or at the end of the financial year.

Except as disclosed above and under the "Incentive Shares" section of this report, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Except for salaries, bonuses and fees and those benefits that are disclosed in this report and in Notes 7 and 8 to the financial statements, since the end of the last financial year, no Director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the Director, or with a firm of which he is a member or with a company in which he has substantial financial interest.

SHARE OPTIONS

No option to take up unissued shares of the Company or its subsidiary corporations was granted during the financial year.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiary corporations whether granted before or during the financial year.

DIRECTORS' REPORT

There were no unissued shares of the Company or its subsidiary corporations under option at the end of the financial year.

INCENTIVE SHARES

The LottVision Incentive Share Scheme (the "Incentive Share Scheme") was approved by the shareholders on 29 July 2009.

The Incentive Share Scheme is administered by a Committee comprising the following Directors:

Neo Chee Beng
Xu Hai Min
Ng Poh Khoon Jimmy

The principal terms of the Incentive Share Scheme are as follows:

(a) Eligibility
Under the rules of the Incentive Share Scheme, Executive and Non-Executive Directors and employees of the Group, who are not controlling shareholders of the Company and their associates, are eligible to participate in the Incentive Share Scheme.

(b) Size and duration
The aggregate number of shares which may be issued under the Incentive Share Scheme, when added to the number of shares issued and/or issuable in respect of all awards granted thereunder and other shares issued and/or issuable under other share-based incentive scheme of the Company, shall not exceed fifteen per cent (15%) of the issued share capital of the Company on the day preceding in the relevant date of award.

The Incentive Share Scheme shall continue in force at the discretion of the Committee, subject to a maximum period of 10 years commencing on the date on which the Incentive Share Scheme is adopted by the Company in general meeting, provided always that the Incentive Share Scheme may continue beyond the above stipulated period with the approval of shareholders in general meeting and of any relevant authorities which may then be required.

(c) Entitlement to awards
Awards represent the right of a participant to receive fully-paid shares free of charge upon the participant satisfying the performance conditions (if any). The Committee administering the Incentive Share Scheme selects performance conditions which are consistent with the Company's business goals and which focus on creating value for shareholders. Such performance conditions can include targets relating to the cash flow and net profits of the Group over specified periods.

SHARES GRANTED DURING THE YEAR

No shares were issued under the Incentive Share Scheme during the financial year ended 31 March 2017.

WARRANTS

There were no warrants granted by the Company during the financial year.

AUDIT COMMITTEE

The Audit Committee at the date of this report comprises three members, who are independent of management within the meaning of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("Listing Manual"):

Ng Poh Khoon Jimmy (Chairman)
Xu Hai Min
Neo Chee Beng

DIRECTORS' REPORT

The Audit Committee held four meetings since the last Directors' report. In performing its function, the Audit Committee met with management and the Company's external auditor to discuss and review the following:

i. the audit plan of the external auditor of the Group and the results of their examination;
ii. the Group's financial and operating results and accounting policies;
iii. that no restrictions were being placed by management upon the work of the external auditor;
iv. the Group's transactions with related parties and interested persons; and
v. the independence of the external auditor.

The Audit Committee performed the functions specified in the Listing Manual which included a review of the financial statements of the Group and the Company for the financial year ended 31 March 2017 and the auditor's report thereon.

The Audit Committee is authorised to investigate any matters within its terms of reference, has full access to management and also full discretion to invite any Director or executive officer to attend its meetings, as well as reasonable resources to enable it to discharge its functions properly.

AUDITOR

The current auditor of the Company, Baker Tilly TFW LLP, was appointed since 27 July 2012. The Audit Committee has recommended to the Board of Directors that Baker Tilly TFW LLP be nominated for re-appointment as the auditor of the Company at the forthcoming Annual General Meeting of the Company. A resolution for the re-appointment of Baker Tilly TFW LLP as auditor of the Company will be proposed at the forthcoming Annual General Meeting of the Company.

On behalf of the Board of Directors

Paul Gao Xiang Nong
Executive Director

Xu Hai Min
Non-Executive Director

Hong Kong, 27 June 2017

STATEMENT BY DIRECTORS

We, being Directors of the Company, do hereby state that in our opinion:

(i) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company as set out on pages 37 to 79 are drawn up so as to present fairly, in all material respects, the consolidated financial position of the Group and the financial position of the Company as at 31 March 2017, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the changes in equity of the Company for the financial year then ended in accordance with International Financial Reporting Standards; and

(ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

On behalf of the Board of Directors

Paul Gao Xiang Nong
Executive Director

Xu Hai Min
Non-Executive Director

Hong Kong, 27 June 2017

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NUTRYFARM INTERNATIONAL LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of NutryFarm International Limited (the "Company") and its subsidiaries (the "Group") as set out on pages 37 to 79, which comprise the balance sheets of the Group and the Company as at 31 March 2017, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with International Financial Reporting Standards ("IFRSs") so as to present fairly, in all material respects, the consolidated financial position of the Group and the financial position of the Company as at 31 March 2017, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the changes in equity of the Company for the financial year ended on that date.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Impairment assessment of goodwill

As disclosed in Note 14 to the consolidated financial statements of the Group, the Group has goodwill of HK$41,069,000 (2016: HK$42,252,000) which is allocated to the cash-generating unit ("CGU") comprising nutrition, health food and related health products.

Goodwill is required to be tested for impairment annually, or more frequently if there are indications that goodwill might be impaired.

Impairment assessment of goodwill is considered to be a key audit matter due to the significance of the asset to the Group's consolidated financial position, and due to the estimation involved in the assessment of the value in use of the CGU performed by the management. The estimation relates to cash flow forecasts of the CGU and discount rate applied to the cash flow forecasts.

Our procedures to address the key audit matter

We obtained an understanding of management's impairment assessment process.

We obtained the Group's value in use calculations. Key inputs to the value in use calculations include budgeted revenue growth rate, budgeted gross margin, terminal growth rate and discount rate. We reviewed these key inputs by comparing the forecasts to historical revenue achieved, historical costs incurred and revenue growth rate and gross margin to published industry reports.

We performed a look-backward analysis to compare the 2017 forecast presented in prior year to the actual 2017 results to assess management's ability to perform accurate forecast.

We involved our valuation specialist in evaluating the appropriateness of the discount rate used by management.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NUTRYFARM INTERNATIONAL LIMITED

Report on the Audit of the Financial Statements (cont'd)

Key Audit Matters (cont'd)

Impairment assessment of goodwill (cont'd)

We performed sensitivity analysis in the areas of budgeted revenue growth rate, budgeted gross margin, terminal growth rate and discount rate assumptions.

We have also assessed the adequacy and appropriateness of the disclosures made in the financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NUTRYFARM INTERNATIONAL LIMITED

Report on the Audit of the Financial Statements (cont'd)

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Gilbert Lee Chee Sum.

Baker Tilly TFW LLP
Public Accountants and
Chartered Accountants
Singapore

27 June 2017

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 March 2017

	Note	Group 2017 HK$'000	Group 2016 HK$'000
Revenue	4	**79,053**	83,521
Cost of sales		**(37,214)**	(34,191)
Gross profit		**41,839**	49,330
Other income	5	**1,054**	649
Distribution expenses		**(16,848)**	(17,634)
Administrative expenses		**(21,781)**	(27,936)
Finance costs	6	**(1,146)**	(1,520)
Profit before tax	7	**3,118**	2,889
Tax expense	9	**(1,591)**	(2,447)
Profit for the financial year		**1,527**	442
Other comprehensive loss			
Items that are or may be reclassified subsequently to profit or loss:			
Currency translation differences arising on consolidation		**(7,869)**	(6,465)
Other comprehensive loss for the financial year, net of tax		**(7,869)**	(6,465)
Total comprehensive loss for the financial year		**(6,342)**	(6,023)
Profit/(loss) attributable to:			
Equity holders of the Company		**1,356**	(2,331)
Non-controlling interest		**171**	2,773
Profit for the financial year		**1,527**	442
Total comprehensive income/(loss) attributable to:			
Equity holders of the Company		**(6,513)**	(8,796)
Non-controlling interest		**171**	2,773
Total comprehensive loss for the financial year		**(6,342)**	(6,023)
Earnings/(loss) per share for profit/(loss) attributable to equity holders of the Company (cents per share)			
Basic and Diluted	10	**2.11**	(3.91)

The accompanying notes form an integral part of these financial statements.

BALANCE SHEETS
At 31 March 2017

	Note	Group		Company	
		2017	2016	**2017**	2016
		HK$'000	HK$'000	**HK$'000**	HK$'000
Non-current assets					
Investment in subsidiaries	11	**–**	–	**129,342**	65,209
Other investments	12	**–**	–	**–**	–
Property, plant and equipment	13	**37,641**	42,935	**–**	–
Intangible assets	14	**42,241**	46,575	**–**	–
Non-current prepayments	15	**1,395**	1,186	**–**	–
Land use rights	16	**5,677**	6,145	**–**	–
		86,954	96,841	**129,342**	65,209
Current assets					
Inventories	17	**12,269**	22,055	**–**	–
Trade receivables	18	**37,741**	39,069	**–**	–
Prepayments, deposits and other receivables	19	**11,187**	79,527	**126**	–
Amounts due from subsidiaries	11	**–**	–	**36,082**	36,082
Cash and bank balances		**25,397**	18,572	**120**	42
		86,594	159,223	**36,328**	36,124
Current liabilities					
Trade and other payables	20	**23,591**	27,884	**4,919**	4,306
Short term loans	21	**14,502**	21,361	**–**	–
Amounts due to subsidiaries	11	**–**	–	**76,839**	2,835
Tax payable		**360**	393	**–**	–
		38,453	49,638	**81,758**	7,141
Net current assets/(liabilities)		**48,141**	109,585	**(45,430)**	28,983
Non-current liability					
Dividend payable	20	**–**	67,611	**–**	–
Net assets		**135,095**	138,815	**83,912**	94,192
Equity					
Share capital	23	**6,428**	6,428	**6,428**	6,428
Other reserves	24	**408,256**	416,125	**412,887**	419,331
Accumulated losses		**(279,589)**	(317,271)	**(335,403)**	(331,567)
Equity attributable to equity holders of the Company, total		**135,095**	105,282	**83,912**	94,192
Non-controlling interest		**–**	33,533	**–**	–
Total equity		**135,095**	138,815	**83,912**	94,192

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 March 2017

	Share capital	Share premium (Restated)	Contributed surplus reserve (Restated)	Currency translation reserve	Accumulated losses	Total	Non-controlling interest	Total equity
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Group								
Balance at 1 April 2015	123,988	268,107	–	2,034	(314,940)	79,189	30,760	109,949
(Loss)/profit for the financial year	–	–	–	–	(2,331)	(2,331)	2,773	442
Other comprehensive loss for the financial year, net of tax:								
- Currency translation differences arising on consolidation	–	–	–	(6,465)	–	(6,465)	–	(6,465)
Total comprehensive (loss)/income for the financial year, net of tax	–	–	–	(6,465)	(2,331)	(8,796)	2,773	(6,023)
Issue of shares	2,000	32,889	–	–	–	34,889	–	34,889
Capital reorganisation	(119,560)	119,560	–	–	–	–	–	–
Balance at 31 March 2016 (As previously reported)	6,428	420,556	–	(4,431)	(317,271)	105,282	33,533	138,815
Reclassification [Note 24(ii)]	–	(119,560)	119,560	–	–	–	–	–
Balance at 31 March 2016 (Restated)	6,428	300,996	119,560	(4,431)	(317,271)	105,282	33,533	138,815
Profit for the financial year	–	–	–	–	1,356	1,356	171	1,527
Other comprehensive loss for the financial year, net of tax:								
- Currency translation differences arising on consolidation	–	–	–	(7,869)	–	(7,869)	–	(7,869)
Total comprehensive (loss)/income for the financial year, net of tax	–	–	–	(7,869)	1,356	(6,513)	171	(6,342)
Acquisition of non-controlling interest without a change in control [Note 11(c)]	–	–	–	–	36,326	36,326	(33,704)	2,622
Balance at 31 March 2017	**6,428**	**300,996**	**119,560**	**(12,300)**	**(279,589)**	**135,095**	**–**	**135,095**

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
For the financial year ended 31 March 2017

	Share capital	Share premium (Restated)	Contributed surplus reserve (Restated)	Currency translation reserve	Accumulated losses	Total equity
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Company						
Balance at 1 April 2015	123,988	268,107	–	–	(326,765)	65,330
Loss for the financial year	–	–	–	–	(4,802)	(4,802)
Other comprehensive loss for the financial year, net of tax:						
- Currency translation differences	–	–	–	(1,225)	–	(1,225)
Total comprehensive loss for the financial year	–	–	–	(1,225)	(4,802)	(6,027)
Issue of shares	2,000	32,889	–	–	–	34,889
Capital reorganisation	(119,560)	119,560	–	–	–	–
Balance at 31 March 2016 (As previously reported)	6,428	420,556	–	(1,225)	(331,567)	94,192
Reclassification [Note 24(ii)]	–	(119,560)	119,560	–	–	–
Balance at 31 March 2016 (Restated)	6,428	300,996	119,560	(1,225)	(331,567)	94,192
Loss for the financial year	–	–	–	–	(3,836)	(3,836)
Other comprehensive loss for the financial year, net of tax:						
- Currency translation differences	–	–	–	(6,444)	–	(6,444)
Total comprehensive loss for the financial year	–	–	–	(6,444)	(3,836)	(10,280)
Balance at 31 March 2017	**6,428**	**300,996**	**119,560**	**(7,669)**	**(335,403)**	**83,912**

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2017

	Note	Group	
		2017	2016
		HK$'000	HK$'000
Cash flows from operating activities			
Profit before tax		**3,118**	2,889
Adjustments for:			
Amortisation of land use rights	16	**133**	141
Amortisation of intangible assets	14	**3,455**	3,495
Depreciation of property, plant and equipment	13	**4,445**	3,964
Impairment losses on trade receivables	18	**147**	5,939
Interest income		**(468)**	(249)
Interest expense		**1,146**	1,520
(Reversal of inventories previously written down)/write down of inventories		**(173)**	184
Operating cash flows before changes in working capital		**11,803**	17,883
Changes in operating assets and liabilities			
Inventories		**8,812**	(1,606)
Trade and other receivables		**(7,236)**	10,234
Trade and other payables		**(664)**	514
Currency translation adjustments		**(444)**	(1,167)
Cash generated from operations		**12,271**	25,858
Tax paid		**(1,600)**	(2,091)
Net cash generated from operating activities		**10,671**	23,767
Cash flows from investing activities			
Interest received		**468**	249
Purchases of property, plant and equipment		**(1,652)**	(1,812)
Advance payment to non-controlling interest for proposed acquisition of remaining interest in a subsidiary		**–**	(73,630)
Purchases of intangible assets		**(376)**	(328)
Net cash used in investing activities		**(1,560)**	(75,521)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2017

	Group	
	2017	2016
	HK$'000	HK$'000
Cash flows from financing activities		
Interest paid	**(1,146)**	(1,520)
Proceeds from issuance of new shares	**–**	34,889
Drawdown of short term loans	**14,502**	21,727
Repayment of short term loans	**(21,362)**	(24,141)
Amount due to Director of the Company	**3,531**	–
Amount due to Director of a subsidiary	**776**	272
Advances received from a third party	**1,410**	–
Net cash (used in)/generated from financing activities	**(2,289)**	31,227
Net increase/(decrease) in cash and cash equivalents	**6,822**	(20,527)
Cash and cash equivalents at beginning of the financial year	**18,572**	39,081
Effect of foreign exchange rates changes	**3**	18
Cash and cash equivalents at end of the financial year	**25,397**	18,572

Cash and cash equivalents comprise cash and bank balances as presented on the balance sheets.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1 CORPORATE INFORMATION

NutryFarm International Limited (the "Company") is a company incorporated in Bermuda with limited liability under the Bermuda Companies Act 1981 and has its registered office at Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda. The Company's principal office in Hong Kong is located at Room 1916, 19/F, Star House, 3 Salisbury Road, Tsim Sha Tsui, Kowloon, Hong Kong.

The principal activity of the Company is that of investment holding. The principal activities of its subsidiaries are disclosed in Note 11 to the financial statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements are presented in Hong Kong Dollar ("HK$") and all financial information presented in Hong Kong Dollar are rounded to the nearest thousand (HK$'000) except when otherwise indicated. The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions and historical experiences and various other factors that are believed to be reasonable under the circumstances, actual results may ultimately differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The areas involving a higher degree of judgement in applying accounting policies, or areas where assumptions and estimates have a significant risk of resulting in material adjustment within the next financial year are disclosed in Note 3 to the financial statements.

The carrying amounts of cash and bank balances, trade and other current receivables and payables approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

2.2 Adoption of new and revised International Financial Reporting Standards and interpretations of the International Financial Reporting Standards Interpretations Committee

(a) New and amended standards adopted by the Group

In the current financial year, the Group has adopted all the new and revised IFRS issued by the IASB and interpretations of the International Financial Reporting Standards Interpretations Committee ("IFRIC Interpretations") that are relevant to its operations and effective for the current financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective IFRSs and IFRIC Interpretations.

The adoption of these new/revised IFRS and IFRIC Interpretations did not have any material effect on the financial performance or positions of the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Adoption of new and revised International Financial Reporting Standards and interpretations of the International Financial Reporting Standards Interpretations Committee (cont'd)

(b) Standards, amendments and interpretations to existing standards that are issued, revised or amended but are not yet effective

New standards, amendments to standards and interpretations that have been issued at the balance sheet date but are not yet effective for the financial year ended 31 March 2017 have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group and the Company, except as disclosed below:

IFRS 15 Revenue from Contracts with Customers

IFRS 15 replaces IAS 18 'Revenue', IAS 11 'Construction contracts' and other revenue-related interpretations. It applies to all contracts with customers, except for leases, financial instruments, insurance contracts and certain guarantee contracts and non-monetary exchange contracts. IFRS 15 provides a single, principle-based model to be applied to all contracts with customers. An entity recognises revenue in accordance with the core principle in IFRS 15 by applying a 5-step approach.

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

The standard is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. IFRS 15 includes disclosure requirements that will result in disclosure of comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

Management anticipates that the initial application of the new IFRS 15 should not have a material impact to the financial statements of the Group and the Company. However, additional disclosures for trade receivables and revenue may be required, including any significant judgement and estimation made. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the Group's financial statements in the period of initial application as management has yet to complete its detailed assessment. Management does not plan to early adopt the new IFRS 15.

IFRS 9 Financial Instruments

IFRS 9 which replaces IAS 39, includes guidance on (i) the classification and measurement of financial assets and financial liabilities; (ii) impairment requirements for financial assets; and (iii) general hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in IFRS 9 are based on an expected credit loss model and replace IAS 39 incurred loss model. The standard is effective for annual periods beginning on or after 1 January 2018. The Group will reassess the potential impact of IFRS 9 and plans to adopt the standard on the required effective date.

IFRS 16 Leases

IFRS 16 replaces the existing IAS 17: Leases. It reforms lessee accounting by introducing a single lessee accounting model. Lessees are required to recognise all leases on their balance sheets to reflect their rights to use leased assets (a "right-of-use" asset) and the associated obligations for lease payments (a lease liability), with limited exemptions for short term leases (less than 12 months) and leases of low value items. The accounting for lessors will not change significantly.

The standard is effective for annual periods beginning on or after 1 January 2019. The Group will assess the potential impact of IFRS 16 and plans to adopt the standard on the required effective date.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods, net of goods and services tax, rebates and discounts, and after eliminating sales within the Group. Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow to the entity, and the amount of revenue and related cost can be reliably measured.

Sale of goods

Revenue from the sale of goods is recognised when a Group entity has delivered the products to the customer and significant risks and rewards of ownership of the goods have been passed to the customer.

Interest income

Interest income is recognised on a time proportion basis using the effective interest method.

2.4 Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

In the Company's balance sheet, investment in subsidiaries is accounted for at cost less accumulated impairment losses, if any. On disposal of the investment, the difference between disposal proceed and the carrying amount of the investment is recognised in profit or loss.

2.5 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. Subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

Intragroup balances and transactions, including income, expenses and dividends, are eliminated in full. Profits and losses resulting from intragroup transactions that are recognised in assets, such as inventory and property, plant and equipment, are eliminated in full.

Business combinations are accounted for using the acquisition method. The consideration transferred for the acquisition comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are recognised as expenses as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Any excess of the fair value of the consideration transferred in the business combination, the amount of any non-controlling interest in the acquiree (if any) and the fair value of the Group's previously held equity interest in the acquiree (if any), over the fair value of the net identifiable assets acquired is recorded as goodwill. Goodwill is accounted for in accordance with the accounting policy for goodwill stated in Note 2.6(a). In instances where the latter amount exceeds the former and the measurement of all amounts has been reviewed, the excess is recognised as gain on bargain purchase in profit or loss on the date of acquisition.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Basis of consolidation (cont'd)

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated balance sheet. Total comprehensive income is attributed to the non-controlling interest based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

For non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, the Group elects on an acquisition-by-acquisition basis whether to measure them at fair value, or at the non-controlling interests' proportionate share of the acquiree's net identifiable assets, at the acquisition date. All other non-controlling interests are measured at acquisition-date fair value or, when applicable, on the basis specified in another standard.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

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

When a change in the Company's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill, non-controlling interest and other components of equity related to the subsidiary are derecognised. Amounts recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to accumulated profits if required by a specific IFRS.

Any retained equity interest in the previous subsidiary is remeasured at fair value at the date that control is lost. The difference between the carrying amount of the retained interest at the date control is lost, and its fair value is recognised in profit or loss.

Consolidation of the subsidiary companies in the People's Republic of China ("PRC") are based on the subsidiary companies' financial statements prepared in accordance with IFRS. Profits reflected in the financial statements prepared in accordance with IFRS may differ from those reflected in the PRC statutory financial statements of the subsidiary companies, prepared for PRC reporting purposes. In accordance with the relevant laws and regulations, profits available for distribution by the PRC subsidiary companies are based on the amounts stated in the PRC statutory financial statements.

2.6 Intangible assets

(a) Goodwill

Goodwill is initially measured at cost and is subsequently measured at cost less any accumulated impairment losses.

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units ("CGU") expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 Intangible assets (cont'd)

(b) Other intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost are recognised separately from goodwill and are initially measured at their fair values as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets are not capitalised and the expenditure is charged to profit or loss in the financial year in which the expenditure is incurred.

Intangible assets with finite lives are amortised on a straight line basis over their estimated useful lives. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible asset with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost of disposal and the value in use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

The estimated useful lives are as follows:

	Years
Software	5
Patent	10
Customer relationship	5

2.7 Property, plant and equipment

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and any impairment in value.

The cost of property, plant and equipment initially recognised includes its purchase price, and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the assets.

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Property, plant and equipment (cont'd)

Construction in progress is stated at cost less impairment losses. The cost comprises direct costs of materials and the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located during the periods of construction and installation. Capitalisation of these costs ceases and the construction in progress is transferred to property, plant and equipment when the asset is substantially ready for its intended use. No depreciation is provided in respect of construction in progress until it is completed and ready for its intended use.

On disposal of a property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to profit or loss.

Depreciation is calculated on a straight-line basis to write off the depreciable amount of property, plant and equipment over their expected useful lives. The estimated useful lives are as follows:

Buildings	5%
Plant and machinery	10%
Leasehold improvements	20%
Furniture, fixtures and office equipment	20% - 33%
Motor vehicles	25% - 30%

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

Fully depreciated assets are retained in the financial statements until they are no longer in use.

2.8 Land use rights

Land use rights are initially recognised at cost and subsequently carried at cost less accumulated amortisation and accumulated impairment losses. Land use rights are amortised on a straight line basis over the remaining years of rights allocated to use the land of 50 years.

The amortisation period and amortisation method are reviewed at the end of each balance sheet date.

2.9 Impairment of non-financial assets excluding goodwill

At each reporting period, the Group assesses the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 Impairment of non-financial assets excluding goodwill (cont'd)

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A previously recognised impairment loss for an asset other than goodwill is only reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. A reversal of an impairment loss is recognised immediately in profit or loss.

2.10 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads based on normal operating capacity but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

2.11 Leases

When a Group entity is the lessee:

Operating leases

Leases where a significant portion of the risks and rewards incidental to ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are taken to profit or loss on a straight-line basis over the period of the lease. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

When an operating lease is terminated before the lease period expires, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

2.12 Income taxes

Income tax on the profit or loss for the financial year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to items recognised outside profit or loss, either in other comprehensive income or directly in equity in which the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity respectively).

Current tax is the expected tax payable or recoverable on the taxable income for the current year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable or recoverable in respect of previous years.

Deferred income tax is provided using the liability method, on all temporary differences at the balance sheet date arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except where the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination, and at the time of the transaction, affects neither the accounting nor taxable profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 Income taxes (cont'd)

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the financial year when the asset is realised or the liability is settled, based on currently enacted or substantively enacted tax rates at the balance sheet date.

2.13 Financial assets

(i) Classification

The Group classifies its financial assets in the following categories: loans and receivables and available-for-sale. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except those maturing later than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are presented as "trade receivables", "deposits and other receivables", "amounts due from subsidiaries" and "cash and bank balances" on the balance sheet.

Financial assets, available-for-sale

Financial assets, available-for-sale include equity securities that are non-derivatives and are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the assets within 12 months after the balance sheet date.

(ii) Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date - the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the net sale proceeds and its carrying amount is recognised in profit or loss.

(iii) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Financial assets (cont'd)

(iv) Subsequent measurement

Available-for-sale investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measurable, are measured at cost less impairment loss. Loans and receivables are carried at amortised cost using the effective interest method, less impairment.

Interest and dividend income on available-for-sale financial assets are recognised separately in profit or loss.

(v) Impairment

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account, and the amount of the loss is recognised in profit or loss. The allowance amount is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

If in subsequent periods, the impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversed date.

Financial assets, available-for-sale

For available-for-sale financial assets carried at cost, the amount of impairment loss is measured as the differences between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. The amount of impairment loss is recognised in profit or loss and such losses are not reversed in subsequent periods.

2.14 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and deposits with financial institutions which are subject to insignificant risk of change in value and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value and excludes pledged bank deposits.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.15 Financial liabilities

Financial liabilities include "trade and other payables" (excluding receipt in advance and withholding tax on dividend declared), "short term loans" and "amounts due to subsidiaries". Financial liabilities are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. Financial liabilities are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

A financial liability is derecognised when the obligation under the liability is extinguished. Gains and losses are recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

2.16 Share capital

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share premium.

2.17 Provisions for other liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past event, and it is probable that an outflow of economic resources will be required to settle that obligation and the amount can be estimated reliably. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the balance sheet date. Where the effect of the time value of money is material, the amount of the provision shall be discounted to present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and risks specific to the obligation.

When discounting is used, the increase in the provision due to passage of time is recognised as a finance cost in profit or loss.

2.18 Borrowing costs

Borrowing costs, which comprise interest and other costs incurred in connection with the borrowing of funds, are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the asset is substantially completed for its intended use or sale. All other borrowing costs are recognised in the profit or loss using the effective interest method.

2.19 Employee benefits

Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. Contributions to national pension schemes are recognised as an expense in the period in which the related service is performed.

Such state-managed retirement benefit schemes are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.20 Foreign currencies

(a) *Functional and presentation currency*

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Company's functional currency is Renminbi due to its financial reliance on the operation of its subsidiaries in the People's Republic of China. The financial statements of the Group and the Company are presented in Hong Kong dollar.

(b) *Transactions and balances*

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except for currency translation differences on net investment in foreign operations and borrowings and other currency instruments qualifying as net investment hedges for foreign operations, which are included in the currency translation reserve within equity in the consolidated financial statements. The currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

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

(c) *Translation of Group entities' financial statements*

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the Group's presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities are translated at the closing rates at the balance sheet date;
(ii) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and
(iii) All resulting exchange differences are recognised in the currency translation reserve within equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are taken to the currency translation reserve.

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

On disposal of a foreign group entity, the cumulative amount of the currency translation reserve relating to that particular foreign entity is reclassified from equity and recognised in profit or loss when the gain or loss on disposal is recognised.

2.21 Dividends

Interim dividends are recorded during the financial year in which they are declared payable.

Final dividends are recorded in the financial statements in the period in which they are approved by the Company's shareholders.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.22 Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the balance sheet and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Where the grant relates to an expense item, it is recognised in profit or loss over the period necessary to match them on a systematic basis to the costs that it is intended to compensate.

2.23 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with other components of the Group. Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker for making decisions about allocating resources and assessing performance of the operating segments.

3 CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Critical judgements in applying the entity's accounting policies

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the balance sheet date.

In the process of applying the Group's accounting policies, which are described in Note 2, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements.

Functional currency

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the entities in the Group, judgement is required by management to determine the primary economic environment in which the entities operate, the entities' process of determining sales prices and the currency of the country whose competitive forces and regulations mainly influences the prices of its goods and services. Management has assessed that prices of the significant entity within the Group are mainly denominated and settled in Renminbi. In addition, the Company's functional currency is determined to be Renminbi due to its financial reliance on the operation of its subsidiaries in the People's Republic of China. Therefore, management concluded that the functional currency of the Company is Renminbi.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

i) Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Goodwill and other indefinite life intangibles are tested for impairment annually and at other times when such indicators exist. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2017

3 CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

Key sources of estimation uncertainty (cont'd)

i) Impairment of non-financial assets (cont'd)

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. Further details of the key assumptions applied in the impairment assessment of goodwill and other intangible assets and the carrying amount of the goodwill and other intangible assets, are disclosed in Note 14 to the financial statements.

ii) Impairment of trade receivables

The Group assesses at end of each reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's trade receivables at the balance sheet date is disclosed in Note 18 to the financial statements. If the present value of estimated future cash flows differ from management's estimates, the Group's allowance for impairment for trade receivables and the trade receivables balance at the balance sheet date will be affected accordingly.

4 REVENUE AND SEGMENT REPORTING

	Group	
	2017	2016
	HK$'000	HK$'000
Sale of nutrition, health food and related health products	**79,053**	83,521

(a) Segment results, assets and liabilities

The Group manages its business by divisions, which are organised by business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment. The Group has presented the following three reportable segments.

Internet management:	The provision of technical support services relating to internet and web-TV business.
Investment holding:	The management of the Group's available-for-sale investments, financial instruments and other treasury operations.
Nutrition, health food and related health products:	Manufacturing and trading of nutrition, health food and related health products.

During the previous financial year, the Group classified a subsidiary under 'others' segment, which represented entities with no significant activities. During the current financial year, the Group modified the classification to 'investment holding' segment to reflect more appropriately the nature of business of the subsidiary. This resulted in a reduction in the number of reportable segments from four to three in the current financial year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

4 REVENUE AND SEGMENT REPORTING (CONT'D)

(a) Segment results, assets and liabilities (cont'd)

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

- Segment assets include all current and non-current assets. Segment liabilities include all liabilities with the exception of corporate liabilities which consists of short term loans and tax payable.

- Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

- The Group's senior executive management assesses the performance of the operating segments based on a measure of earnings before interest and income tax.

There were no inter-segments trade transactions during the financial years ended 31 March 2017 and 31 March 2016.

Information regarding the Group's reportable segments as provided to the Group's senior executive management for the purposes of resource allocation and assessment of segment performance for the financial years ended 31 March 2017 and 31 March 2016 is set out below:

	Internet management HK$'000	Investment holding HK$'000	Nutrition, health food and related health products HK$'000	Total HK$'000
2017				
Reportable segment revenue from external customers	–	–	79,053	**79,053**
Segment results	250	(5,004)	8,550	**3,796**
Interest income				**468**
Finance costs				**(1,146)**
Profit before tax				**3,118**
Tax expenses				**(1,591)**
Profit for the financial year				**1,527**
Assets				
Segment assets	3,538	1,069	168,941	**173,548**
Liabilities				
Segment liabilities	4,036	10,361	9,194	**23,591**
Unallocated liabilities				**14,862**
				38,453
Other segment information				
Depreciation and amortisation	17	62	7,954	**8,033**
Impairment loss on trade receivables	–	–	147	**147**
Reversal of inventories previously written down	–	–	(173)	**(173)**
Capital expenditure	410	138	1,480	**2,028**

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2017

4 REVENUE AND SEGMENT REPORTING (CONT'D)

(a) Segment results, assets and liabilities (cont'd)

	Internet management	Investment holding	Nutrition, health food and related health products	Total
	HK$'000	HK$'000	HK$'000	HK$'000
2016 (Restated)				
Reportable segment revenue from external customers	–	–	83,521	83,521
Segment results	(451)	(5,087)	9,698	4,160
Interest income				249
Finance costs				(1,520)
Profit before tax				2,889
Tax expenses				(2,447)
Profit for the financial year				442
Assets				
Segment assets	3,302	72,586	180,176	256,064
Liabilities				
Segment liabilities	3,809	5,186	86,500	95,495
Unallocated liabilities				21,754
				117,249
Other segment information				
Depreciation and amortisation	41	–	7,559	7,600
Impairment loss on trade receivables	–	–	5,939	5,939
Write down of inventories	–	–	184	184
Capital expenditure	–	–	1,812	1,812

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2017

4 REVENUE AND SEGMENT REPORTING (CONT'D)

(b) Geographic information

The Group's operations are substantially located in the PRC and substantially all of the Group's non-current assets are located in the PRC. The Group's revenue from external customers are generated from the PRC.

(c) Information about major customers

Revenue of approximately HK$46,590,000 (2016: HK$54,224,000) are derived from 2 (2016: 3) major external customers who individually contributed ten percent or more of the Group's revenue (attributable to nutrition, health food and related health products segment) and are tabled below:

	Group	
	2017	2016
	HK$'000	HK$'000
Customer 1	**34,426**	20,831
Customer 2	**12,164**	16,031
Customer 3	**–**	17,362
	46,590	54,224

5 OTHER INCOME

	Group	
	2017	2016
	HK$'000	HK$'000
Interest income	**468**	249
Foreign exchange gain	**494**	–
Government subsidies	**92**	250
Others	**–**	150
	1,054	649

6 FINANCE COSTS

	Group	
	2017	2016
	HK$'000	HK$'000
Interest expense on short term loans	**1,144**	1,520
Others	**2**	–
	1,146	1,520

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2017

7 PROFIT BEFORE TAX

	Group	
	2017	2016
	HK$'000	HK$'000
Profit before tax is arrived at after charging/(crediting):		
Advertising and promotion fees	**5,324**	5,818
Auditors' remuneration paid/payable to:		
- auditor of the Company	**384**	369
- other auditors*	**680**	650
Non-audit fee paid/payable to auditor of the Company	**–**	–
Amortisation of intangible assets	**3,455**	3,495
Amortisation of land use rights	**133**	141
Depreciation of property, plant and equipment	**4,445**	3,964
Foreign exchange loss	**–**	501
Impairment losses on trade receivables	**147**	5,939
Rental expenses	**532**	160
Research and development expenses	**4,875**	4,865
Staff costs (Note 8)	**15,742**	15,857
(Reversal of inventories previously written down)/write down of inventories	**(173)**	184

* Includes independent member firms of the Baker Tilly International network.

8 STAFF COSTS

	Group	
	2017	2016
	HK$'000	HK$'000
Key management personnel		
Directors of the Company:		
- Directors' fees	**439**	449
Directors of the subsidiary companies:		
- Directors' remuneration and related costs	**404**	1,005
- Defined contribution benefits	**36**	27
Others:		
- Salaries	**280**	–
	1,159	1,481
Other personnel		
- Salaries and related costs	**13,433**	13,265
- Defined contribution benefits	**1,150**	1,111
	14,583	14,376
	15,742	15,857

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2017

8 STAFF COSTS (CONT'D)

	Group	
	2017	2016
	HK$'000	HK$'000
Staff costs recognised in line items of profit or loss:		
- Cost of sales	**3,412**	2,869
- Administrative expenses	**6,520**	6,951
- Distribution expenses	**5,810**	6,037
	15,742	15,857

9 TAX EXPENSE

	Group	
	2017	2016
	HK$'000	HK$'000
Tax expense attributable to profit is made up of:		
- Current income tax provision	**1,781**	2,662
- Over provision of current income tax in respect of previous financial years	**(190)**	(215)
	1,591	2,447

(a) Pursuant to the rules and regulations of Bermuda and British Virgin Islands ("BVI"), the companies incorporated in Bermuda and BVI are not subject to any income tax in Bermuda and BVI.

(b) The tax expense on the results of the financial year differs from the amount of income tax determined by applying the domestic rates applicable to profit in the countries where the Group entities operate due to the following factors:

	Group	
	2017	2016
	HK$'000	HK$'000
Profit before tax	**3,118**	2,889
Notional tax expense on profit before tax, calculated at the rates applicable in the tax jurisdictions concerned	**1,492**	1,420
Income not subject to tax	**(376)**	(369)
Expenses not deductible for tax purpose	**257**	347
Deferred tax assets not recognised	**463**	1,268
Over provision of current income tax in respect of previous financial years	**(190)**	(215)
Others	**(55)**	(4)
	1,591	2,447

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

9 TAX EXPENSE (CONT'D)

(b) The tax expense on the results of the financial year differs from the amount of income tax determined by applying the domestic rates applicable to profit in the countries where the Group entities operate due to the following factors: (cont'd)

As at 31 March 2017, the Group has not recognised deferred tax assets in respect of tax losses of HK$54,267,000 (2016: HK$55,657,000) and other deductible temporary differences of HK$7,798,000 (2016: HK$6,580,000) as it is uncertain that future taxable profits will be available against which the Group can utilise the benefits. The tax losses has no expiry date except for an amount of HK$11,965,000 (2016: HK$13,639,000) that can be carried forward up to five years from balance sheet date.

At the balance sheet date, the aggregate amount of temporary differences associated with undistributed earnings of a subsidiary for which deferred tax liabilities have not been recognised is HK$5,892,000 (2016: HK$4,886,000). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

10 EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

The calculation of the basic earnings/(loss) per share attributable to equity holders of the Company is based on the following data:

	Group	
	2017	2016
Net profit/(loss) attributable to equity holders of the Company (HK$'000)	**1,356**	(2,331)
Weighted average number of ordinary shares outstanding for basic earnings/(loss) per share ('000)	**64,281**	59,679
Basic earnings/(loss) per share (cents per share)	**2.11**	(3.91)

(b) Diluted earnings/(loss) per share

Diluted earnings/(loss) per share is same as basic earnings/(loss) per share as there were no potential dilutive ordinary shares for the financial years ended 31 March 2017 and 31 March 2016.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

11 SUBSIDIARIES

	Company	
	2017	2016
	HK$'000	HK$'000
Investment in subsidiaries		
Unlisted equity shares, at cost	**129,342**	65,209
Amounts due from subsidiaries		
Gross amounts	**390,000**	390,000
Less: Allowance for impairment losses	**(353,918)**	(353,918)
	36,082	36,082
Amounts due to subsidiaries	**76,839**	2,835

The amounts due from/(to) subsidiaries are non-trade in nature, unsecured, interest free and repayable on demand.

Movements in allowance for impairment loss in respect of the amounts due from subsidiaries during the financial year are as follows:

	Company	
	2017	2016
	HK$'000	HK$'000
At 1 April	**353,918**	352,788
Allowance made	**–**	1,130
At 31 March	**353,918**	353,918

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2017

11 SUBSIDIARIES (CONT'D)

In the previous financial year ended 31 March 2016, a net impairment loss of HK$1,130,000 was recognised to write down the amounts due from subsidiaries to their recoverable amounts.

(a) Details of subsidiaries held by the Company are as follows:

Name of subsidiary	Country of incorporation	Particulars of issued and paid up capital	Principal activities	Effective equity interest held 2017 %	Effective equity interest held 2016 %
Held by the Company					
NutryFarm Biomedicine International Limited (iv)	BVI	10,000 ordinary shares of US$1	Investment holding	**100**	55
LottVision Holdings Limited (i)	BVI	1 ordinary share of US$1	Investment holding	**100**	100
Held by subsidiaries					
Le Dream Land Limited (i)	BVI	1 ordinary share of US$1	Investment holding	**100**	100
LottVision GTech Management Limited (i)	BVI	1 ordinary share of US$1	Investment holding	**100**	100
LottVision (Hong Kong) Limited (iii)	Hong Kong	1 ordinary share of HK$1	Investment holding	**100**	100
LottVision Investments Holdings Limited (i)	BVI	1 ordinary share of US$1	Investment holding	**100**	100
LottVision Internet Management Limited (i)	BVI	100 ordinary shares of US$1	Development and sale of digital video surveillance products and solutions	**100**	100
WiVision Network Digital Video Technology (Beijing) Co., Limited (v)	The PRC	Registered capital of HK$15,000,000	Provision of internet related support services	**100**	100
NutryFarm (Chengdu) Biomedicine Limited (iv)	The PRC	Registered capital of US$1,500,000	Research and development, production of health food, sale of self-produced products and provision of related technical services	**100**	55

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2017

11 SUBSIDIARIES (CONT'D)

(a) Details of subsidiaries held by the Company are as follows: (cont'd)

Notes:

(i) The financial statements of these entities are not required to be audited under the laws of the BVI, the country of incorporation.

(ii) Audited by Baker Tilly TFW LLP, Singapore for subsidiaries mentioned in (i) for the purpose of preparation of financial statements of the Group.

(iii) Audited by Baker Tilly Hong Kong Limited.

(iv) Audited by Baker Tilly Hong Kong Limited for the purpose of preparation of financial statements of the Group.

(v) Audited by Baker Tilly TFW LLP, Singapore for the purpose of preparation of financial statements of the Group.

In accordance to Rule 716 of The Singapore Exchange Securities Trading Limited - Listing Rules, the Audit Committee and Board of Directors of the Company confirmed that they are satisfied that the appointment of different auditors for its subsidiaries would not compromise the standard and effectiveness of the audit of the Group.

(b) Significant restrictions

Cash and cash equivalents of HK$24,996,000 (2016: HK$18,467,000) are held in the People's Republic of China and are subject to local exchange control regulations. These regulations place restrictions on the amount of currency being exported from the country, other than through dividends.

(c) Acquisition of non-controlling interest without a change in control

On 30 June 2016, the Company acquired an additional 45% equity interest in NutryFarm Biomedicine International Limited and its subsidiary ("NFB and its subsidiary") from its non-controlling shareholder for a cash consideration of HK$70,577,000. As a result of this acquisition, NFB and its subsidiary is now 100% held by the Group. The carrying value of the net assets of NFB and its subsidiary at 30 June 2016 was HK$70,880,000 (inclusive dividend payable) and the carrying value of the additional interest acquired was HK$33,704,000. The difference of HK$36,326,000 between the consideration and the carrying value of the additional interest acquired has been recognised within equity as discount from acquisition of non-controlling interest.

The following summarises the effect of the change in the Group ownership interest in NFB and its subsidiary on the equity attributable to equity holders of the Company.

	Group HK$'000
Consideration paid for acquisition of non-controlling interest	70,577
Dividend payable waived by non-controlling shareholder	(73,199)
Carrying amount of non-controlling interest acquired	(33,704)
Increase in equity attributable to equity holders of the Company	(36,326)

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2017

12 OTHER INVESTMENTS

	Group	
	2017	2016
	HK$'000	HK$'000
Available-for-sale equity securities		
- Unlisted equity securities, at cost	**45,505**	45,505
Less: Allowance for impairment losses	**(45,505)**	(45,505)
	–	–

At the balance sheet date, unlisted equity securities have been fully impaired.

13 PROPERTY, PLANT AND EQUIPMENT

	Buildings	Plant and machinery	Leasehold improvements	Furniture, fixtures and office equipment	Motor vehicles	Construction in progress	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Group - 2017							
Cost							
At 1 April 2016	41,674	10,272	1,583	4,151	2,676	96	60,452
Additions	–	940	114	188	410	–	1,652
Currency translation differences	(2,504)	(629)	(73)	(227)	(99)	–	(3,532)
At 31 March 2017	**39,170**	**10,583**	**1,624**	**4,112**	**2,987**	**96**	**58,572**
Accumulated depreciation and impairment losses							
At 1 April 2016	6,660	3,376	1,583	3,973	1,925	–	17,517
Charge for the financial year	2,709	1,143	57	206	330	–	4,445
Currency translation differences	(453)	(221)	(73)	(227)	(57)	–	(1,031)
At 31 March 2017	**8,916**	**4,298**	**1,567**	**3,952**	**2,198**	**–**	**20,931**
Net carrying value							
31 March 2017	**30,254**	**6,285**	**57**	**160**	**789**	**96**	**37,641**

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2017

13 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Buildings	Plant and machinery	Leasehold improvements	Furniture, fixtures and office equipment	Motor vehicles	Construction in progress	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Group - 2016							
Cost							
At 1 April 2015	43,589	10,571	1,661	4,181	2,155	125	62,282
Additions	689	333	–	199	591	–	1,812
Transfer from construction in progress	27	–	–	–	–	(27)	–
Currency translation differences	(2,631)	(632)	(78)	(229)	(70)	(2)	(3,642)
At 31 March 2016	41,674	10,272	1,583	4,151	2,676	96	60,452
Accumulated depreciation and impairment losses							
At 1 April 2015	4,837	2,449	1,661	3,924	1,535	–	14,406
Charge for the financial year	2,145	1,089	–	295	435	–	3,964
Currency translation differences	(322)	(162)	(78)	(246)	(45)	–	(853)
At 31 March 2016	6,660	3,376	1,583	3,973	1,925	–	17,517
Net carrying value							
31 March 2016	35,014	6,896	–	178	751	96	42,935

At 31 March 2017, buildings of the Group with net carrying value of HK$18,580,000 (2016: HK$20,958,000) are secured for short term loans (Note 21).

14 INTANGIBLE ASSETS

	Group	
	2017	2016
	HK$'000	HK$'000
Goodwill arising on business combination	41,069	42,252
Other intangible assets	1,172	4,323
	42,241	46,575

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

14 INTANGIBLE ASSETS (CONT'D)

(a) Goodwill arising on business combination

	Group	
	2017	2016
	HK$'000	HK$'000
Cost and carrying value		
At 1 April	**42,252**	45,042
Currency translation differences	**(1,183)**	(2,790)
At 31 March	**41,069**	42,252

Goodwill acquired in a business combination is allocated to the cash generating units ("CGU") that are expected to benefit from that business combination. The carrying amount of goodwill has been allocated to a CGU, being nutrition, health food and related health products segment.

Key assumptions used in value in use calculation

The recoverable amount of the CGU is determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rate and growth rate during the period. Management estimates discount rate using pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the CGU. The growth rate is based on budgeted growth.

The Group's value in use calculations used cash flow forecasts derived from the most recent financial budgets approved by management covering a five-year period using estimated average annual growth rate of 6% (2016: 7.5%). Cash flows beyond the five-year period were extrapolated using estimated average annual growth rate of Nil (2016: 3%).

The pre-tax discount rate applied to forecast cash flows is 18% (2016: 19%).

Sensitivity to changes in assumptions

With regards to the assessment of value in use, management believes that reasonably possible changes in any of the above key assumptions would not cause the recoverable amount to be materially lower than the carrying value of the CGU.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2017

14 INTANGIBLE ASSETS (CONT'D)

(b) Other intangible assets

	Software HK$'000	Patent HK$'000	Customer relationship HK$'000	Total HK$'000
Group				
Cost				
At 1 April 2015	2,455	1,220	16,756	20,431
Additions	–	328	–	328
Currency translation differences	–	(79)	–	(79)
At 31 March 2016	2,455	1,469	16,756	20,680
Additions	–	376	–	376
Currency translation differences	–	(96)	–	(96)
At 31 March 2017	**2,455**	**1,749**	**16,756**	**20,960**
Accumulated amortisation and impairment losses				
At 1 April 2015	2,455	214	10,209	12,878
Charge for the financial year	–	144	3,351	3,495
Currency translation differences	–	(16)	–	(16)
At 31 March 2016	2,455	342	13,560	16,357
Charge for the financial year	–	259	3,196	3,455
Currency translation differences	–	(24)	–	(24)
At 31 March 2017	**2,455**	**577**	**16,756**	**19,788**
Net carrying value				
At 31 March 2017	**–**	**1,172**	**–**	**1,172**
At 31 March 2016	–	1,127	3,196	4,323

The amortisation charge for the financial year is included in "administrative expenses" in the consolidated statement of profit or loss and other comprehensive income.

Customer relationship arose from acquisition of NutryFarm Biomedicine International Limited and its subsidiary during the financial year ended 31 March 2013.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

15 NON-CURRENT PREPAYMENTS

At the balance sheet date, non-current prepayments relate to amounts paid to third party vendors for purchase of intangible assets - patent.

16 LAND USE RIGHTS

	Group	
	2017	2016
	HK$'000	HK$'000
Cost		
At 1 April	**6,641**	7,029
Currency translation differences	**(365)**	(388)
At 31 March	**6,276**	6,641
Accumulated amortisation		
At 1 April	**496**	378
Charge for the financial year	**133**	141
Currency translation differences	**(30)**	(23)
At 31 March	**599**	496
Net carrying value		
At 31 March	**5,677**	6,145
Amount to be amortised:		
- Not later than one financial year	**131**	138
- Between two and five financial years	**522**	552
- Later than five financial years	**5,024**	5,455
	5,677	6,145

Land use rights represent the rights to use a piece of land which is located in the PRC, and is valid for a period of 50 years from respective dates of grant and will be expiring in 2060.

At 31 March 2017, the land use rights of the Group with a net carrying value of HK$5,677,000 (2016: HK$6,145,000) is secured for short term loans (Note 21).

Location	**Description and tenure**	**Gross land area (sqm)**	**Gross built-in area (sqm)**	**Use of property**
彭州市业开发区 PY2010-12-2457 (Pharmaceutical Park, Industrial Development Zone, Pengzhou, Chengdu, Sichuan Province)	Valid for a period of 50 years from respective dates of grant and will be expiring in 2060	34,165.33	9,175.07	Industrial

NOTES TO THE FINANCIAL STATEMENTS
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17 INVENTORIES

	Group	
	2017	2016
	HK$'000	HK$'000
Raw materials	**8,490**	13,409
Work in progress	**302**	842
Finished goods	**3,477**	7,804
	12,269	22,055

During the financial year, raw materials, consumables and changes in finished goods and work in progress included as cost of sales amounted to HK$28,349,000 (2016: HK$25,763,000).

In 2017, the Group had recognised a reversal of HK$173,000 being part of inventories written down in 2016, as the inventories were sold above the carrying amounts in 2017. The reversal was included in cost of sales.

18 TRADE RECEIVABLES

	Group	
	2017	2016
	HK$'000	HK$'000
Amounts due from third parties	**44,399**	45,933
Less: Allowance for impairment losses	**(6,658)**	(6,864)
	37,741	39,069

The movements in the allowance for impairment of trade receivables are as follows:

	Group	
	2017	2016
	HK$'000	HK$'000
At 1 April	**6,864**	1,025
Allowance made	**147**	5,939
Currency translation differences	**(353)**	(100)
At 31 March	**6,658**	6,864

19 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Group		Company	
	2017	2016	**2017**	2016
	HK$'000	HK$'000	**HK$'000**	HK$'000
Deposits	**302**	680	**–**	–
Prepayments	**580**	610	**117**	–
Advances to third parties	**9,169**	77,046	**–**	–
Other receivables	**1,136**	1,191	**9**	–
	11,187	79,527	**126**	–

NOTES TO THE FINANCIAL STATEMENTS
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19 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (CONT'D)

Included in advances to third parties is an amount of HK$5,299,000 (2016: HK$Nil) loan given to an independent business partner of a subsidiary and an amount of HK$Nil (2016: HK$72,389,000) paid to a vendor representing advance payment to non-controlling interest for proposed acquisition of remaining interest in a subsidiary. Advances to third parties are unsecured, interest free and repayable on demand except for an amount of HK$5,299,000 that is repayable on 25 May 2017.

20 TRADE AND OTHER PAYABLES

	Group		Company	
	2017	2016	**2017**	2016
	HK$'000	HK$'000	**HK$'000**	HK$'000
Current				
Trade payables	**5,827**	6,841	**–**	–
Other payables and accruals	**8,228**	8,895	**1,984**	2,832
Directors' fees payable	**1,752**	1,474	**1,752**	1,474
Amount due to Director of the Company	**3,681**	150	**1,183**	–
Amount due to Director of a subsidiary	**1,505**	729	**–**	–
Receipt in advance	**1,188**	2,328	**–**	–
Advances received from a third party	**1,410**	–	**–**	–
Withholding tax on dividend declared	**–**	7,467	**–**	–
	23,591	27,884	**4,919**	4,306
Non-current				
Dividend payable	**–**	67,611	**–**	–

The amount due to Director of the Company, amount due to Director of a subsidiary and advances received from a third party are unsecured, interest free and repayable on demand.

Dividend payable to non-controlling shareholder of a subsidiary was unsecured, interest free and had no fixed term of repayment. The non-controlling shareholder of a subsidiary had agreed not to demand repayment within 10 years from date of acquisition of subsidiary in 2012. During the financial year, as part of the acquisition of the remaining 45% interest in a subsidiary, the non-controlling shareholder agreed to waive the dividend payable (Note 11).

21 SHORT TERM LOANS

The short term loans bear interests at floating rate ranging from 5.2% to 6.4% (2016: 5.2% to 7.6%) per annum.

As at 31 March 2017, the short term loans of the Group were secured by:

(i) the Group's buildings and land use rights of net carrying value HK$18,580,000 (2016: HK$20,958,000) (Note 13) and HK$5,677,000 (2016: HK$6,145,000) (Note 16) respectively; and

(ii) the personal guarantees provided by one Director of a subsidiary.

NOTES TO THE FINANCIAL STATEMENTS
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22 EQUITY COMPENSATION BENEFITS

LottVision Incentive Share Scheme

Pursuant to a resolution of shareholders on 29 July 2009, an employee incentive scheme (the "LottVision Incentive Share Scheme") was adopted for a term of 10 years. The purpose of this scheme is to provide incentives to employees of the Group and Executive and Non-Executive Directors to excel in their performance as well as to enhance their loyalty and dedication to the Group.

The LottVision Incentive Share Scheme is administered by the Remuneration Committee or such other committee comprising the Directors appointed by the Board of Directors (the "Incentive Committee"). Under the LottVision Incentive Share Scheme, the Incentive Committee may grant awards of shares in the Company to the employees of the Group and Executive and Non-Executive Directors, who are not the controlling shareholders of the Company or their associates, as the Incentive Committee may select, in its absolute discretion, which shall take into account the rank, job performance, level of responsibility, year of services and such other criteria as the Incentive Committee may consider appropriate. The selected employees are not required to pay for the grant of award of the shares.

The total number of shares issued and to be issued in respect of the awards granted under the LottVision Incentive Share Scheme and in respect of the options under the LottVision Share Option Scheme shall not, in aggregate, exceed 15% of the issued share capital of the Company on the date preceding the date of the relevant grant.

During the financial years ended 31 March 2017 and 31 March 2016, no award of shares were granted.

23 SHARE CAPITAL

Authorised and issued share capital

	Group and Company			
	2017		2016	
	Number of shares	**Par value**	Number of shares	Par value
		HK$'000		HK$'000
Authorised:				
Ordinary shares of HK$0.10 (2016: HK$0.10)				
At 1 April	**1,750,000,000**	**175,000**	2,500,000,000	175,000
Capital reorganisation	**–**	**–**	(2,437,500,000)	(168,750)
Increase in authorised share capital	**–**	**–**	1,687,500,000	168,750
At 31 March	**1,750,000,000**	**175,000**	1,750,000,000	175,000
Issued:				
At 1 April	**64,281,402**	**6,428**	1,771,256,080	123,988
Capital reorganisation	**–**	**–**	(1,726,974,678)	(119,560)
Share issue	**–**	**–**	20,000,000	2,000
At 31 March	**64,281,402**	**6,428**	64,281,402	6,428

On 17 June 2015, the Company consolidated every forty issued and unissued shares of par value HK$0.07 each into one consolidated share of par value HK$2.80. As a result, the Company has 44,281,402 shares after the consolidation. Both par value of issued and unissued authorised consolidated shares were reduced from HK$2.80 each to HK$0.10 each.

During the previous financial year, the authorised share capital of the Company was increased by the creation of 1,687,500,000 shares. 20,000,000 new ordinary shares of the Company were issued at a price of S$0.32 (equivalent to HK$1.74) per ordinary share by way of placement. As at 31 March 2016, 20,000,000 of the new shares have been fully paid up. As a result, the Company has 64,281,402 shares after the share placement exercise. The newly issued shares rank pari passu in all respects with the previously issued shares.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

24 OTHER RESERVES

	Group		Company	
	2017	2016	**2017**	2016
	HK$'000	HK$'000	**HK$'000**	HK$'000
Other reserve comprise:				
Share premium (Restated)	**300,996**	300,996	**300,996**	300,996
Contributed surplus reserve (Restated)	**119,560**	119,560	**119,560**	119,560
Currency translation reserve	**(12,300)**	(4,431)	**(7,669)**	(1,225)
	408,256	416,125	**412,887**	419,331

(i) Share premium

The application of the share premium is governed by Section 40 of the Bermuda Companies Act 1981.

(ii) Contributed surplus reserve

On 17 June 2015, the reduction in par value of the issued consolidated shares from HK$2.80 each to HK$0.10 each did not result in any return of capital to shareholders. The credit amount arising from the issued share capital reduction was transferred to contributed surplus reserve.

During the previous financial year, the Group classified the credit amount arising from the issued share capital reduction as 'share premium'. During the current financial year, the Group modified the classification to 'contributed surplus reserve' to reflect more appropriately the nature of the amount.

Comparative amounts in the consolidated statement of changes in equity and statement of changes in equity for the previous financial year ended 2016 were reclassified for consistency. The reclassifications are as follows:

	Group and Company		
	As previously reported	**Amount reclassified**	**As classified**
	HK$'000	**HK$'000**	**HK$'000**
Consolidated statement of changes in equity and statement of changes in equity			
Share premium	420,556	(119,560)	300,996
Contributed surplus reserve	–	119,560	119,560

The reclassification did not have any effect on the consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows.

(iii) Currency translation reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in Note 2.20.

(iv) Distributability of reserves

As at 31 March 2017, the Company does not have reserves available for distribution to equity holders of the Company (2016: Nil), except for contributed surplus reserve. The Directors may apply any credit balance in the contributed surplus reserve of the Company in accordance with the Bye-Laws and the Bermuda Companies Act for future distributions and other usage, as permitted by the relevant Bermuda laws and regulations at the time the contributed surplus reserve is used and also subject to, amongst others, the availability of sufficient cash flow.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

25 RELATED PARTY TRANSACTIONS

(a) In addition to information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties, who are not members of the Group during the financial year on terms agreed by the parties concerned:

	Group	
	2017	2016
	HK$'000	HK$'000
With director of the Company		
Advances received	**3,531**	–
With director of a subsidiary		
Advances received	**776**	272

(b) Key management personnel remuneration

Key management personnel are Directors and those person having authorities and responsibilities for planning, directing and controlling the activities of the Group, directly or indirectly. Remuneration for key management personnel, including amounts paid to the Company's Directors are disclosed in Note 8.

The amounts do not include compensation of any of the key management personnel and Directors who received compensation from related corporations outside the Group in their capacity as Directors and/or Executives of those related corporations.

26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES

(a) Financial risk management

As at 31 March 2017, the Group's financial assets comprised mainly trade receivables, deposits and other receivables and cash and bank balances. The Group's financial liabilities comprised trade and other payables and short term loans.

Exposures to credit risk, liquidity risk and foreign currency risk arise in the normal course of the Group's business. The risks are limited by the Group's financial management policies and practices described below.

Credit risk

The Group's and the Company's credit risk is primarily attributable to trade receivables, deposits and other receivables and deposits with banks.

Management has a credit policy in place over trade receivables, deposits and other receivables and the exposures to these credit risks are monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount and advance to business partners. Trade receivables are due on the date of billing. With respect to advances to third parties, the repayment terms are set out in each fund advance agreement and normally are repayable within 1 year. The Group does not obtain collaterals from both customers and business partners.

At the balance sheet date, approximately 97% (2016: 96%) of the Group's trade receivables were due from 5 (2016: 6) major customers located in PRC.

The Company has significant credit risk exposures arising on amount due from subsidiaries of HK$36,082,000 (2016: HK$36,082,000) which represented 100% (2016: 100%) of total receivables due from a subsidiary.

Non-trade balances due from subsidiaries are generally repayable on demand and are not past due as at balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONT'D)

(a) Financial risk management (cont'd)

Credit risk (cont'd)

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and bank balances that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired except for trade receivables.

The age analysis of trade receivables past due but not impaired is as follows:

	Group	
	2017	2016
	HK$'000	HK$'000
Past due < 3 months	**11,377**	10,073
Past due 3 to 6 months	**7,831**	7,348
Past due over 6 months	**18,533**	21,648
	37,741	39,069

The carrying amount of trade receivables individually determined to be impaired and the movement in the related allowance for impairment are as follows:

	Group	
	2017	2016
	HK$'000	HK$'000
Gross amount:		
Past due over 6 months	**9,242**	13,191
Less: Allowance for impairment	**(6,658)**	(6,864)
	2,584	6,327
Movement in allowance for impairment:		
At 1 April	**6,864**	1,025
Currency translation differences	**(353)**	(100)
Allowance made	**147**	5,939
At 31 March	**6,658**	6,864

Trade receivables that are individually determined to be impaired at the balance sheet date relate to debtors that have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2017

26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONT'D)

(a) Financial risk management (cont'd)

Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the parent Company's Board of Directors when the borrowings exceed certain predetermined levels of authority.

The following table details the remaining contractual maturities at the reporting date of the Group's and the Company's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the balance sheet date) and the earliest date the Group and the Company are required to pay:

	2017				2016			
	Carrying amount	**Total contractual undiscounted cash flow**	**Within 1 year or on demand**	**Over 5 years**	Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand	Over 5 years
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**	HK$'000	HK$'000	HK$'000	HK$'000
Group								
Trade and other payables	**22,403**	**22,403**	**22,403**	**–**	18,089	18,089	18,089	–
Short term loans	**14,502**	**14,700**	**14,700**	**–**	21,361	21,782	21,782	–
Dividend payable	**–**	**–**	**–**	**–**	67,611	67,611	–	67,611
	36,905	**37,103**	**37,103**	**–**	107,061	107,482	39,871	67,611
Company								
Trade and other payables	**4,919**	**4,919**	**4,919**	**–**	4,306	4,306	4,306	–
Amount due to subsidiaries	**76,839**	**76,839**	**76,839**	**–**	2,835	2,835	2,835	–
	81,758	**81,758**	**81,758**	**–**	7,141	7,141	7,141	–

Foreign currency risk

The Group operates in the People's Republic of China ("PRC") and Hong Kong.

Currency risk arises within entities in the Group when transactions are denominated in foreign currencies such as Hong Kong dollar ("HKD") and Singapore dollar ("SGD"). Currency risk arises when transactions are denominated in foreign currencies. This risk is mitigated to certain extent by the natural hedge between sales receipts and purchases, and operating expenses disbursement.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONT'D)

(a) Financial risk management (cont'd)

Foreign currency risk (cont'd)

The Group's currency exposure based on the information provided to key management is as follows:

Denominated in	**HKD** **HK$'000**	**SGD** **HK$'000**
Group and Company		
2017		
Financial assets		
Cash and bank balances	119	–
Financial liabilities		
Trade and other payables	(2,503)	(2,416)
Net financial liabilities	**(2,384)**	**(2,416)**
2016		
Financial assets		
Cash and bank balances	42	–
Financial liabilities		
Trade and other payables	(1,130)	(3,155)
Net financial liabilities	(1,088)	(3,155)

If foreign currencies change against the functional currency which is Renminbi ("RMB") (2016: Renminbi) by 5% (2016: 5%) with all other variables including tax rate being held constant, the effect arising from the net monetary assets/(liabilities) position will be as follows:

	Increase/(decrease) in profit after tax Group and Company	
	2017 **HK$'000**	2016 HK$'000
HKD against RMB		
- strengthened	**(119)**	(54)
- weakened	**119**	54
SGD against RMB		
- strengthened	**(121)**	(158)
- weakened	**121**	158

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2017

26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONT'D)

(b) Categories of financial instruments

Financial instruments at their carrying amounts at the balance sheet date are as follows:

	Group		Company	
	2017	2016	**2017**	2016
	HK$'000	HK$'000	**HK$'000**	HK$'000
Financial assets				
Loans and receivables (including trade and other receivables and cash and bank balances)	**69,875**	59,512	**36,211**	36,124
Financial liabilities				
At amortised cost (including trade and other payables)	**36,905**	39,450	**81,758**	7,141
At cost	**–**	67,611	**–**	–

(c) Fair values of assets and liabilities

The carrying amounts of financial assets and financial liabilities are reasonable approximation of fair values due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date, except for dividend payable as disclosed in Note 20 to the financial statements.

27 COMMITMENTS

(a) Operating lease commitments

As at 31 March 2017, the total future minimum lease payments under non-cancellable operating leases in respect of office premises are payable as follows:

	Group	
	2017	2016
	HK$'000	HK$'000
Not later than one financial year	**571**	176
Between two and five financial years	**497**	52
	1,068	228

The Group leases a number of properties under operating leases. The leases typically run for an initial period of one to three years, with an option to renew the lease upon expiry when all terms are renegotiated. No contingent rents are payable.

(b) Capital commitments

Capital expenditures contracted for at the balance sheet date but not recognised in the consolidated financial statements are as follows:

	Group	
	2017	2016
	HK$'000	HK$'000
Approved and contracted for purchases of intangible assets	**551**	586

28 CAPITAL MANAGEMENT

The Board of Directors (the "Board") policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain the future development of the business. The Board monitors the return on capital, which the Group defines as net profit for the financial year divided by total shareholders' equity, excluding non-controlling interests. The Board also monitors the level of dividends to ordinary shareholders.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

The Group defines "capital" as including all components of equity.

Consistent with the capital management practices of the Group, the Group's capital structure is monitored on the basis of an adjusted net debt-to-capital ratio. For this purpose, adjusted net debts are defined as the total debts (which includes short term trade and other payables, and short term loans), less cash and bank balances.

The adjusted net debt-to-capital ratio as at 31 March 2017 and 31 March 2016 are as follows:

	Group	
	2017	2016
	HK$'000	HK$'000
Short term loans	**14,502**	21,361
Trade and other payables	**23,591**	27,884
Less: cash and bank balances	**(25,397)**	(18,572)
Adjusted net debts	**12,696**	30,673
Total capital	**135,095**	138,815
Adjusted net debt-to-capital ratio	**9%**	22%

29 AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements of the Group and balance sheet of the Company for the financial year ended 31 March 2017 were authorised for issue in accordance with a resolution of the Board of Directors dated 27 June 2017.

STATISTICS OF SHAREHOLDINGS

As at 13 June 2017

Authorised share capital: HK$175,000,000
Issued and fully paid up: HK$6,428,140
Class of shares: ordinary
Voting rights: One vote per share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	222	4.41	10,889	0.02
100 - 1,000	2,903	57.68	1,274,258	1.98
1,001 - 10,000	1,606	31.91	5,099,021	7.93
10,001 - 1,000,000	293	5.82	11,384,846	17.71
1,000,001 AND ABOVE	9	0.18	46,512,388	72.36
TOTAL	5,033	100.00	64,281,402	100.00

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	JIA LIJIE	16,125,000	25.09
2	DONG XIANGFEI	14,230,000	22.14
3	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	6,976,354	10.85
4	ZHANG DEHUA	2,730,000	4.25
5	CHEN HAO	1,680,000	2.61
6	HSBC (SINGAPORE) NOMINEES PTE LTD	1,411,605	2.20
7	PHILLIP SECURITIES PTE LTD	1,309,429	2.04
8	RAO XIAO LI	1,025,000	1.59
9	WANG GUANG QUAN	1,025,000	1.59
10	JIANG HUA	868,000	1.35
11	OCBC SECURITIES PRIVATE LIMITED	620,072	0.96
12	MAYBANK KIM ENG SECURITIES PTE. LTD.	376,996	0.59
13	UOB KAY HIAN PRIVATE LIMITED	348,087	0.54
14	QUEK SWEE SIANG	300,000	0.47
15	LEI QUNYING	281,250	0.44
16	LIM & TAN SECURITIES PTE LTD	269,575	0.42
17	LOW SIEW FATT (LUO ZHAOFA)	225,125	0.35
18	TAN ENG CHUA EDWIN	204,232	0.32
19	TAN KOK CHYE	186,010	0.29
20	CITIBANK NOMINEES SINGAPORE PTE LTD	182,887	0.28
	TOTAL	50,374,622	78.37

STATISTICS OF SHAREHOLDINGS

As at 13 June 2017

Substantial Shareholders (as recorded in the Register of Substantial Shareholders) as at 13 June 2017.

Substantial Shareholdings	Direct interest number of shares	%	Deemed interest number of shares	%	Total number of shares	%
Paul Gao Xiang Nog	1,397,355	2.17	-	-	1,397,355	2.17

As at 13 June 2017, approximately 97.83% of the shareholding in the Company was held in the hands of the public (on the basis of information available to the Company).

Accordingly, the Company has complied with Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

NOTICE OF ANNUAL GENERAL MEETING

(Incorporated in Bermuda)
Company Registration Number: 32308

NOTICE IS HEREBY GIVEN that the 2017 Annual General Meeting of NUTRYFARM INTERNATIONAL LIMITED (the "**Company**") will be held at Maxwell Chambers, Large Room, 32 Maxwell Road, #03-01, Singapore 069115 on Friday, 28 July 2017 at 10.00 a.m (Singapore time) and any adjournment thereof (the "**Annual General Meeting**") for the following purposes:

AS ORDINARY BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

1. To receive and adopt the Directors' report and audited financial statements of the Company for the financial year ended 31 March 2017 together with the auditor's report thereon.
(**Resolution 1**)

2. To re-elect Mr. Neo Chee Beng, a Director retiring pursuant to Bye-law 104 of the Bye-Laws of the Company and who, being eligible, will offer himself for re-election.
(**Resolution 2**)

3. To re-elect Ms. Li Chunling, a Director retiring pursuant to Bye-law 107(B) of the Bye-Laws of the Company and who, being eligible, will offer himself for re-election.
(**Resolution 3**)

4. To approve the payment of Directors' fees of S$80,000 for the financial year ended 31 March 2017.
(**Resolution 4**)

5. To re-appoint Baker Tilly TFW LLP as the Company's auditors, to hold office until the close of the next annual general meeting of the Company, at a fee to be agreed between the Directors of the Company and Baker Tilly TFW LLP.
(**Resolution 5**)

To transact any other ordinary business which may properly be transacted at an annual general meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

7. <u>General authority to the Directors of the Company to allot and issue Shares</u>

That, pursuant to the Bye-Laws of the Company and the rules, guidelines and measures issued by the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the Directors of the Company be authorised and empowered to:

(a) (i) issue shares in the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force,

NOTICE OF ANNUAL GENERAL MEETING

provided always that:

(1) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of the Instruments made or granted pursuant to this Resolution) shall be limited as follows:

(A) without prejudice to sub-paragraph (1)(B) below, the aggregate number of Shares to be issued shall not exceed 50 per centum (50%) of the total number of issued Shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (4) below), of which the aggregate number of Shares to be issued other than on a pro rata basis to shareholders of the Company shall not exceed 20 per centum (20%) of the total number of issued Shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (4) below) ("**General Limit**");

(B) in addition to the General Limit, the aggregate number of Shares to be issued by way of renounceable rights issues on a pro rata basis ("**Renounceable Rights Issues**") shall not exceed 50 per centum (50%) of the total number of issued Shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (4) below ("**Additional Limit**");

(C) where an issue of Shares is to be issued by way of Renounceable Rights Issues, that issue shall first use the Additional Limit, and in the event that the Additional Limit has been fully used and is insufficient to satisfy that issue, that issue may use the General Limit, but only to the extent of the then remaining General Limit;

(D) where an issue of Shares is to be issued otherwise than by way of Renounceable Rights Issue, that issue may only use the General Limit, but only to the extent of the then remaining General Limit;

(E) an issue of Shares that is not for a financing purpose may only use the General Limit, but the number of such Shares that may be issued shall be limited to the numerical number of the then remaining Additional Limit;

(2) the General Limit and the Additional Limit shall not, in aggregate, exceed 100 per centum (100%) of the total number of issued Shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (4) below);

(3) no Shares shall be issued pursuant to this Resolution after 31 December 2018, if on that date the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) exceeds 50 per centum (50%) of the total number of issued Shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (4) below);

(4) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1)(A) and (1)(B) above, the total number of issued Shares (excluding treasury shares) shall be based on the total number of issued Shares (excluding treasury shares) in the capital of the Company at the time this Resolution is passed, after adjusting for:

(i) new Shares arising from the conversion or exercise of any convertible securities;

(ii) (where applicable) new Shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time of the passing of this Resolution, provided the options or awards were granted in compliance with the SGX-ST Listing Manual; and

(iii) any subsequent bonus issue, consolidation or subdivision of Shares;

(5) in exercising the authority conferred by this Resolution, the Company shall comply with the rules, guidelines and measures issued by the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Companies Act 1981 of Bermuda (as amended) and otherwise and the Bye-Laws of the Company for the time being; and

NOTICE OF ANNUAL GENERAL MEETING

(6) unless revoked or varied by the Company in a general meeting of the Company, the authority conferred by this Resolution shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier.
(See Explanatory Note (i))
(**Resolution 6**)

8. Authority to the directors of the Company to allot and issue Shares and grant options under the LottVision Incentive Share Scheme and the LottVision Share Option Scheme

That the directors of the Company be and are hereby authorised to offer and grant:

(a) awards in accordance with the provisions of the LottVision Incentive Share Scheme and to allot and issue from time to time such number of fully-paid Shares as may be required to be issued pursuant to the vesting of the awards under the LottVision Incentive Share Scheme; and

(b) options under the LottVision Share Option Scheme, and to allot and issue from time to time such number of fully-paid Shares as may be required to be issued pursuant to the exercise of options granted under the LottVision Share Option Scheme,

provided always that the aggregate number of Shares, (i) to be allotted and issued pursuant to the LottVision Incentive Share Scheme; (ii) to be allotted and issued pursuant to exercise of options granted under the LottVision Share Option Scheme; and / or (iii) to be allotted and issued under any other share based incentive schemes of the Company, shall not exceed fifteen per cent (15%) of the total number of issued Shares of the Company (excluding treasury shares) from time to time. For the avoidance of doubt, shareholders' pre-emptive right under Bye-law 10 of the Bye-Laws of the Company does not apply. (See Explanatory Note (ii))
(**Resolution 7**)

By Order of the Board

Peng XU
Company Secretary

Adrian CHAN
Deputy Secretary

July 11, 2017

Explanatory Notes:

(i) Resolution 6, if passed, will empower the Directors of the Company, effective until the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue Shares, make or grant instruments convertible into Shares and to issue Shares pursuant to such Instruments, up to a number not exceeding the aggregated of (i) 50% of the total number of issued Shares (excluding treasury shares) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to shareholders of the Company (the General Limit) and (ii) additional 50% for Renounceable Rights Issues, of the total number of issued Shares (excluding treasury shares) in the capital of the Company (the Additional Limit), provided that the total number of Shares which may be issued pursuant to (i) and (ii) shall not exceed 100% of the issued Shares (excluding treasury shares) at the time Resolution 6 is passed, after adjusting for new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when Resolution 6 is passed and any subsequent bonus issue, consolidation or subdivision of Shares.

NOTICE OF ANNUAL GENERAL MEETING

The authority for the Additional Limit is proposed pursuant to SGX-ST Practice Note 8.3 which became effective on 13 March 2017 until 31 December 2018 by which date no further Shares shall be issued pursuant to Resolution 6, if on that date the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to Resolution 6) exceeds 50% of the total number of issued Shares (excluding treasury shares) in the capital of the Company (the "**Enhanced Rights Issue Limit**"). The Enhanced Rights Issue Limit is aimed at helping companies raise funds expediently for expansion activities or working capital. It is subject to the condition that the Company complies with applicable legal requirements including but not limited to provisions in the Companies Act requiring the Company to seek shareholders' approval and disclosure requirements under the Listing Manual on the use of the proceeds as and when the funds are materially disbursed and a status report on the use of proceeds in the annual report; and limitations in any existing mandate from shareholders.

The Board is of the view that the Enhanced Rights Issue Limit is in the interests of the Company and its shareholders as the adoption of the Enhanced Rights Issue Limit would provide the Company with the flexibility to utilise this limit in the event that the Company wishes to undertake a rights issue, and will help the Company raise funds expediently for the development of its business or working capital purposes. The Enhanced Rights Issue Limit will be exercised only if the Directors believe that to do so would be likely to promote the success of the Company for the benefit of shareholders as a whole.

(ii) Resolution 7, if passed, will empower the directors of the Company, to allot and issue Shares pursuant to the vesting of the awards under the LottVision Incentive Share Scheme, and to grant options and to allot and issue Shares upon the exercise of such options under the LottVision Share Option Scheme. The authority will, unless previously revoked or varied at a general meeting, expire at the conclusion of the next annual general meeting of the Company or the expiration of the period within which the annual general meeting of the Company is required by law to be held, whichever is the earlier. This authority is in addition to the general authority to allot and issue Shares sought under Resolution 6.

Notes:

1. If a Shareholder who is not a Depositor is unable to attend the Annual General Meeting and wishes to appoint a proxy/proxies to attend and vote on his behalf, he could complete, sign and return the proxy form the proxy form despatched to Shareholders who are not Depositors ("**Shareholder Proxy Form**") in accordance with the instructions printed thereon. With the exception of The Central Depository (Pte) Limited ("**CDP**") who may appoint more than two proxies, a Shareholder entitled to attend and vote at the Annual General Meeting who holds two (2) or more Shares is entitled to appoint no more than two proxies to attend and vote on his behalf. A proxy need not be a Shareholder.

2. Where a form of proxy appoints more than one proxy (including the case where such appointment results from a nomination by CDP), the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

3. If a Depositor who is an individual and whose name appears in the Depository Register (as defined in Section 81SF of the Securities and Futures Act (Cap. 289) of Singapore) as at a time not earlier than forty-eight (48) hours before the time appointed for the Annual General Meeting and is unable to attend the Annual General Meeting personally and wishes to appoint a proxy/proxies to attend and vote on his behalf, he should complete, sign and deposit the proxy form despatched together with this Notice of Annual General Meeting to Depositors (the "**Depositor Proxy Form**") in accordance with the instructions printed thereon.

4. A Depositor who is not an individual can only be represented at the Annual General Meeting if its nominee is/are appointed as CDP's proxy/proxies. To appoint its nominee/nominees as proxy/proxies of CDP and to enable its nominee/nominees to attend and vote at the Annual General Meeting, such Depositor should complete, execute and deposit the Depositor Proxy Form in accordance with the instructions at the Annual General Meeting.

5. A corporation which is a Shareholder may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its corporate representative at the Annual General Meeting.

6. To be valid, the Shareholder Proxy Form or the Depositor Proxy Form, together with the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power or authority, must be deposited at the office of Singapore Share Transfer Agent, Boardroom Corporate & Advisory Service Pte. Ltd at 50 Raffles Place, #32-01 Singapore Land Tower Singapore 048623 not less than forty-eight (48) hours before the time appointed for holding the Annual General Meeting or at any adjournment thereof. Detailed instructions can be found on the Shareholder Proxy Form and Depositor Proxy Form.

NOTICE OF ANNUAL GENERAL MEETING

7. The completion and return of a Shareholder Proxy Form by a Shareholder who is not a Depositor, or a Depositor Proxy Form by a Depositor, shall not preclude him from attending and voting in person at the Annual General Meeting if he wishes to do so, in place of his proxy/proxies.

8. By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a Shareholder of the Company (i) consents to the collection, use and disclosure of the Shareholder's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the Shareholder discloses the personal data of the Shareholder's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the Shareholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the Shareholder will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Shareholder's breach of warranty.

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Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda