LIFE HEALTHCARE GROUP LIMITED

(formerly known as Tack Fiori International Group Limited)

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 928)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2017

The board (the "**Board**") of directors (the "**Directors**") of Life Healthcare Group Limited (formerly known as Tack Fiori International Group Limited) (the "**Company**") is pleased to announce the audited consolidated financial statements of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 March 2017 together with comparative figures for the year ended 31 March 2016 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2017

	Notes	**2017** *HK$'000*	2016 *HK$'000*
Turnover	*3 & 5*	**28,297**	5,114
Cost of sales and services		**(19,018)**	(1,283)
Gross profit		**9,279**	3,831
Other income and gain	*4*	**1,752**	11,394
Selling and distribution expenses		**(7,008)**	(1,229)
Share of result of an associate	*12*	**(5,691)**	–
Administrative and other expenses		**(37,445)**	(40,687)
Impairment of goodwill		**–**	(3,842)
Reversal of (allowance for) inventories	*6*	**156**	(3,808)
Operating loss		**(38,957)**	(34,341)
Finance costs	*7*	**(206)**	–
Loss before taxation	*8*	**(39,163)**	(34,341)
Income tax	*9*	**(171)**	4
Loss for the year		**(39,334)**	(34,337)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 March 2017

	Notes	**2017** **HK$'000**	2016 *HK$'000*
Other comprehensive expenses that may be reclassified subsequently to profit or loss:			
Exchange differences on translation		**(3,553)**	(1,817)
Share of foreign currency translation reserve of an associate		**(2,068)**	–
Reclassification of translation reserve to profit or loss upon deregistration of a subsidiary		**–**	(1,492)
		(5,621)	(3,309)
Total comprehensive expenses for the year		**(44,955)**	(37,646)
Loss for the year attributable to:			
Owners of the Company		**(37,674)**	(34,337)
Non-controlling interest		**(1,660)**	–
		(39,334)	(34,337)
Total comprehensive expenses for the year attributable to:			
Owners of the Company		**(43,264)**	(37,646)
Non-controlling interest		**(1,691)**	–
		(44,955)	(37,646)
			(restated)
LOSS PER SHARE	*10*		
— Basic and diluted *(HK cents)*		**(1.30)**	(1.32)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2017

	Notes	**2017** *HK$'000*	2016 *HK$'000*
Non-current assets			
Property, plant and equipment		**16,219**	1,212
Interest in an associate	*12*	**57,370**	–
Goodwill		**–**	–
Trademark		**–**	–
		73,589	1,212
Current assets			
Prepayments for acquisition of intangible asset		**–**	12,485
Inventories		**3,676**	2,158
Loan receivables	*13*	**86,000**	–
Trade and other receivables	*14*	**17,899**	4,481
Bank balances and cash		**209,764**	65,810
		317,339	84,934
Current liabilities			
Trade and other payables	*15*	**15,789**	1,331
Loan from a director	*16*	**–**	20,000
Tax payable		**64**	–
		15,853	21,331
Net current assets		**301,486**	63,603
Net assets		**375,075**	64,815
Capital and reserves			
Share capital	*17*	**47,806**	21,444
Reserves		**326,874**	43,371
Total equity attributable to:			
Owners of the Company		**374,680**	64,815
Non-Controlling Interest		**395**	–
Total equity		**375,075**	64,815

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

1. GENERAL

Life Healthcare Group Limited (formerly known as Tack Fiori International Group Limited, the "**Company**") is a company incorporated in the Cayman Islands as an exempted company with limited liability under Companies Law of the Cayman Islands on 12 March 2001 and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 29 April 2002. The address of the registered office of the Company is Offshore Incorporations (Cayman) Limited, Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, the Cayman Islands and the principal place of business of the Company in Hong Kong is Unit 3, 10/F., Bank of East Asia Harbour View Center, No. 56 Gloucester Road, Wan Chai, Hong Kong.

The Company is principally engaged in investment holding. The Company and its subsidiaries (the "**Group**") are principally engaged in (i) healthcare services in the People's Republic of China ("**PRC**"); (ii) money lending business; (iii) education software products and related service business in PRC; (iv) apparel retail business in PRC; and (v) securities trading and investments business in Hong Kong.

Pursuant to a special resolution passed at the extraordinary general meeting held on 2 May 2017, the English name of the Company was changed from "Tack Fiori International Group Limited" to "Life Healthcare Group Limited" and the Chinese name of the Company was changed from "野馬國際集團有限公司" to "蓮和醫療健康集團有限公司".

The functional currency of the Company and the subsidiaries incorporated in Hong Kong are Hong Kong dollars ("**HK$**"). The functional currency of the Group's subsidiaries incorporated in PRC is Renminbi ("**RMB**"). For the convenience of the consolidated financial statements users, the results and financial position of the Group are presented in HK$ as the Company's shares are listed on the Stock Exchange.

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS(s)")

In the current year, the Group has applied the following new and revised HKFRSs, which include HKFRSs, Hong Kong Accounting Standards ("**HKAS(s)**"), amendments and Interpretations ("**Int(s)**"), issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

Amendments to HKFRSs	Annual Improvements to HKFRSs 2012–2014 Cycle
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations

The directors of the Company consider that the application of the new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and revised HKFRSs issued but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9 (2014)	Financial Instruments[2]
HKFRS 15	Revenue from Contracts with Customers[2]
HKFRS 16	Leases[4]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014–2016 Cycle[3]
Amendments to HKAS 7	Disclosure Initiative[1]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[1]
Amendments to HKAS 40	Transfers of Investment Property[2]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[2]
HK (IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration[2]

1 Effective for annual periods beginning on or after 1 January 2017.
2 Effective for annual periods beginning on or after 1 January 2018.
3 Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate.
4 Effective for annual periods beginning on or after 1 January 2019.
5 Effective date not yet been determined.

The directors of the Company anticipate that, except as described below, the application of other new and revised HKFRSs will have no material impact on the results and the financial position of the Group.

HKFRS 9 (2014) Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was amended in 2010 and includes the requirements for the classification and measurement of financial liabilities and for derecognition. In 2013, HKFRS 9 was further amended to bring into effect a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial statements. A finalised version of HKFRS 9 was issued in 2014 to incorporate all the requirements of HKFRS 9 that were issued in previous years with limited amendments to the classification and measurement by introducing a "fair value through other comprehensive income" ("**FVTOCI**") measurement category for certain financial assets. The finalised version of HKFRS 9 also introduces an "expected credit loss" model for impairment assessments.

Key requirements of HKFRS 9 (2014) are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent reporting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9 (2014), entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 (2014) requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

- In the aspect of impairment assessments, the impairment requirements relating to the accounting for an entity's expected credit losses on its financial assets and commitments to extend credit were added. Those requirements eliminate the threshold that was in HKAS 39 for the recognition of credit losses. Under the impairment approach in HKFRS 9 (2014), it is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, expected credit losses and changes in those expected credit losses should always be accounted for. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition and, consequently, more timely information is provided about expected credit losses.

- HKFRS 9 (2014) introduces a new model which is more closely aligns hedge accounting with risk management activities undertaken by companies when hedging their financial and non-financial risk exposures. As a principle-based approach, HKFRS 9 (2014) looks at whether a risk component can be identified and measured and does not distinguish between financial items and non-financial items. The new model also enables an entity to use information produced internally for risk management purposes as a basis for hedge accounting. Under HKAS 39, it is necessary to exhibit eligibility and compliance with the requirements in HKAS 39 using metrics that are designed solely for accounting purposes. The new model also includes eligibility criteria but these are based on an economic assessment of the strength of the hedging relationship. This can be determined using risk management data. This should reduce the costs of implementation compared with those for HKAS 39 hedge accounting because it reduces the amount of analysis that is required to be undertaken only for accounting purposes.

HKFRS 9 (2014) will become effective for annual periods beginning on or after 1 January 2018 with early application permitted.

The directors of the Company anticipate that the adoption of HKFRS 9 (2014) in the future may have an impact on the Group's results and financial position, including the classification categories and the measurement of financial assets, and disclosures. For instance, the Group will be required to replace the incurred loss impairment model in HKAS 39 with an expected loss impairment model that will apply to various exposures to credit risk. HKFRS 9 will also change the way the Group classifies and measures its financial assets, and will require the Group to consider the business model and contractual cash flow characteristics of financial assets to determine classification and subsequent measurement. For financial liabilities designated at fair value through profit or loss, the change in fair value that is attributable to changes in credit risk could be presented in other comprehensive income. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 9 (2014) until a detailed review has been completed.

HKFRS 15 Revenue from Contracts with Customers

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Thus, HKFRS 15 introduces a model that applies to contracts with customers, featuring a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised. The five steps are as follows:

(i) Identify the contract with the customer;

(ii) Identify the performance obligations in the contract;

(iii) Determine the transaction price;

(iv) Allocate the transaction price to the performance obligations; and

(v) Recognise revenue when (or as) the entity satisfies a performance obligation.

HKFRS 15 also introduces extensive qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and the related Interpretations when it becomes effective.

The directors of the Company anticipate that the application of HKFRS 15 in the future may result in the identification of separate performance obligations which could affect the timing of the recognition of revenue. Certain costs incurred in fulfilling a contract which are currently expensed may need to be recognised as an asset under HKFRS 15. More disclosures relating to revenue are also required. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until a detailed review is completed.

HKFRS 16 Leases

HKFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessors and lessees.

In respect of the lessee accounting, the standard introduces a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases with the lease term of more than 12 months, unless the underlying asset has a low value.

At the commencement date of the lease, the lessee is required to recognise a right-of-use asset at cost, which consists of the amount of the initial measurement of the lease liability, plus any lease payments made to the lessor at or before the commencement date less any lease incentives received, the initial estimate of restoration costs and any initial direct costs incurred by the lessee. A lease liability is initially recognised at the present value of the lease payments that are not paid at that date.

Subsequently, the right-of-use asset is measured at cost less any accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the lease liability. Lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payment made, and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. Depreciation and impairment expenses, if any, on the right-of-use asset will be charged to profit or loss following the requirements of HKAS 16 Property, Plant and Equipment, while interest accrual on lease liability will be charged to profit or loss.

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

HKFRS 16 will supersede the current lease standards including HKAS 17 and the related Interpretations when it becomes effective.

HKFRS 16 will be effective for annual periods beginning on or after 1 January 2019 with early application permitted provided that the entity has applied HKFRS 15 Revenue from Contracts with Customers at or before the date of initial application of HKFRS 16. As at 31 March 2017, the Group has non-cancellable operating lease commitments of HK$51,143,000. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these lease commitments unless they qualify for low value or short-term leases upon the application of HKFRS 16. In addition, the application of new requirements may result changes in the measurement, presentation and disclosure as indicated above. However, it is not practicable to provide a reasonable estimate of the effect until the Group performs a detailed review.

3. TURNOVER

Turnover represents the aggregate of the invoiced value of goods sold and services provided. It is stated after deducting trade discounts and sales taxes. Details of the turnover are set out below:

	2017	2016
	HK$'000	*HK$'000*
Income from healthcare services	**19,378**	–
Income from money lending business	**7,019**	–
Sales of education software products and related services business	**1,422**	4,787
Sales of goods from apparel retail business	**478**	327
	28,297	5,114

4. OTHER INCOME AND GAIN

	2017	2016
	HK$'000	*HK$'000*
Bank interest income	**78**	67
PRC loan interest income	**417**	–
Gain on disposal of property, plant and equipment	**48**	–
Gain on deregistration of a subsidiary	–	10,297
Others	**1,209**	1,030
	1,752	11,394

5. SEGMENT INFORMATION

HKFRS 8 "Operating segments" requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision makers ("**CODM**") in order to allocate resources to the segment and to assess its performance. Relevant information was reported to the executive directors of the Company, being the CODM, for the purposes of resource allocation and assessment of segment performance focusing on types of goods or services delivered or provided.

The Group is engaged into the following five operating segments for its operations, each of which represents an operating and reportable segment of the Group.

Specifically, the Group's reportable and operating segments under HKFRS 8 are as follows:

1. Healthcare services in PRC

2. Money lending business

3. Education software products and related services business in PRC

4. Apparel retail business in PRC

5. Securities trading and investments business in Hong Kong

The healthcare services and money lending business segments are new operating segments as a result of the commencement of these new operations in the current financial period.

During the reporting period, the healthcare services segment was principally engaged in (i) genetic testing and health data analysis services; and (ii) technical services to convert health enquiries from public and distribute to hospitals. The money lending segment principally earns interest income from loans advanced to its customers.

Segment revenues and results

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

For the year ended 31 March 2017

	Healthcare services *HK$'000*	**Money lending business** *HK$'000*	**Education software products and related services business** *HK$'000*	**Apparel retail business** *HK$'000*	**Securities trading and investments business** *HK$'000*	**Total** *HK$'000*
Turnover						
External sales	**19,378**	**7,019**	**1,422**	**478**	**–**	**28,297**
Segment (loss) profit	**(16,916)**	**4,845**	**(4,001)**	**(1,847)**	**(10)**	**(17,929)**
Unallocated income						**495**
Unallocated expenses						**(15,832)**
Share of result of an associate						**(5,691)**
Finance costs						**(206)**
Loss before taxation						**(39,163)**

For the year ended 31 March 2016

	Healthcare services *HK$'000*	Money lending business *HK$'000*	Education software products and related services business *HK$'000*	Apparel retail business *HK$'000*	Securities trading and investments business *HK$'000*	Total *HK$'000*
Turnover						
External sales	–	–	4,787	327	–	5,114
Segment loss	–	–	(8,296)	(3,673)	(8)	(11,977)
Unallocated income						10,364
Unallocated expenses						(32,728)
Finance costs						–
Loss before taxation						(34,341)

Segment (loss) profit represents the (loss) profit resulted in each segment without allocation of other income and gain and corporate expenses. This is the measure reporting to the Group's CODM for the purposes of resource allocation and performance assessment.

Geographical information

The Group's operations are located in PRC and Hong Kong.

Information about the Group's turnover from external customers from its operations is presented based on the location at which the goods or services are delivered or provided:

	Revenues from external customers from its operations	
	2017	2016
	HK$'000	*HK$'000*
PRC	**21,278**	5,114
Hong Kong	**7,019**	–
	28,297	5,114

Information about major customers

Details of the customers accounting for 10% or more of aggregate turnover of the Group are as follows:

	2016
	HK$'000
Customer A	1,926
Customer B	762
Customer C	532

During the year ended 31 March 2017, none of the Group's individual customer contributed more than 10% of the total turnover of the Group. During the year ended 31 March 2016, the revenue of the above major customers is generated from education software products and related service business.

6. REVERSAL OF (ALLOWANCE FOR) INVENTORIES

At the end of the reporting period, the directors of the Company had performed a detailed review on the net realisable value of aged inventories of the Group and recognised an allowance for inventories of nil (2016: HK$879,000) and a reversal of allowance for inventories of approximately HK$156,000 (2016: an allowance for inventories of HK$2,929,000) on certain aged inventories of apparel retail business and education software products and related services business respectively.

7. FINANCE COSTS

	2017	2016
	HK$'000	*HK$'000*
Interest on other loans	**206**	–

8. LOSS BEFORE TAXATION

	2017	2016
	HK$'000	*HK$'000*
Loss before taxation has been arrived at after charging:		
Staff costs		
Directors' emoluments		
— fees and other emoluments	**6,017**	6,559
Other staff costs		
— salaries, allowance and bonus	**13,854**	8,985
— retirement benefits scheme contributions	**2,345**	1,611
	22,216	17,155
Cost of inventories recognised as expenses	**16,845**	4,842
Depreciation of property, plant and equipment	**2,538**	768
Auditor's remuneration	**1,392**	2,052
Loss on disposal of property, plant and equipment	**324**	16
Exchange loss, net	**676**	–
Research and development costs recognised as an expense	**111**	–
Operating lease rental on premises	**3,910**	1,513
Legal and professional fees (included in administrative and other expenses)	**2,900**	17,211

9. INCOME TAX

	2017	2016
	HK$'000	*HK$'000*
Current tax:		
— Hong Kong Profits Tax	**12**	–
— PRC Enterprise income tax ("**EIT**")	**159**	(4)
Income tax expense (credit)	**171**	(4)

Pursuant to the laws and regulations of the Cayman Islands and the British Virgin Islands ("**BVI**"), the Group is not subject to any income tax in the Cayman Islands and BVI for the years ended 31 March 2017 and 2016.

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years. No Hong Kong Profits Tax has been provided in the consolidated financial statements for current tax in the year ended 31 March 2016 as the subsidiaries in Hong Kong have no assessable profit in that year.

Under the Law of PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years. For the years ended 31 March 2017 and 2016, income tax represent PRC Enterprise Income Tax provided based on the assessable profit of PRC subsidiaries.

10. LOSS PER SHARE

The calculation of the basic and diluted loss per share is based on the following data:

	2017	2016
	HK$'000	*HK$'000*
Loss for the purpose of basic and diluted loss per share — loss for the year attributable to owners of the Company	**37,674**	34,337

	2017	2016
	'000	*'000*
		(Restated)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**2,906,184**	2,594,818

The weighted average number of shares for the purpose of basic and diluted loss per share has been adjusted for rights issue on 8 March 2017.

There were no share option of the Company outstanding, granted, exercised, cancelled or lapsed as at 31 March 2017 and 2016 nor any movement of the Company's share options during the years ended 31 March 2017 and 2016.

11. DIVIDEND

No dividends were paid, declared or proposed during both years, nor has any dividend been proposed since the end of the reporting period.

12. INTEREST IN AN ASSOCIATE

	2017	2016
	HK$'000	*HK$'000*
Costs of investments in an associate	**65,129**	–
Share of post-acquisition loss and other comprehensive expenses	**(7,759)**	–
	57,370	–

On 1 August 2016, the Group entered into agreement with two independent third parties (the "Vendors") to acquire 30% equity interest in 廣州漫瑞生物信息技術有限公司 (Guangzhou Manrui Biotech Company Limited*) ("Manrui Biotech") at an agreed consideration of RMB60,000,000 which comprised of a cash consideration of RMB3,750,000 (equivalent to approximately HK$4,360,000) and the issuance of 245,890,890 shares by the Company to the vendors at the issue price of HK$0.266 per share totalling approximately HK$65,407,000 (equivalent to approximately RMB56,250,000) (the "Consideration Shares").

* *For identification purposes only*

The acquisition was completed on 5 August 2016 and the fair value of the Consideration Shares on completion amounted to HK$61,473,000 (based on the market price of HK$0.25 at completion date).

Manrui Biotech also held 40% equity interest in a subsidiary of the Company 杭州蓮和醫學檢驗所有限公司 ("HZLH") and the Group had effectively acquired an additional 12% equity interest in HZLH through the acquisition of Manrui Biotech. As at the time of acquisition, fair value of the 12% equity interest in HZLH amounted to approximately HK$704,000 and such amount was deducted from the investment cost of Manrui Biotech as consideration for acquisition of the additional 12% equity interest in HZLH.

Manrui Biotech specialises in research and development of genetic testing technologies, and in particular non-invasive cancer screening and diagnosis. Manrui Biotech has successfully developed diagnostic technologies for detecting circulating tumor cells. Please refer to the announcements of the Company dated 1 August 2016 and 9 August 2016 for details of the acquisition.

13. LOAN RECEIVABLES

	2017	2016
	HK$'000	*HK$'000*
Secured loan receivables	**86,000**	–

At 31 March 2017, loans to third parties with an aggregate principal amounting to HK$86,000,000 (2016: nil) are secured, bear interest ranging from 9% to 19% per annum and are repayable within one year and thus classified as current assets. The loan receivables are due for settlement at the date specified in the respect loan agreement.

As at 31 March 2017, loan receivables amounting to HK$86,000,000 (2016: nil) together with interest receivables from the same third parties of approximately HK$4,072,000 (2016: nil) included in other receivables were guaranteed by independent third parties and secured by the corresponding borrowers' equity interest.

During the year ended 31 March 2017, the directors of the Company have individually assessed and considered that there is no indication of impairment on the loan and interest receivables. No impairment loss of loan and interest receivables was recognised in profit or loss.

The ageing analysis of loan receivables based on the loans draw down date at the end of the reporting periods is as follows:

	2017	2016
	HK$'000	*HK$'000*
91 to 180 days	**66,000**	–
Over 180 days	**20,000**	–
	86,000	–

The ageing analysis of loan receivables based on the due date at the end of the reporting periods is as follows:

	2017	2016
	HK$'000	*HK$'000*
Neither past due nor impaired	**10,000**	–
Past due:		
1 to 90 days	**76,000**	–
	86,000	–

Included in the Group's loan receivables are debtors with aggregate amount of HK$76,000,000 (2016: nil) which are past due at the end of the reporting period for which the Group has not provided for impairment loss. The directors of the Company believed that the amount was recoverable, after taking into account of the full settlement received subsequent to the year end date.

14. TRADE AND OTHER RECEIVABLES

	2017	2016
	HK$'000	*HK$'000*
Trade receivables	**537**	3,262
Prepayments and deposits	**8,091**	1,100
Other receivables	**5,199**	119
Interest receivables	**4,072**	–
	17,899	4,481

Apparel retail sales conducted through outlet shops and e-commerce platforms are normally settled in cash or Alipay ("支付寶"), or by credit card with the settlement from the corresponding banks or other financial institutions within 7 days. For receivables from retail sales conducted through authorised distributor, the Group allows a credit period of 14 days. For receivables from sales of education software products and provision of technical support services, the Group allows a credit period ranging from 30-180 days. For receivables from healthcare services, the Group allows a credit period ranging from 30-180 days.

The following is an aged analysis of trade receivables presented based on the invoice date at the end of the reporting period:

	2017	2016
	HK$'000	*HK$'000*
Within 90 days	**147**	56
91 to 180 days	**–**	6
181 to 365 days	**390**	1,632
Over 1 year	**–**	1,568
	537	3,262

15. TRADE AND OTHER PAYABLES

	2017	2016
	HK$'000	*HK$'000*
Trade payables	**2,345**	–
Deposit received	**8,422**	–
Accruals and other payables	**5,022**	1,331
	15,789	1,331

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	2017	2016
	HK$'000	*HK$'000*
Within 90 days	**1,131**	–
91 to 180 days	**1,214**	–
	2,345	–

Included in trade payables as at 31 March 2017, balance of approximately HK$503,000 (2016: nil) is a payable to an associate in relation to the subcontracting services and purchases of goods.

The credit period granted by suppliers is normally 30 to 90 days as at 31 March 2017 (2016: nil). The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

16. LOAN FROM A DIRECTOR

The amount is unsecured, interest-free and repayable within one year from the drawn down date.

17. SHARE CAPITAL

	Number of shares	Nominal value HK$'000
Authorised:		
Ordinary shares of HK$0.01 each on 31 March 2017 and 2016	50,000,000,000	500,000
Issued and fully paid:		
Ordinary shares of HK$0.01 each on 1 April 2015 and 31 March 2016	2,144,421,760	21,444
Issue of shares for acquisition of an associate *(Note a)*	245,890,890	2,459
Issue of shares under rights issue *(Note b)*	2,390,312,650	23,903
Ordinary shares of HK$0.01 each on 31 March 2017	4,780,625,300	47,806

All of the shares issued by the Company during the year rank pari passu in all respects with other shares in issue.

Notes:

(a) On 8 August 2016, the Company issued share capital for acquisition of Manrui Biotech.

(b) Pursuant to an ordinary resolution passed by the shareholders of the Company at an extraordinary general meeting on 18 January 2017, the Company announced a rights issue ("**Rights Issue**") of 2,390,312,650 rights shares ("**Rights Shares**") of HK$0.01 each at a subscription price of HK$0.126 per Rights Share on the basis of one Rights Share for every one share held. The Rights Issue was completed on 8 March 2017, the Company allotted and issued 2,390,312,650 Rights Shares. Accordingly, the Company increased its issued share capital by nominal value of approximately HK$23,903,000 with net proceeds of approximately HK$291,656,000.

18. CAPITAL COMMITMENT

At the end of the reporting period, the Group had the following capital commitment:

	2017	2016
	HK$'000	*HK$'000*
Contracted for but not provided for in the consolidated financial statements in respect of:		
— intangible assets *(note)*	**–**	18,696
— property, plant and equipment	**3,329**	–
	3,329	18,696

Note: Such commitments were subsequently released upon the signing the termination agreements on 3 June 2016. For details, please refer to the announcement of the Company dated 3 June 2016.

19. PLEDGE OF ASSETS AND CONTINGENT LIABILITIES

The Group has no pledge of assets and contingent liabilities as at 31 March 2017 and 2016.

20. EVENTS AFTER THE REPORTING PERIOD

On 4 May 2017, the Company as the subscriber entered into a subscription agreement with a fund manager, pursuant to which the Company agreed to subscribe for an aggregate amount of HK$20 million of the fund units. Further details are set out in the announcement of the Company dated 4 May 2017.

On 10 May 2017, the Group acquired 70% equity interest in Tianjin Lianhe Clinical Laboratory Limited (formerly known as Tianjin Kangxin Clinical Laboratory Limited, incorporated in Tianjin of PRC, "**Tianjin Laboratory**") from an independent third party, and Tianjin Laboratory holds a Practice License of Medical Institution (醫療機構執業許可證) and provides genetic testing services to its customers.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the year ended 31 March 2017, the Group recorded turnover of approximately HK$28.30 million (year ended 31 March 2016: approximately HK$5.11 million), representing an increase of approximately 453.82% as compared to the corresponding period last year. The remarkable increase in turnover was primarily due to that the Group started its healthcare business in the second quarter of 2016, which accounted for approximately 68.48% of the Group's total turnover.

For the year ended 31 March 2017, the Group recorded gross profit of approximately HK$9.28 million (year ended 31 March 2016: approximately HK$3.83 million), representing an increase of approximately 142.30% as compared to the corresponding period last year. The increase in gross profit was mainly due to the increase in gross profit from the Group's healthcare business and money lending business.

The loss before taxation for the year ended 31 March 2017 was approximately HK$39.16 million (year ended 31 March 2016: approximately HK$34.34 million), representing an increase of approximately 14.04% as compared to the corresponding period last year. The increase in loss before taxation was mainly attributable to (i) the decrease in other income and gain as a result of a gain on derecognition of net liabilities from deregistration of a subsidiary of apparel retail business for the year ended 31 March 2016; (ii) the increase in selling, distribution costs and administrative expenses as a result of the increase in marketing and promotion expenses from healthcare business; (iii) the increase in share of loss from an associate including the share of amortisation of intangible assets of approximately HK$3.72 million, partially offset by (i) the increase in gross profit as a result of gross profit generated from the Group's healthcare business and money lending business; and (ii) the decrease in impairment on goodwill and inventories provided for the Group's apparel retail business and education software products and related service business.

Loss per share (basic and diluted) for the year ended 31 March 2017 was approximately HK$1.30 cents (year ended 31 March 2016: approximately HK$1.32 cents), representing a decrease in loss of approximately 1.52% as compared to the corresponding period last year. The decrease in loss per share (basic and diluted) was mainly attributable to the increase in the weighted average number of ordinary shares as result of shares issued in relation to the acquisition of 30% equity interest in Manrui Biotech on 5 August 2016 and rights issue of the Company completed on 8 March 2017.

BUSINESS REVIEW

Healthcare services in PRC

On 5 April 2016, the Group entered into a set of structural contracts through its wholly-owned subsidiary (namely, 北京蓮和無限醫療科技有限公司 Beijing Life Healthcare Technology Co., Ltd.*), with 蓮和(北京)醫療科技有限公司 Life Healthcare (Beijing) Co., Ltd.* ("**Life Healthcare**") and its shareholders, pursuant to which Beijing Life Healthcare Technology Co., Ltd. has obtained the effective control over Life Healthcare and a right to receive substantially all of Life Healthcare's economic benefits.

In the second half of 2016, the Group began to set up laboratory and equip the laboratory with those devices to be used in genetic testing and data analysis. After making sufficient market survey and research, the Group has worked out its sales strategy. Consequently, the Group started to build its sales force near the end of 2016 and had received detection samples since then. With its well-developed technologies, the Group's services of genetic testing and health data analysis cover those cancer cases with a high incidence rate in PRC and are able to provide valuable reference and guidance to doctors in the medical treatment of their cancer patients.

Additionally, in April 2016, the Group set up a wholly-owned subsidiary, namely 天津蓮和軟件開發有限公司 Tianjin Life Healthcare Software Development Co., Ltd* ("**TJLH**"). TJLH provides technical services to convert health enquiries from public, via various health application/website platforms provided by suppliers, in a user-friendly format and distribute to the customers, i.e. — hospitals where the hospitals could explore their potential patients by providing consultation services via the health applications/website platforms provided by suppliers. The services of TJLH will be charged by way of prepayment of the hospital for the purchase of online chats.

Turnover from healthcare services (representing the turnover generated by (i) genetic testing and health data analysis services and (ii) technical services to convert health enquiries from public and distribute to hospitals) was approximately HK$19.38 million (year ended 31 March 2016: nil). Healthcare services segment recorded a loss of approximately HK$16.92 million during the year ended 31 March 2017 (year ended 31 March 2016: nil) and such loss was primarily resulted from: (i) cost of materials and services of HK$15.99 million; (ii) marketing and promotion expenses of HK$2.96 million; (iii) salary, wages and insurance of employees of HK$7.66 million; (iv) cost of office rental and amortization of office renovation of HK$3.04 million; and (v) legal and professional expenses of HK$0.83 million, partially offset by a gross revenue of HK$19.38 million.

* *For identification purposes*

Money lending business

In order to diversify and strengthen its revenue streams to maximise returns to the Company's shareholders, in particular, the Directors have identified money lending business to be an area where the Group can generate regular and long-term sustainable income. The Group has also obtained a money lenders license in Hong Kong under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) in November 2016 with a view to develop its money lending business.

Turnover from money lending business represents the interest income generated from loans advanced to the customers of the Group. For the year ended 31 March 2017, the Group recorded turnover of approximately HK$7.02 million (year ended 31 March 2016: nil) and segment profit of approximately HK$4.85 million (year ended 31 March 2016: nil).

Education software products and related service business in PRC

Turnover from education software products and related service business was approximately HK$1.42 million (year ended 31 March 2016: approximately HK$4.79 million), representing a decrease of approximately 70.35% as compared to the corresponding period last year. This segment recorded a loss of approximately HK$4.00 million during the year ended 31 March 2017 (year ended 31 March 2016: loss of approximately HK$8.30 million), representing a decrease in loss of approximately 51.81% as compared to the corresponding period last year. The decrease in the segment loss for the year end 31 March 2017 was mainly attributable to the goodwill impairment of approximately HK$3.84 million and inventory impairment of approximately HK$2.93 million recognised during the year ended 31 March 2016.

Apparel retail business in PRC

Turnover from apparel retail business was approximately HK$0.48 million (year ended 31 March 2016: approximately HK$0.33 million), representing an increase of approximately 45.45% as compared to the corresponding period last year. The segment recorded a loss of approximately HK$1.85 million during the year ended 31 March 2017 (year ended 31 March 2016: loss of approximately HK$3.67 million), representing a decrease in loss of approximately 49.59% as compared to the corresponding period last year. The decrease in the segment loss for the year ended 31 March 2017 was mainly due to the inventory impairment of approximately HK$0.88 million recognised in the corresponding period last year and decrease in employee costs of approximately HK$0.44 million as compared to the year ended 31 March 2016.

Securities trading and investments business in Hong Kong

The Group did not engage in any securities trading and investment activity during the years ended 31 March 2017 and 2016, and the Group will reserve this segment as a treasury activity.

FINAL DIVIDEND

The Directors did not recommend the payment of a final dividend for the year ended 31 March 2017 (year ended 31 March 2016: nil).

PROSPECTS

Healthcare services in PRC

The Directors continue to identify and evaluate opportunities for the Group to diversify and strengthen its revenue streams to maximise returns to the Company's shareholders and have, in particular, identified potential investment opportunities in the healthcare industry.

According to "China Genetic Testing Market Research and Development Report (2017–2020)", genetic testing industry increased rapidly in recent years and has a very promising future. There are nearly one fifth population, approximately 300 million people, in PRC need genetic testing services. The market capacity will be hundreds of billions RMB. There will be five to ten companies with market value over RMB1 billion in this market, in the meantime, there will be up to 50 companies with market value over RMB10 million. Since 2014, PRC announced many regulation policies to standardize this market. In 2017, the market size of genetic testing in PRC will be RMB13 billion. The compound annual growth rate will be 36.86% from 2017 to 2021, leading to the market size reaching RMB42 billion in 2021.

The Board considers healthcare services market is a new and growing field and intends to strengthen the healthcare services segment. The Group will focus on (i) the expansion of the genetic testing and health data analysis business in the following year with the broader aim of becoming the provider of a full range of services and solutions for medical and health administration; (ii) dedicated to provision of the transition services for hospitals, with the aim of building a stronger and closer business relationship with doctors and hospitals.

Money lending business

In consideration of efficient use of proceeds, the Directors will further develop money lending business segment, diversify the customer portfolio and seek new opportunities to cooperate with its business partners. Going forward, money lending business will continue to be one of the business segments of the Group and contribute stable interest income to the Group.

Securities trading and investments business in Hong Kong

During the year ended 31 March 2017, the Group had no securities trading and investment activities, while the management is cautious about the performance of the securities trading market and the Group will continue to adopt a prudent approach in securities trading business with a view to strengthen the shareholders' value in the long run.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The management and control of the Group's financial and capital management are centralized at its headquarter in PRC. The Group adheres to the principle of prudent financial management to minimise financial and operational risks. The Group mainly relies upon internally generated funds and proceeds from fund raising activities to finance its operations and expansion.

As of 31 March 2017, the Group's net current assets of approximately HK$301.49 million including cash and cash equivalents of approximately HK$209.76 million (31 March 2016: net current assets of approximately HK$63.60 million including cash and cash equivalents of approximately HK$65.81 million).

CAPITAL EXPENDITURE COMMITMENTS

As of 31 March 2017, the Group had capital commitments to acquire property, plant and equipment amounting to HK$3.33 million (31 March 2016: to acquire intangible asset HK$18.70 million).

PLEDGE OF ASSETS

As of 31 March 2017, the Group had not pledged any of its assets.

CONTINGENT LIABILITIES

As of 31 March 2017, the Group had no significant contingent liabilities.

EMPLOYEES AND REMUNERATION POLICIES

As of 31 March 2017, the Group had 111 full-time employees excluding Directors (2016: 48 employees). The Group remunerates its employees based on their performance, working experience and prevailing market standards. Employee benefits include medical insurance coverage, mandatory provident fund for Hong Kong employees, state-managed retirement benefits scheme for PRC employees and share option scheme.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") comprises of three independent non-executive Directors, namely Ms. Zhang Xuyang (Chairman of the Audit Committee), Mr. Zhou Jian and Mr. Zheng Chunlei, with the chairman possessing the appropriate professional qualifications and accounting expertise.

The Company's annual results for the year ended 31 March 2017 have been reviewed by the Audit Committee.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2017.

CORPORATE GOVERNANCE

The Company has complied with the code provisions of the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Listing Rules during the year ended 31 March 2017, except for the following deviations:

— Code provision E.1.2 of the CG Code provides that the chairman of the board of directors should attend the annual general meeting. He should also invite the chairmen of the audit, remuneration, nomination and any other committees (as appropriate) to attend. In their absence, he should invite another member of the committee or failing this his duly appointed delegate, to attend. These persons should be available to answer questions at the annual general meeting. Mr. Lau Yu, the chairman of the remuneration committee and nomination committee of the Company at that time did not attend the annual general meeting of the Company held on 12 August 2016 (the "**2016 AGM**") as he had another business engagement. Other members of the Board including the chairman of the Audit Committee attended the 2016 AGM. The Company considers that the members of the Board who attended the 2016 AGM were able to sufficiently answering questions from shareholders at the 2016 AGM.

— Code provision A.4.1 of the CG Code provides that the non-executive directors should be appointed for a specific term and subject to re-election. The non-executive Director and independent non-executive Directors were not appointed for specific terms. In accordance with the Provision 84 of the Articles of Association, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. As such, the Board considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are in line to those of the CG Code.

The Board will continue to review and recommend such steps as appropriate in a timely manner in order to comply with the requirements of the CG Code.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as the standard for securities transactions by Directors. The Company has made specific enquiries of all the Directors and all the Directors confirmed that they have complied with the required standards set out in the Model Code and its code of conduct regarding Directors' securities transactions for the year ended 31 March 2017.

PUBLICATION OF FINANCIAL INFORMATION

This results announcement is published on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (www.lifehealthcare.com). The Group's Annual Report 2017 will be despatched to the shareholders of the Company and available on the above websites in due course.

APPRECIATION

Taking this opportunity, on behalf of the Board, I would like to express my appreciation to our shareholders for their continuous support and the Company's management and employees for their dedication and hard work.

By Order of the Board
LIFE HEALTHCARE GROUP LIMITED
Hua Yunbo
Chairman and President

Hong Kong, 27 June 2017

As at the date of this announcement, the Board comprises:

Executive Directors:
Mr. Hua Yunbo *(Chairman)*
Ms. Shan Hua

Non-executive Director:
Dr. Feng Xiaogang

Independent Non-Executive Directors:
Mr. Liu Xinghua
Mr. Zhou Jian
Mr. Zheng Chunlei
Ms. Zhang Xuyang