HAIER HEALTHWISE HOLDINGS LIMITED
海爾智能健康控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 348)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2016

RESULTS

The board of directors (the "**Board**" or "**Directors**") of Haier Healthwise Holdings Limited (the "**Company**") hereby announces the audited consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 31 March 2016 together with the comparative figures for the year ended 31 March 2015 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2016

	Notes	2016 HK$'000	2015 HK$'000
Turnover	3	**352,799**	389,427
Cost of sales		**(290,012)**	(277,506)
Gross profit		**62,787**	111,921
Other income, gains and losses, net	4	**23,280**	20,931
Selling and distribution expenses		**(46,389)**	(52,887)
General and administrative expenses		**(98,866)**	(82,852)
Share of result of an associate		**3,653**	9,512
Finance costs	6	**(2,038)**	(1,760)
Impairment loss on goodwill	10	**(36,471)**	(3,523)
Fair value gain on contingent consideration		**–**	15,615
(Loss)/profit before income tax	5	**(94,044)**	16,957
Income tax credit/(expense)	7	**106**	(10,423)
(Loss)/profit for the year		**(93,938)**	6,534

	Notes	**2016**	2015
		HK$'000	*HK$'000*
Other comprehensive income for the year, net of tax			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences arising from translation of foreign operations		**(12,106)**	(203)
Revaluation of available-for-sale investments		**6,605**	3,663
Surplus on revaluation of land and buildings		**–**	21,102
Others		**(261)**	–
Total other comprehensive income for the year, net of tax		**(5,762)**	24,562
Total comprehensive income for the year		**(99,700)**	31,096
(Loss)/profit for the year attributable to:			
Owners of the Company		**(81,324)**	17,037
Non-controlling interests		**(12,614)**	(10,503)
		(93,938)	6,534
Total comprehensive income for the year attributable to:			
Owners of the Company		**(88,183)**	41,756
Non-controlling interests		**(11,517)**	(10,660)
		(99,700)	31,096
(Loss)/earnings per share attributable to owners of the Company			
– Basic	*9*	**(1.39) cents**	0.31 cents
– Diluted	*9*	**N/A**	0.29 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2016

	Notes	2016 HK$'000	2015 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**133,288**	100,912
Goodwill	*10*	**60,594**	102,357
Intangible assets		**8,710**	10,419
Interest in an associate		**21,982**	18,904
Deferred tax assets		**3,197**	5,575
		227,771	238,167
Current assets			
Inventories		**81,500**	75,257
Trade and other receivables, deposits and prepayments	*11*	**84,334**	95,195
Available-for-sale investments	*12*	**199,017**	201,680
Amounts due from related companies		**13,123**	231
Amount due from an associate		**9,136**	21,135
Tax recoverable		**599**	1,532
Cash and cash equivalents		**125,584**	106,992
		513,293	502,022
Current liabilities			
Trade and other payables and accrued charges	*13*	**78,896**	52,108
Borrowings		**36,554**	24,094
Amounts due to related companies		**44,229**	5,004
Tax payable		**3,151**	4,661
		162,830	85,867
Net current assets		**350,463**	416,155
Total assets less current liabilities		**578,234**	654,322

	Notes	**2016** **HK$'000**	2015 *HK$'000*
Non-current liabilities			
Borrowings		**–**	15,057
Provision for long service payment		**3,744**	2,451
Deferred tax liabilities		**13,380**	13,577
		17,124	31,085
Net assets		**561,110**	623,237
EQUITY			
Share capital	*14*	**591,776**	564,776
Reserves		**(10,483)**	67,127
Equity attributable to owners of the Company		**581,293**	631,903
Non-controlling interests		**(20,183)**	(8,666)
Total equity		**561,110**	623,237

1. ORGANISATION AND OPERATIONS

Haier Healthwise Holdings Limited 海爾智能健康控股有限公司 (the "**Company**") is a limited liability company incorporated in the Cayman Islands. Its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The address of its registered office is at P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands, and the principal place of business of the Company is at Lung Cheong Building, 1 Lok Yip Road, Fanling, New Territories, Hong Kong.

The Company is an investment holding company and its subsidiaries (collectively as the "**Group**") are principally engaged in development, engineering, manufacture and sale of toys, consumer electronic products and commercial kitchen products during the year.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Adoption of new/revised HKFRSs - Effective on 1 April 2015

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

The adoption of these new/revised HKFRSs has no material impact on these consolidated financial statements.

(b) New/revised HKFRSs that have been issued but are not yet effective

The following new/revised HKFRSs, potentially relevant to these consolidated financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

HKFRSs (Amendments)	Annual Improvements 2012-2014 Cycle[1]
Amendments to HKAS 1	Disclosure Initiative[1]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[1]
HKFRS 9 (2014)	Financial Instruments[2]
HKFRS 14	Regulatory Deferral Accounts[1]
HKFRS 15	Revenue from Contracts with Customers[2]
HKFRS 16	Leases[3]

[1] Effective for annual periods beginning on or after 1 January 2016
[2] Effective for annual periods beginning on or after 1 January 2018
[3] Effective for annual periods beginning on or after 1 January 2019

HKFRS 9 (2014) – Financial Instruments

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

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

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

HKFRS 15 – Revenue from Contracts with Customers

The new standard establishes a single revenue recognition framework. The core principle of the framework 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 and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and related interpretations.

HKFRS 15 requires the application of a 5 steps approach to revenue recognition:

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to each performance obligation
Step 5: Recognise revenue when each performance obligation is satisfied

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

HKFRS 16 – Leases

The new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. HKFRS 16 replaces HKAS 17 – Leases and the related interpretation.

The Group is in the process of making an assessment of the potential impact of these new/revised HKFRSs and is not yet in a position to state whether substantial changes to the Group's accounting policies and presentation of the financial statements will be resulted.

(c) The disclosure requirements of the new Hong Kong Companies Ordinance relating to the preparation of financial statements

The provisions of the new Hong Kong Companies Ordinance (Cap.622) (the "**New Companies Ordinance**") regarding preparation of accounts and report of the directors and audits became effective for the financial year ended 31 March 2016.

The Directors consider that there is no impact on the Group's financial position or performance, however the New Companies Ordinance has impacts on the presentation and disclosures in the consolidated financial statements. For example, the statement of financial position of the Company is now presented in the notes to the financial statements rather than as a primary statement and related notes to the statement of financial position of the Company are generally no longer presented.

3. TURNOVER AND SEGMENT INFORMATION

Information on the operating/reportable segments is provided to the chief operating decision-makers (the "**CODM**") to enable them to make strategic decisions. Such segment information is reported in accordance with the internal reporting procedure and the Group's internal organisation and reporting structure.

The Group has three reportable segments. The segments are managed separately as each business offers different products and requires different business strategies. The following summary describes the operations in each of the Group's reportable segments:

- Manufacturing and sale of toys
- Sale of consumer electronic products
- Manufacturing and sale of commercial kitchen products

Inter-segment transactions are priced with reference to prices charged to external customers for similar order. Corporate revenue, expenses, assets and liabilities are not allocated to the reportable segments as these items have not been used by the CODM in measuring the segments' profit or loss, assets and liabilities.

(a) Segment revenue and results

For the year ended 31 March 2016

	Toys *HK$'000*	Consumer electronic products *HK$'000*	Commercial kitchen products *HK$'000*	Reportable segment total *HK$'000*
Revenue to external customers	**293,464**	**47,653**	**11,682**	**352,799**
Segment loss before income tax	**(16,070)**	**(29,765)**	**(52,489)**	**(98,324)**

For the year ended 31 March 2015

	Toys *HK$'000*	Consumer electronic products *HK$'000*	Commercial kitchen products *HK$'000*	Reportable segment total *HK$'000*
Revenue to external customers	240,856	90,539	58,032	389,427
Segment profit/(loss) before income tax	(158)	(19,626)	6,074	(13,710)

	2016 ***HK$'000***	2015 *HK$'000*
Reportable segment loss	**(98,324)**	(13,710)
Interest income	**17,018**	19,040
Gain on disposal of available-for-sale investments	**1,896**	977
Share of result of an associate	**3,653**	9,512
Fair value gain on contingent consideration	**–**	15,615
Equity-settled share-based payment, net	**778**	(1,990)
Unallocated corporate expenses		
– Staff costs	**(6,856)**	(4,842)
– Legal and professional fee	**(4,557)**	(2,464)
– Consultancy service expense	**(5,700)**	(3,600)
– Others	**(1,952)**	(1,581)
Consolidated (loss)/profit before income tax	**(94,044)**	16,957

(b) Segment assets and liabilities

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

	2016	2015
	HK$'000	*HK$'000*
Segment assets		
Toys	**221,099**	191,469
Consumer electronic products	**57,949**	82,173
Commercial kitchen products	**132,995**	187,590
Segment assets	**412,043**	461,232
Available-for-sale investments	**199,017**	201,680
Interest in an associate	**21,982**	18,904
Unallocated corporate assets		
– Cash and cash equivalents	**102,733**	50,809
– Others	**5,289**	7,564
Consolidated total assets	**741,064**	740,189

	2016	2015
	HK$'000	*HK$'000*
Segment liabilities		
Toys	**132,673**	84,168
Consumer electronic products	**21,545**	15,612
Commercial kitchen products	**25,486**	16,912
Segment liabilities	**179,704**	116,692
Unallocated corporate liabilities	**250**	260
Consolidated total liabilities	**179,954**	116,952

(c) Other segment information included in segment results or segment assets

For the year ended 31 March 2016

	Toys *HK$'000*	Consumer electronic products *HK$'000*	Commercial kitchen products *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Interest income	(14)	(52)	(94)	(17,018)	(17,178)
Interest expenses	2,038	–	–	–	2,038
Income tax (credit)/expense	(594)	332	156	–	(106)
Share of result of an associate	–	–	–	(3,653)	(3,653)
Depreciation of property, plant and equipment	7,840	2,381	431	–	10,652
Amortisation of intangible assets	–	605	596	–	1,201
Impairment loss on inventories	–	–	4,416	–	4,416
Impairment loss on trade receivables, net	134	659	1,157	–	1,950
Impairment loss on goodwill	–	–	36,471	–	36,471
Gain on disposal of available-for-sale investments	–	–	–	(1,896)	(1,896)
Equity-settled share-based payment, net	–	(1,070)	(1,079)	(778)	(2,927)
Additions to property, plant and equipment	40,270	3,977	58	–	44,305
Additions to intangible assets	–	–	22	–	22

For the year ended 31 March 2015

	Toys *HK$'000*	Consumer electronic products *HK$'000*	Commercial kitchen products *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Interest income	(13)	(49)	(344)	(19,040)	(19,446)
Interest expenses	1,648	31	81	–	1,760
Income tax expense	2,524	3,285	4,614	–	10,423
Share of result of an associate	–	–	–	(9,512)	(9,512)
Depreciation of property, plant and equipment	4,689	1,237	2,167	–	8,093
Amortisation of intangible assets	–	201	438	–	639
Impairment loss on trade receivables, net	6	–	5,643	–	5,649
Impairment loss on goodwill	–	3,523	–	–	3,523
Gain on disposal of property, plant and equipment	(383)	–	–	–	(383)
Gain on disposal of available-for-sale investments	–	–	–	(977)	(977)
Equity-settled share-based payment, net	–	1,070	3,104	1,990	6,164
Additions to property, plant and equipment	23,753	7,925	664	13	32,355
Additions to intangible assets	–	1,485	2,585	–	4,070
Research and development service income	–	–	(9,001)	–	(9,001)

(d) Geographical information

Information about the Group's revenue and non-current assets by geographical region, according to the location which the product is shipped and the location of assets, is as follows:

For the year ended 31 March 2016

	Revenue *HK$'000*	**Non-current assets** *HK$'000* *(Note (i))*
United States of America and Canada	**137,319**	**3,276**
Europe *(Note (ii))*	**55,765**	**–**
China	**65,809**	**106,471**
Australia	**1,869**	**–**
Japan	**39,625**	**–**
Hong Kong	**1,591**	**98**
Korea	**23,833**	**–**
Indonesia	**10,884**	**114,723**
Others	**16,104**	**6**
	352,799	**224,574**

For the year ended 31 March 2015

	Revenue *HK$'000*	Non-current assets *HK$'000* *(Note (i))*
United States of America and Canada	85,212	3,534
Europe *(Note (ii))*	79,648	–
China	153,228	145,689
Australia	1,807	–
Japan	12,172	–
Hong Kong	662	77
Korea	44,450	–
Indonesia	–	83,284
Others	12,248	8
	389,427	232,592

Note:

(i) Excluding deferred tax assets

(ii) The products are first exported to one of the European countries ("**Shipping Port Countries**") and then distributed to different European countries by the customers. The information as to where the products are finally shipped is unavailable and the cost of obtaining such information would be excessive. The Directors are of the opinion that disclosing the identities of the Shipping Port Countries is undesirable as such disclosure might be misleading.

(e) Information on major customers:

Revenue from two customers (2015: one customer) of the corresponding years contributing over 10% of the total sales of the Group are as follows:

	2016	2015
	HK$'000	*HK$'000*
Customer A from toys segment	**86,794**	44,672
Customer B from toys segment (Note)	**60,498**	N/A

Note: The corresponding revenue in the year ended 31 March 2015 for Customer B did not contribute over 10% of the Group's total revenue.

4. OTHER INCOME, GAINS AND LOSSES, NET

	2016	2015
	HK$'000	*HK$'000*
Interest income	**17,178**	19,446
Sample income and others	**2,055**	1,323
Research and development service income	**–**	9,001
Gain on disposal of property, plant and equipment	**–**	383
Gain on disposal of available-for-sale investments	**1,896**	977
Impairment loss on trade receivables, net	**(1,950)**	(5,649)
Exchange gains/(losses), net	**4,101**	(4,550)
	23,280	20,931

5. (LOSS)/PROFIT BEFORE INCOME TAX

(Loss)/profit before income tax is arrived at after charging:

	2016	2015
	HK$'000	*HK$'000*
Costs of inventories recognised as expenses	**285,535**	277,300
Impairment loss on inventories	**4,416**	–
Auditors' remuneration	**2,433**	1,512
Depreciation of property, plant and equipment	**10,652**	8,093
Amortisation of intangible assets	**1,201**	639
Employee benefits expense (excluding directors)	**106,213**	93,515
Directors' emoluments	**3,708**	4,160
Research and development costs (included in general and administrative expenses)	**11,129**	4,885
Minimum lease payments under operating lease	**3,378**	2,681

6. FINANCE COSTS

	2016	2015
	HK$'000	*HK$'000*
Total interest expenses for financial liabilities that are not at fair value through profit or loss:		
Interests on bank loans wholly repayable within five years	**2,038**	1,760

7. INCOME TAX (CREDIT)/EXPENSE

No Hong Kong profits tax had been provided for the Group's Hong Kong subsidiaries as they did not derive any assessable profits for the year (2015: Nil).

Enterprise income tax ("EIT") has been provided at the rate of 25% (2015: 25%) on the estimated assessable profits for the year arising from the People's Republic of China (the "**PRC**").

Overseas income tax has been provided at the appropriate rates in the countries in which they operate.

The amount of income tax (credit)/expense in the consolidated statement of comprehensive income represents:

	2016	2015
	HK$'000	*HK$'000*
PRC enterprise income tax		
– provision in current year	**–**	3,189
– under-provision in prior years	**106**	3
	106	3,192
Overseas income tax – current year	**210**	1,767
Deferred tax (credit)/charge	**(422)**	5,464
Income tax (credit)/expense	**(106)**	10,423

8. DIVIDENDS

The Directors do not recommend any dividend in respect of the year ended 31 March 2016 (2015: Nil).

9. (LOSS)/EARNINGS PER SHARE

	2016	2015
	HK cents	*HK cents*
Basic (loss)/earnings per share	**(1.39)**	0.31
Diluted (loss)/earnings per share	**N/A** (note(a))	0.29

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

	2016	2015
	HK$'000	*HK$'000*
(Loss)/profit for the year attributable to owners of the Company, used in the basic and diluted (loss)/earnings per share calculation	**(81,324)**	17,037

	2016	2015
Number of shares		
Weighted average number of ordinary shares for the purposes of basic (loss)/earnings per share	**5,849,490,874**	5,582,853,887
Effect of dilution		
– Warrants	**–** (note(a))	260,941,321
– Share options	**–** (note(a))	– (note(b))
Weighted average number of ordinary shares for the purposes of diluted (loss)/earnings per share	**5,849,490,874**	5,843,795,208

Note (a): No diluted loss per share is presented for the year ended 31 March 2016 as the effect of all potential ordinary shares is anti-dilutive.

(b): For the year ended 31 March 2015, the share options of the Company granted in the period are treated as contingently issuable shares because their issue is contingent upon the performance assessments of the share option holders. No adjustment for the share options was made in calculating the diluted earnings per share.

10. GOODWILL

	2016	2015
	HK$'000	*HK$'000*
Cost		
At 1 April	**105,880**	100,970
Acquired through business acquisition	**–**	3,380
Exchange difference	**(5,149)**	1,530
At 31 March	**100,731**	105,880
Accumulated impairment		
At 1 April	**3,523**	–
Impairment loss recognised in the year	**36,471**	3,523
Exchange difference	**143**	–
At 31 March	**40,137**	3,523
At 31 March:		
Cost	**100,731**	105,880
Accumulated impairment	**(40,137)**	(3,523)
Net carrying amount	**60,594**	102,357

Goodwill acquired in business combination is allocated, at acquisition, to the cash-generating unit ("**CGUs**") that are expected to benefit from that business combination. As at 31 March 2016, the goodwill arose from the acquisitions of CGUs which are engaged in manufacturing and sale of commercial kitchen products and sale of toys respectively, is as follows:

	2016	2015
	HK$'000	*HK$'000*
Commercial kitchen products	**58,094**	99,857
Toys	**2,500**	2,500
	60,594	102,357

Commercial kitchen products

The Directors determined the respective recoverable amount of the CGUs of the commercial kitchen products as at 31 March 2016 from their value-in-use based on the valuations performed by an independent firm of professional valuers using the income approach method.

The income approach method is based on the projection of future cash flows of the commercial kitchen products segment derived from the financial budgets approved by the management of the Company ("**Management**") covering a five-year period. Cash flow beyond the five-year period are extrapolated as there is 3% growth in the commercial kitchen products segment in the PRC.

The discount rates in a range from 15% to 19% (2015: 16% to 18%) adopted in the future cash flow projections of the CGUs of the commercial kitchen products are pre-taxed and reflect specific risks relating to the relevant markets.

In prior years, the Management expected the growth of commercial kitchen products segment will become obvious in these years because of the government policy regarding the heat efficiency requirement for commercial kitchen products. However, throughout the year, there is no news on the exact timeframe for the implementation of such new policy and the growth in demand of commercial kitchen products is not happened as expected. In addition, due to the recent slowdown in the economic growth in the PRC, leading to the delay of some potential and ongoing commercial kitchen equipment procurement projects, the Management has become more prudent and cautious for partner choosing and project selection. Therefore, in current year, the Management has reassessed and adjusted the revenue growth adopted in the five-year financial budgets. This had an adverse impact on the estimated value-in-use of those CGUs and an impairment loss on goodwill of HK$36,471,000 was recognised. As the carrying amount of the CGUs has been reduced to their recoverable amount of HK$58,094,000, any adverse changes in the key assumptions used to calculate the recoverable amount would result in further impairment losses.

Toys

The recoverable amount of the CGU of the toys trading business in the USA is determined by the value-in-use calculation. The calculation was carried out by cash flow projections based on financial budgets approved by the Management covering a five-year period. Cash flow beyond the five-year period is extrapolated using an estimated average growth rate of 3% (2015: 3%), which does not exceed the long-term growth rate for the industry in the corresponding country.

The discount rate of 25% (2015: 25%) adopted in the value-in-use calculation of the CGU of toys is pre-taxed and reflect specific risks relating to the relevant markets.

The Management reassessed the recoverable amount of the CGU of toys as at 31 March 2016 by reference to the discounted cash flow calculation with the above estimation and was of the opinion that no impairment loss should be recognised as the carrying amount of the CGU of toys approximates to its recoverable amount.

11. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

The carrying amounts of trade and other receivables, deposits and prepayments are as follows:

	2016	2015
	HK$'000	*HK$'000*
Trade receivables	**53,739**	71,715
Less: allowance for doubtful debts	**(7,125)**	(5,613)
	46,614	66,102
Other receivables, deposits and prepayments	**37,720**	29,093
	84,334	95,195

(a) The movements in the allowance for doubtful debts during the year, including both specific and collective loss components, are as follows:

Allowance of doubtful debts on trade receivables

	2016	2015
	HK$'000	*HK$'000*
At beginning of year	**5,613**	41
Amounts written off for the year	**(134)**	(112)
Addition to impairment loss	**1,950**	5,649
Exchange difference	**(304)**	35
At end of year *(Note)*	**7,125**	5,613

Note:

Included in the above allowance for doubtful debts in respect of trade receivables is a provision for individually impaired trade receivables of HK$7,125,000 (2015: HK$5,613,000) with a carrying amount before provision of HK$12,524,000 (2015: HK$10,691,000).

(b) The ageing analysis of the trade receivables, net of allowance for doubtful debts, is as follows:

	2016	2015
	HK$'000	*HK$'000*
0-90 days	**26,109**	38,859
91-180 days	**854**	19,207
181-365 days	**5,786**	8,000
Over 365 days	**13,865**	36
	46,614	66,102

The Group's sales are on letter of credit or open account terms. Credit terms are reviewed on a regular basis. The normal trade terms include letter of credit, deposits before shipments and credit period ranging from 30 to 90 days but business partners with strong financial backgrounds may be offered longer credit terms.

(c) Below is the ageing analysis of the carrying amounts of trade receivables that are past due at the end of the reporting period but for which the Group has not provided for impairment loss because the Management are of the opinion that the fundamental credit quality of the customers has not deteriorated:

	2016	2015
	HK$'000	*HK$'000*
Within 30 days past due	**279**	11,596
31 to 90 days past due	**5,403**	9,742
Over 90 days past due	**14,907**	656
	20,589	21,994

Trade receivables that are neither past due nor impaired relate to customers for whom there is no recent history of default.

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

12. AVAILABLE-FOR-SALE INVESTMENTS

	2016	2015
	HK$'000	*HK$'000*
Debt securities – at fair value		
– Listed in Hong Kong	**82,724**	94,023
– Listed outside Hong Kong	**116,293**	107,657
	199,017	201,680

13. TRADE AND OTHER PAYABLES AND ACCRUED CHARGES

	2016	2015
	HK$'000	*HK$'000*
Trade payables	**41,960**	28,798
Other payables and accrued charges	**36,936**	23,310
	78,896	52,108

At 31 March 2016, the ageing analysis of the trade payables was as follows:

	2016	2015
	HK$'000	*HK$'000*
0-90 days	**29,652**	22,768
91-180 days	**4,839**	5,766
181-365 days	**3,843**	26
Over 365 days	**3,626**	238
	41,960	28,798

14. SHARE CAPITAL

	Authorised			
	Convertible cumulative redeemable preference shares of US$100,000 each		**Ordinary shares of HK$0.10 each**	
	Number of shares		**Number of shares**	
		US$'000	*'000*	*HK$'000*
At 1 April 2014, 31 March 2015 and 2016	40	4,000	10,000,000	1,000,000

	Issued and fully paid			
	Convertible cumulative redeemable preference shares of US$100,000 each		**Ordinary shares of HK$0.10 each**	
	Number of shares		**Number of shares**	
		US$'000	*'000*	*HK$'000*
At 1 April 2014	–	–	5,557,758	555,776
Exercise of warrants	–	–	90,000	9,000
At 31 March 2015	–	–	5,647,758	564,776
Exercise of warrants	–	–	270,000	27,000
At 31 March 2016	–	–	5,917,758	591,776

RESULTS

For the year ended 31 March 2016 (the "**Year**" or "**Period**" or "**FY15/16**"), the Group's turnover decreased by approximately ("**approx.**") 9% to approx. HK$353 million, compared with approx. HK$389 million for the year ended 31 March 2015 (the "**FY14/15**" or "**Corresponding Period**").

Gross profit margin for the Period was approx. 18% compared to approx. 29% in the Corresponding Period. Overall, loss attributable to owners of the Company was approx. HK$81 million compared with a profit of approx. HK$17 million in the Corresponding Period. The Directors do not recommend the payment of any dividend for the year ended 31 March 2016 (FY14/15: Nil).

BUSINESS REVIEW

During the Period, sales slightly decreased due to the sales decline on both consumer electronic products and commercial kitchen products segments.

The Group recorded a loss for the year ended 31 March 2016 as compared to the profit recorded by the Group for the year ended 31 March 2015. The consolidated loss was primarily attributable to the goodwill impairment, the decrease in turnover and the gross profit margin of the Group under challenging market conditions which resulted in deleveraging of fixed costs.

Commercial Kitchen Products

青島瑞迪燃氣具製造有限公司 ("**Qingdao Ruidi**") and its subsidiaries are the major commercial cooking appliances manufacturers in the PRC. Besides cooking appliances manufacturing and sale, Qingdao Ruidi implemented commercial kitchen Equipment Procurement Construction ("**EPC**") projects with hotels, restaurants, schools, government agencies, etc. during the Period. Due to the PRC economic slowdown, some of the EPC projects we bid were delayed. In addition, given the macro-economic situation, the Management believes a healthy cash flow is essentially important for the Group's long term stability and growth. Therefore, we have been more prudent and cautious for partner choosing and project selection. The above objective and subjective reasons led to a revenue decline in this segment.

Consumer Electronic Products

Childcare Products

The market for childcare related products and services is huge and fast growing in China. In addition, the recent universal two-child policy provides more catalysts and based on the CRCCI research the market size of childcare products and services is expected to be approx. RMB2.6 trillion by 2017. Since the Group entered the childcare market, the Management has been working closely on R&D enhancement, product line expansion, distribution channel development and integration. During the Period, we strategically shifted the focus from large baby appliances into small baby appliances due to better long term prospects for the latter. Currently, the main products of the Group are Haier and Brillante branded small baby appliances (electric sterilizer, baby bottle & food warmer, baby food processor, baby air purifier, etc.). However, because of the much lower Average Selling Price ("**ASP**") of small baby appliances compared with that of large baby appliances, this focus shift caused an overall sales decline in this segment.

During the Period, the Management continues to deploy the multi-brand and multi-product strategy to meet customers' comprehensive needs, so far, we have entered into partnerships with a few world-leading childcare brands, including Nuby, a world famous baby and infant feeding brand, and Bébé Confort, a sub-brand of Dorel Group, a global childcare corporation specializes in strollers, car seats, baby travel gears, etc. to serve as their major distributor for childcare products in the PRC. The above brands have generated sales during the Period and the Management expects that they will be important revenue generators for this segment in the future.

On the other hand, we further streamlined the distribution networks during the Period. The Management participated in the Shanghai International Children Baby Maternity Industry Expo ("**CBME China**") in July 2015. We expect to focus more on large distributors with extensive networks in the future. The streamline of the distribution networks facilitates network management and reduces cost in the long run.

In addition, we have further enhanced Online to Offline ("**O2O**") strategy during the Period. Our products are currently available in various e-commerce channels and lots of mother & baby stores in most of the major cities in the PRC. The Management is of the view that a full O2O sales coverage ties in with consumers' demand and purchasing behaviour of childcare products.

Toys

As previously mentioned in the interim results for the six months ended 30 September 2015, the expanded Indonesian factory was expected to contribute to the sales of the group showing an increase of approx. 22% to HK$293 million for the year ended 31 March 2016 compared to HK$241 million for the year ended 31 March 2015. However, the weakness of the Original Equipment Manufacturing ("**OEM**") business segment did not contribute to the annual results due to the statutory increase in labour costs and employees' benefits during the Year under review. The tough OEM pricing competition for orders and additional costs of fixed assets investment led to an overall lower gross margin in the toy manufacturing segment. The Group employed over 2,400 workers at the Serang factory as at 31 March 2016.

The increase in toy sales was mainly attributable to orders received from our major US customer for the production of a series of toy figures relating to a major blockbuster movie released in December 2015. The toys produced by our Indonesian factory were shipped to the client's worldwide markets in particular the American and European continents. Our Japanese customer also increased orders for a line of infant and pre-school construction block sets destined mainly for the Japan market, thus shown a growth for the year ended 31 March 2016.

The slow but continued recovery of the North American market has not helped the sales of our Original Brand Manufacturing ("**OBM**") business. Kid Galaxy has recorded a decrease in sales by approximately 8% from HK$88 million to HK$81 million for the year ended 31 March 2016. Sales of newly licensed toys and our own brand Morphibian series, Soft & squeezable series and Construction vehicle series with long selling history showed progress and Kid Galaxy's line of products continued to be well promoted in one of the major online stores and a few of the main mass retailers. However, Kid Galaxy was unable to maintain sales momentum in the matured Western European market and the developing Asian markets in view of the negative economic climate and weaker currencies.

PLANS AND PROSPECTS

Commercial Kitchen Products

Commercial kitchen product market is very fragmented in the PRC with no major players in the market. Market growth is driven by increasing demand for dining out as living standard rises, higher environmental standard and fuel cost saving motive. However, due to the PRC economic slowdown, the investment in fixed assets decreased during the Period, which caused negative effects on the commercial kitchen product market. The Management believes that the negative effects will not last too long and the Group will control the financial risks with caution.

The Group's patented advanced infra technology for gas cooking appliances offers the best energy efficiency in the market (70% as compared to the government standard of 45%) and allows more than 50% saving in gas consumption in comparison with traditional blast gas kitchen range. Our products have low carbon monoxide emission (20 times less than the national standard) and have quietness and even heating distribution ability. In addition, the Management expects the new government regulation on the minimum heat efficiency requirement for commercial kitchen appliances to be implemented officially and executed in the foreseeable future.

Consumer Electronic Products

Childcare Products

In late October 2015, the Chinese government decided to implement the "two-child policy" nationally. The Management expects this policy will enable the childcare product and service market to grow significantly in the next decade.

Regarding Haier and Brillante branded childcare products, the Management continues to spend great efforts on new product R&D to enrich the overall product portfolio. New small baby appliances series will be launched successively. In addition, new products covering different categories, such as feeding and nursery, health and safety, etc. will also be released gradually.

The strategic partnerships with Nuby and Bébé Confort are milestones for the Group. The Group has shifted from a single brand baby appliance producer into a multi-brand and multi-product childcare product and service provider. The partnership with Nuby and Bébé Confort is just a start. In the coming months, the Management expects that we would form similar partnerships with more international childcare brands. This kind of partnership would not only expand our whole product portfolio but also further strengthen our distribution channels in the long run. The Management believes that the multi-brand and multi-product strategy together with O2O distribution network will get us well prepared to capture huge opportunities triggered by the "two-child policy".

Toys

After years of continued expansion in the Indonesian factory, the Management believes the financial year 2016/17 is the time to consolidate the Serang facilities to ensure better utilization of resources and implement cost control initiatives. Additional production equipments will be added in the year ending 31 March 2017 but further enlargement of the production areas is being reconsidered in view of competing facilities in Vietnam, India plus Northern and Inland part of Mainland China. The Management will strive to enlarge our customer base to lessen the seasonal extremity of the OEM toys business. A new and restructured management team has been put in place at the Serang factory to ensure improved communications and efficiencies with localization of management as one of our costs reduction efforts.

The Group will continue to bid for popular toys that suit our OEM business strategy and utilize the expanded facilities efficiently in view of the major investments made in the South East Asian factory. For the financial year 2016/17, the Group will continue to face the anticipated annual increase in minimum wages beginning in January 2017. In view of the imminent increase in interest rates in the United States and the uncertainties of the value of the Renminbi and other competing Asian currencies, the Management foresees Indonesian Rupiah is likely to follow the trend in order to stay competitive which may benefit the Group if there is a downward trend in the financial year 2016/17.

In addition to current successful lines, Kid Galaxy will continue to showcase newly licensed and developed products in the coming toy fairs in the early part of 2017. However, further capital investments into research, product development, engineering, new product moulds plus additional marketing and promotion costs for new and existing products will continue to affect the contribution to the profitability of this OBM segment.

As disclosed in the announcement of the Company dated 31 May 2013, the Company placed approx. HK$350 million in its private banking account with a Swiss-based banking institute and approx. HK$344 million had been applied in investing in high yield bonds issued by listed issuers in the open bond market. The Company's investment in the bond market is merely a temporary cash management exercise during the interim period and the Management has been liquidating the bond portfolio at market recently, as at the date of this announcement, the HK$350 million we originally placed in the bank, approx. HK$199 million of which was in the form of bonds, the remaining HK$151 million together with the coupon income it generated has been wired out of that Swiss-based banking institute for operation. The Company will maintain the intended use of proceeds as disclosed in the circular of the Company dated 26 February 2013 (the "**2013 Placing Circular**").

As at 31 March 2016, the Group had approx. HK$7 million non-cash valuation gain (FY14/15: HK$4 million) on available-for-sale investments as shown in our consolidated statement of comprehensive income. The available-for-sale investments have generated approx. HK$17 million coupon income during the Year (FY14/15: HK$19 million). The Management will continue to closely monitor and carefully manage the investments.

GROUP RESOURCES AND LIQUIDITY

As at 31 March 2016, the Group's cash and bank balances were approx. HK$126 million (FY14/15: HK$107 million). The Group's total bank borrowings were approx. HK$37 million (FY14/15: HK$39 million). Gearing ratio, calculated as the total bank borrowings divided by shareholders' equity was approx. 7% as at 31 March 2016 (FY 14/15: 6%). As at 31 March 2016, the Group recorded total current assets of approx. HK$513 million (FY14/15: HK$502 million) and total current liabilities of approx. HK$163 million (FY14/15: HK$86 million). The current ratio of the Group, calculated by dividing the total current assets by the current liabilities, was approx. 315% (FY14/15: 585%). The Group recorded a decrease in shareholders' fund from approx. HK$623 million as at 31 March 2015 to a net asset position of approx. HK$561 million as at 31 March 2016. The decrease was mainly due to the Group suffering from loss and the impairment cost on goodwill during the Year.

SIGNIFICANT INVESTMENTS AND ACQUISITIONS

Save as disclosed in this announcement, the Group did not have any other significant investments or acquisitions or disposal of subsidiaries during the Period under review.

EMPLOYEES

As at 31 March 2016, the Group had approx. 2,611 employees and contract workers based in Hong Kong headquarters, Macau office, PRC offices, the Indonesian factory and the U.S. sales office. The number of employees of the Group varies from time to time depending on production needs and they are remunerated based on industry practices.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard set out in Appendix 10 to The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") (the "**Model Code**"). The Company has made specific enquiry of its Directors. All Directors confirmed that they have complied with the required standard set out in the Model Code and the code of conduct regarding securities transactions by Directors adopted by the Company throughout the Year under review.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the Year under review.

CORPORATE GOVERNANCE

The Company is committed to achieving and maintaining a high standard of corporate governance practices as set out in the Corporate Governance Code (the "**CG Code**") in Appendix 14 to the Listing Rules and the Company has complied with the code provisions set out in the CG Code save for the deviation from code provision A.2.1.

Mr. Diao Yunfeng was appointed as the Chairman and Chief Executive Officer of the Company with effect from 27 October 2014 to succeed Mr. Leung Lun, M.H.. The roles of Chairman and Chief Executive Officer have been performed by Mr. Diao since then. Although under code provision A.2.1, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual, the combination of the roles of chairman and chief executive officer by Mr. Diao is considered to be in the best interests of the Company and its Shareholders as a whole. The Board believes that vesting the roles of both Chairman and Chief Executive Officer in the same person provides the Company with strong and consistent leadership enabling the Company to operate efficiently. The Board considers that such an arrangement will not impair the balance of power and authority between the Board and the Management.

A detailed Corporate Governance Report setting out the Group's framework of governance and explanation about how the provisions of the CG Code have been applied will be included in the Company's Annual Report 2015/2016.

The Company has adopted revised Terms of Reference of the Audit Committee on 27 November 2015 in compliance with and to address the new provisions in the CG Code dealing with risk management and internal control systems and effective for the accounting period beginning on 1 January 2016.

ANNUAL GENERAL MEETING FOR THE YEAR 2016 (THE "2016 AGM")

The 2016 AGM of the Company will be held on Friday, 30 September 2016. A circular containing, amongst other matters, further information relating to the 2016 AGM will be despatched to the shareholders of the Company as soon as practicable.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 27 September 2016 to 30 September 2016 (both days inclusive), during which period no transfer of shares will be effected. In order to determine the entitlement to attend and vote at the 2016 AGM of the Company to be held on 30 September 2016, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Abacus Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on 26 September 2016.

AUDIT COMMITTEE

Pursuant to the Listing Rules, an Audit Committee was established on 14 March 2000. The Audit Committee currently consists of three Independent Non-executive Directors, namely Mr. Ye Tian Liu, Mr. Lai Yun Hung and Dr. Ko Peter, Ping Wah. Mr. Lai Yun Hung is the Chairman of the Audit Committee.

By reference to "A Guide for the Formation of An Audit Committee" published by the Hong Kong Institute of Certified Public Accountants, written terms of reference which describe the authority and duties of the Audit Committee were prepared and adopted by the Board since the date of establishment. The principal activities of the Audit Committee include the review and supervision of the Group's financial reporting process (including the preparation of the interim and annual results, internal controls and corporate governance).

Two Audit Committee Meetings were held with full attendance during the year ended 31 March 2016 to review the interim and annual financial results and reports, financial reporting, report on the Company's internal control and risk management review and processes and the re-appointment of the external auditors.

In view of the recent amendments to the CG Code relating to internal control for accounting period from 1 January 2016, the terms of reference of the Committee has been reviewed and revised to include its role to oversee the risk management effectiveness. The updated terms of reference explaining the Committee's role and authority are available on both the Company's website and the website of HKEx.

The Company's annual results for the year ended 31 March 2016 has been reviewed by the Audit Committee.

The Audit Committee also met the external auditors twice during the year ended 31 March 2016 in the absence of the Executive Directors.

SCOPE OF WORKS OF MESSRS. BDO LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 March 2016 as set out in this preliminary announcement have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagement issued by the HKICPA and consequently no assurance has been expressed by BDO Limited on this preliminary announcement.

PUBLICATION OF RESULTS ANNOUNCEMENT

This results announcement is published on the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk under "Latest Listed Companies Information" and the website of the Company at www.haier-healthwise.com.hk under "Investor Relations".

On behalf of the Board of
Haier Healthwise Holdings Limited
Diao Yunfeng
Chairman and Chief Executive Officer

Hong Kong, 30 June 2016

As at the date of this announcement, the Executive Directors are Mr. Diao Yunfeng (Chairman and Chief Executive Officer), Mr. Leung Lun, M.H. and Ms. Fang Fang; and the Independent Non-executive Directors are Mr. Ye Tian Liu, Mr. Lai Yun Hung and Dr. Ko Peter, Ping Wah.