Pizu Group Holdings Limited

比優集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8053

Annual Report 2014

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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CORPORATE INFORMATION

EXECUTIVE DIRECTORS
Mr. Ding Baoshan *(Chairman)*
Mr. Xiong Zeke *(Chief Executive Officer)*
Ms. Qin Chunhong

NON-EXECUTIVE DIRECTOR
Mr. Ma Qiang

INDEPENDENT NON-EXECUTIVE DIRECTORS
Ms. Zhang Lin
Ms. Liu Talin
Mr. Enhe Bayaer

AUDIT COMMITTEE
Ms. Zhang Lin *(Chairman)*
Ms. Liu Talin
Mr. Enhe Bayaer

REMUNERATION COMMITTEE
Ms. Zhang Lin *(Chairman)*
Ms. Qin Chunhong
Ms. Liu Talin

NOMINATION COMMITTEE
Mr. Enhe Bayaer *(Chairman)*
Ms. Zhang Lin
Ms. Liu Talin

COMPANY SECRETARY
Ms. Shen Tianwei (MAPAIS, CPA, CICPA)

COMPLIANCE OFFICER
Ms. Qin Chunhong

AUTHORISED REPRESENTATIVES
Mr. Xiong Zeke
Ms. Shen Tianwei (MAPAIS, CPA, CICPA)

REGISTERED OFFICE
Royal Bank of Canada Trust Company (Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road, George Town
Grand Cayman KY1-1110
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG
Flat A, 11/F, Two Chinachem Plaza
68 Connaught Road Central
Hong Kong

COMPANY WEBSITE ADDRESS
www.pizugroup.com

INDEPENDENT AUDITOR
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Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE
Butterfield Fund Services (Cayman) Limited
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Grand Cayman
Cayman Islands

HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE
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In the PRC
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Gao De Mansion, BLK C
Haidian District
Beijing
PRC

GEM LISTING CODE
8053

CHAIRMAN'S STATEMENT

Pizu Group Holdings Limited (the "Company") and its subsidiaries (together the "Group") is grateful to our shareholders and the community for their trust, understanding and support during the past financial year 2013/2014. On behalf of the Board and all our staff, I would like to take this opportunity to express our sincere gratitude to our shareholders and the community for their care and support throughout the year.

During the year ended 31 March 2014, the bulk commodity trade business was the main source of the Group's revenue. During the year, the Company began to expand the bulk commodity trade business proactively. As we are still in the initial stage in this business segment, the management is still taking efforts for development of this business so as to earn more revenue for the Company.

Meanwhile, the Group's information technology business in the education sector further declined due to the fierce competition within the industry. The Group had impaired all the related goodwill and intangible assets in this year, so that this business segment will not have significant impact on the Group in the coming year.

The Group will continue to cautiously monitor the changes in the economic environment, and adjust business development strategies and directions should appropriate opportunities arise in order to adapt to changes in the business environment. The Group will continue to develop the existing businesses, proactively explore new business opportunities and create value for the Shareholders.

Ding Baoshan
Chairman

24 June 2014

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECTS 2013-2014

Business review

During the financial year ended 31 March 2014, the bulk commodity trade business was the main source of the Group's revenue, and this business segment is booming to be mature. The revenue from the school network integration services business decreased significantly, attributable to the increasingly keen competition in the market as the business environment in the industry was changing.

During the period, the Group also implemented the capitalization of shareholders' loans and the issuance of convertible bonds. The Directors considered that the capitalization would allow shareholders' loans to be repaid partly without prejudicing to the Company's working capital and would reduce our debt levels, thereby strengthening the Group's financial position and expanding the Company's capital base. As of 31 March 2014, the conversion rights attached to the convertible bonds were exercised in full.

Business outlook

In the light of the favorable development of the bulk commodity trade business, the Group will deploy more resources to develop the trade business actively. At the same time, the Group will continue to explore new business directions and actively search for potential M&A and investment opportunities in order to generate solid and sustainable return for our Shareholders.

FINANCIAL REVIEW

Turnover

The Group achieved a consolidated turnover of approximately RMB605.48 million, an increase of approximately 17.69 times in comparison with year ended 31 March 2013. The following table is the breakdowns of turnover for the year ended 31 March 2014:

	RMB'000	**Approximately % attributable to the turnover of the Group**
Continuing operations		
Sales of commodity goods	596,743	98.56%
Provision of school network integration services	8,740	1.44%
	605,483	100%

Cost of goods sold and services provided

The cost of goods sold and services provided of the continuing operations for the year ended 31 March 2014 was approximately 604.60 million. It was approximately 20.99 times increase as compared to last year. The main reason is the Group's major turnover derives from the bulk commodity trade business, and it is the industry of low gross margin.

MANAGEMENT DISCUSSION AND ANALYSIS

Loss per share

The loss per share of the Group is covered in note 15 to the financial statements.

Segment Information

The segment information of the Group is covered in note 16 to the financial statements.

CAPITAL STRUCTURE

Movements in capital structure of the Company during the year are set out in note 32 to the financial statement. The capital of the Company comprises only ordinary shares.

SIGNIFICANT INVESTMENTS

As at 31 March 2014, the Group did not have any significant investments (2013: nil).

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

There has been no material acquisition and disposal of subsidiaries in 2014.

GEARING RATIO

The Group's gearing ratio (being net debt over total equity) is not applicable as at 31 March 2014 (2013: 173%).

The Group's objective of managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2014, the shareholders' funds of the Group amounted to approximately RMB8.21 million. Current assets amounted to approximately RMB108.22 million of which approximately RMB14.75 million were cash and cash equivalents, approximately RMB91.30 million were trade and bill receivables, other receivables, prepayments and deposits. The Group's current liabilities amounted to approximately RMB100.53 million.

CHARGE OF ASSETS

As at 31 March 2014, save for the bill receivables of approximately RMB81,322,000 (2013: Nil) used for securing the bill facilities, none of the Group's assets were charged or subject to any encumbrance.

CAPITAL COMMITMENT

As at 31 March 2014, the Group did not have any capital commitment in respect of property, plant and equipment contracted but not provided (2013: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

FOREIGN EXCHANGE EXPOSURE AND HEDGING POLICY

Since most of the income and expenses as well as assets and liabilities of the Group are denominated in Renminbi, the Directors consider that the Group has no material foreign exchange exposures and no hedging policy has been taken.

CONTINGENT LIABILITIES

As at 31 March 2014, the Group did not have any material contingent liabilities (2013: nil).

DIVIDEND

The Board did not recommend any payment of final dividend for the year ended 31 March 2014 (2013: nil).

HUMAN RESOURCES

As at 31 March 2014, the Group had 9 full time employees in the PRC and Hong Kong. Staff remuneration packages are determined by reference to prevailing market rates. Staff benefits include mandatory provident fund, personal insurance and discretionary bonus which are based on their performance and contribution to the Group.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Company is committed to achieving high standards of corporate governance by established a formal and transparent procedure to protect the interests of the shareholders of the Company. The Company had complied with the code provisions set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 15 of the GEM Listing Rules throughout the year under review. This report describes the corporate governance standards and practices used by the Company to direct and manage its business affairs. It also explains the applications of the Code and deviations, if any.

COMPLIANCE OF CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company also had made specific enquiry of all Directors and the Company was not aware of any non-compliance with such code of conduct and required standard of dealings throughout the year ended 31 March 2014.

BOARD OF DIRECTORS

The Board collectively oversee the management and operation of the Group and will meet regularly during the year to discuss the operation strategy and financial performance of the Group.

The Board is presently composed of seven members, comprising three executive directors, Mr. Ding Baoshan (Chairman), Mr. Xiong Zeke (Chief executive officer) and Ms. Qin Chunhong, one non-executive director, Mr Ma. Qiang, and three independent non-executive directors (more than one-third of the Board), Ms. Zhang Lin, Ms. Liu Talin and Mr. Enhe Bayaer.

According to article 86(3) of the Articles of Association, the Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or, as an addition to the existing Board but so that the number of Directors so appointed shall not exceed any maximum number determined from time to time by the members in any general meeting. Any Director so appointed by the Board shall hold office only until the next following general meeting of the Company (in the case of filling a casual vacancy) or until the next following annual general meeting of the Company (in the case of an addition to the Board), and shall then be eligible for re-election at that meeting.

Also according to article 87(1) 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 (including those appointed from a specific term) shall be subject to retirement by rotation at least once every three years. Article 87(2) further provides that a retiring Director shall be eligible for re-election and any Directors so to retire shall be subject to retirement by rotation who have been longest in office since their last re-election or appointment.

The main responsibilities of the Board includes:

- to implement resolutions of the general meetings;
- to formulate the Company's business plans and investment plans;
- to formulate the Company's annual budgets and financial policies;
- to report its work in general meetings, to submit reports to regulatory authorities, and to disclose information in accordance with statutory requirements;
- the daily operation and management of the Company are performed by executive Directors and the senior management. The Board formulates the Company's overall policies and plans, and regularly monitors and supervises their implementation by executive Directors and the senior management; and
- there are clearly defined authorities and duties for the management, including periodic report to the Board, and specified matters require prior approval by the Board before their implementation, including matters such as the establishment of internal management structure and the appointment and re-designation of senior managements, while the management is entrusted with appropriate delegation to ensure normal functioning of the Company.

The Board shall convene meetings at least four times every year (basically once every quarter). Extraordinary Board meetings shall be convened under special circumstances or to decide on important issues. In case Directors are not able to attend a meeting to be held at the designated place, the meeting may be held by means of a telephone conference, and thereby facilitates and enhances the attendance of Directors at the Board meeting. If an independent non-executive Director is not able to attend a meeting for some reason, the Company will seek their opinion on the issues to be discussed in the meeting.

11 Board meetings and 1 general meeting were held during the year with an average attendance rate of 96% and 100% respectively. Details of the attendance of the Board of Directors for the year ended 31 March 2014 are as follows:

Total number of meetings held	11
Name of directors	**Attended/Eligible to attend**
Executive directors	
Mr. Ding Baoshan *(Chairman)*	11/11
Mr. Xiong Zeke	9/9
Ms. Qin Chunhong	11/11
Mr. Cheung Jonathan (resigned on 7 October 2013)	7/7
Mr. Cheng Wai Lam James (resigned on 15 April 2013)	1/1
Non-executive directors	
Mr. Ma Qiang (appointed on 2 July 2013)	7/7
Independent non-executive directors	
Ms. Zhang Lin	10/11
Ms. Liu Talin	10/11
Mr. Enhe Bayaer	10/11

The Company has received, from each of the independent non-executive directors, an annual confirmation of their independence pursuant to Rules 5.09 of the GEM Listing Rules. The Company considers that all of the independent non-executive directors are independent. As at the date of this report, the Board has not been aware of the occurrence of any events which would cause it to believe that their independence has been impaired.

Directors' training is an ongoing process. During the Year, directors received regular updates on changes and developments of the Group's business and to the legislative and regulatory environments in which the Company operates. All directors are also encouraged to attend relevant training courses at the Company's expense.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

For the year ended 31 March 2014, the post of the chairman of the board held by Mr. Ding Baoshan and the post of the chief executive officer held by Mr. Xiong Zeke are segregated.

Mr. Ding Baoshan is responsible for leadership and organization of the board of directors, whereas Mr. Xiong Zeke is in charge of management of the overall business operation of the Company.

As such, the Company had complied with Code provision A.2.1.

REMUNERATION OF DIRECTORS

A remuneration committee was formed with specific written terms of reference which deal clearly with its authority and duties with the requirements of the Code in December 2005. The remuneration committee is responsible for reviewing and developing the remuneration polices of the Directors and senior management. The committee members consist of all the two independent non-executive directors and one executive director of the Company. The Board has adopted a set of the revised terms of reference of the remuneration committee which are aligned with the provisions set out in the Code. The terms of reference of the committee setting out its authority, duties and responsibilities are available on both the websites of the Company and the GEM.

During the year, the remuneration committee held two meetings. Details of the attendance of the remuneration committee for the year ended 31 March 2014 are as follows:

Total number of meetings held	2
Name of members	**Attended/Eligible to attend**
Ms. Zhang Lin *(Chairman)*	2/2
Ms. Qin Chunhong	2/2
Ms. Liu Talin	2/2

The remuneration committee has considered and reviewed the existing terms of employment contracts of the executive Directors, senior management and appointment letters of the non-executive Director and independent non-executive Directors. The remuneration committee considers that the existing terms of employment contracts of the executive Directors and appointment letters of the non-executive Director and independent non-executive Directors are fair and reasonable.

For the year ended 31 March 2014, total directors' remuneration amounted to approximately RMB1.41 million (2013: RMB1.01 million). Details of the remuneration of the Directors for the year are set out in note 10 to the accompanying financial statements.

AUDITOR'S REMUNERATION

For the year ended 31 March 2014, the remuneration in respect of audit services provided by the current auditor, BDO Limited, amounted to approximately RMB0.40 million.

AUDIT COMMITTEE

The Company established an audit committee with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules and code provision C.3.1 to C.3.6 of the Code. The primary duties of the audit committee are, among others, to review and supervise the financial reporting processes and internal control procedures of the Group and to provide advice and comments to the Board accordingly. The audit committee consists of the three independent non-executive Directors of the Company. The committee is chaired by Ms. Zhang Lin who has appropriate professional qualifications and experience in financial matters.

During the year, the audit committee held four meetings and performed duties including reviewing the Group's annual report, half-yearly report, quarterly reports and results announcements.

Details of the attendance of the audit committee for the year ended 31 March 2014 are as follows:

Total number of meetings held	4
Name of members	**Attended/Eligible to attend**
Ms. Zhang Lin *(Chairman)*	4/4
Ms. Liu Talin	4/4
Mr. Enhe Bayaer	4/4

The audit committee is of the opinion that the financial statements of the Company and the Group for the year ended 31 March 2014 comply with applicable accounting standards, GEM Listing Rules and that adequate disclosures have been made.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

The Directors are responsible for the preparation of the financial statements, which give a true and fair view of the financial position of the Group. The Auditor is responsible to form an independent opinion, based on the audit, on the financial statements prepared by the Directors and report the opinion solely to the shareholders of the Company.

NOMINATION COMMITTEE

The Company established a nomination committee with written terms of reference in compliance with code provision D1.4 of the Code. The primary duties of the nomination committee are, among others, reviewing the structure, size and composition of the board of directors on a regular basis and making recommendations regarding any proposed changes, identifying and recommending individuals suitably qualified to become board members, and assessing the independence of independent non-executive directors. The nomination committee consists of the three independent non-executive Directors of the Company.

During the year, the nomination committee has nominated six directors.

Details of the attendance of the nomination committee for the year ended 31 March 2014 are as follows:

Total number of meetings held	1
Name of members	**Attended/Eligible to attend**
Mr. Enhe Bayaer *(Chairman)*	1/1
Ms. Zhang Lin	1/1
Ms. Liu Talin	1/1

INTERNAL CONTROL

The Board has overall responsibility for the system of internal control of the Company and for reviewing its effectiveness. The Board is committed to implementing an effective and sound internal control system to safeguard the interests of shareholders and the Company's assets.

The Board has conducted a review of the effectiveness of the internal control system of the Group for the year ended 31 March 2014. The senior management reviews and evaluates the control process and monitors any risk factors on a regular basis and reports to the Board and the audit committee on any findings and measures to address the variances and identified risks.

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The rights of shareholders and the procedures for demanding a poll on resolutions at shareholders' meetings are contained in the Company's constitutional documents. Details of such rights to demand a poll and the poll procedures are included in all related circulars to shareholders and are explained during the proceedings of meetings. There was not any significant change to the Company's constitutional documents during the Year.

Poll results will be posted on the website of the Company and the Stock Exchange on the same day of the shareholders' meeting.

The general meeting of the Company provides a forum for communication between the shareholders and the Board.

Separate resolutions are proposed at shareholders' meetings on each substantial issue, including election of individual directors.

The Company continues to enhance communication and relations with its investors. Enquires from investors are dealt within an informative and timely manner.

BOARD DIVERSITY POLICY

Pursuant to code provision A.5.6 of the Code, the Board has adopted a board diversity policy and the Nomination Committee is responsible for monitoring the achievement of the measurable objectives set out in the policy.

In designing the Board's composition, Board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge. All Board appointments will be based on merit, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

SHAREHOLDER'S RIGHTS

How shareholders can convene an extraordinary general meeting

Pursuant to Article 58 of the articles of association of the Company, any one or more Members holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

The procedures by which enquiries may be put to the Board and sufficient contact details to enable these enquiries to be properly directed

Shareholders may send their enquiries and concerns to the Board by addressing them to the principal place of business of Company in Hong Kong at Flat A, 11/F, Two Chinachem Plaza, 68 Connaught Road Central, Hong Kong by post for the attention of the Board.

Procedures and sufficient contact details for putting forward proposals at shareholders' meetings

Shareholders are welcomed to suggest proposals relating to the operations, strategy and/or management of the Group to be discussed at shareholders' meeting. Proposal shall be sent to the Board by written requisition. Pursuant to the articles of association of the Company, shareholders who wish to put forward a proposal should convene an extraordinary general meeting by following the procedures as set out in paragraph headed "How shareholders can convene an extraordinary general meeting" above.

INVESTOR RELATIONS

The Company has established a number of channels for maintaining an on-going dialogue with its shareholders as follows: (a) corporate communications such as announcements, annual reports, quarterly reports and circulars are published and available on the GEM website at www.hkgem.com and the Company's website at www.pizugroup.com; (b) corporate information is made available on the Company's website; (c) general meetings provide a forum for the shareholders to make comments and exchange views with the Directors and senior management, and the poll results of the general meetings are published on the websites of the Company and the GEM; and (d) the Company's share registrars serve the shareholders in respect of share registration, dividend payment, change of shareholders' particulars and related matters.

The Company's memorandum of association and bye-laws is available on both the Company's website at www.pizugroup.com and the GEM website at www.hkgem.com. The Board is not aware of any significant changes in the Company's constitutional documents during the year.

CONCLUSION

The Company believes that good corporate governance is significant in maintaining investor confidence and attracting investment. The management will devote considerate effort to strengthen and improve the standards of the corporate governance of the Group.

DIRECTORS AND SENIOR MANAGEMENT PROFILE

EXECUTIVE DIRECTORS

Mr. Ding Baoshan, aged 51, has been appointed as the executive director and chairman of the Board from 14 December 2012. He holds a Doctor of Philosophy in economics from China Social Science Institute. He is a senior economist and currently the chairman of the Board of Suzhou Zishi Biotechnology Co., Ltd. (蘇州紫石生物科技有限公司). Mr. Ding is an independent director of Qinghai Huading Industrial Co., Ltd. (青海華鼎實業股份有限公司), a company listed on the Shanghai Stock Exchange. Mr. Ding is also an independent non-executive director of Best Pacific International Holdings Limited (Stock Code: 2111). From October 2000 to August 2007, Mr. Ding had been an executive director of Denway Motors Limited, a company listed on the Main Board of the Stock Exchange prior to its withdrawal of listing on the Stock Exchange in August 2010. During the period between July 2000 and October 2007, Mr. Ding also held a senior position in Guangzhou Automobile Industry Group Co., Ltd. (廣州汽車工業集團有限公司) and several of its group companies. Save as disclosed herein, Mr. Ding did not hold any directorship in any listed public companies in the past three years.

Mr. Xiong Zeke, aged 39, has been appointed as the executive director and chief executive officer from 14 December 2012. He holds a Bachelor's degree in economics from International Economics of the Peking University. Prior to this, he has been the deputy general manager of Beijing Shenshi Huaxuan Investment Co. Ltd. Mr. Xiong is an independent director of Huadong Medicine Co., Ltd. (華東醫藥股份有限公司), a company listed on the Shenzhen Stock Exchange from 2009 until now. He had been an independent director of Chengtun Mining Group Co. Ltd. (盛屯礦業集團股份有限公司) (formerly known as "Xiamen Eagle Mining Group Co. Ltd. (廈門雄震礦業集團股份有限公司)"), a company listed on the Shanghai StockExchange. Mr. Xiong also has over eight years of experience in the banking industry and had worked in the China Construction Bank during the period between July 1996 and March 2005. Save as disclosed herein, Mr. Xiong did not hold any directorship in any listed public companies in the past three years.

Ms. Qin Chunhong, aged 41, has been appointed as the executive director from 14 December 2012. She holds a Master's degree in the School of Business Administration in Peking University. She also holds a Bachelor's degree in Henan Institute of Finance and Economics. She has been a member of the China Certified Tax Agents Association since 2008 and a member of the Chinese Institute of Certified Public Accountants since 2000. Ms. Qin has been the chief financial officer of Beijing Shenshi Huaxuan Investment Co. Ltd. (北京盛世華軒投資有限公司) since 2010. She was also the chief financial officer of Inner Mongolia Shuangli Mining Co., Ltd. (內蒙古雙利礦業有限責任公司) from 2006 to 2009 and the chief financial officer of Western Mining Group (Hong Kong) Company Limited from 2005 to 2006. Ms. Qin did not hold any directorship in any listed public companies in the past three years.

NON-EXECUTIVE DIRECTOR

Mr. Ma Qiang, aged 46, has been appointed as a non-executive director of the Company from 2 July 2013. Mr. Ma graduated from Inner Mongolia radio and Television University. He is currently the chairman of the Board of Beijing Boyang Fudeyuan Investment Co. Ltd. (北京博洋福德園投資有限公司). He had been the chairman of the Board of Shengshi Huaxuan Investment Co., Ltd (北京盛世華軒投資有限公司), Inner Mongolia Dongsheng Miaohua Yitai Chemical Co., Ltd (內蒙古東升廟化伊泰化工有限責任公司) and Mongolia Shuangli Mining Co., Ltd (內蒙古雙利礦業有限責任公司). Mr. Ma did not hold any directorship in any listed public companies in the past three years.

DIRECTORS AND SENIOR MANAGEMENT PROFILE

INDEPENDENT NON-EXECUTIVE DIRECTORS AND AUDIT COMMITTEE

Ms. Zhang Lin, aged 41, has been appointed as the independent non-executive director from 14 December 2012. She is a chairman of audit committee and remuneration committee, a member of nomination committee. She holds a Master's degree from the University of California, San Diego. She also holds a Bachelor's degree from the University of Ohio, Marietta and a Bacheor's degree from Renmin University of China. Ms. Zhang has been the head of project development in China Three Gorges Corporation (中國長江三峽集團公司) since January 2011. Prior to this, she had been an audit manager in Ernst & Young LLP from March 2003 to September 2009. Ms. Zhang is licensed as a certified public accountant in the states of California and Georgia, the United States.

Ms. Liu Talin, aged 46, has been appointed as the independent non-executive director from 14 December 2012. She is also a member of audit committee, remuneration committee and nomination committee. She holds a Bachelor's degree from the Department of Chemistry, Inorganic Chemistry of Inner Mongolia University. She was the deputy manager of Inner Mongolia Supplies Group Company Xiansheng Supplies Co., Ltd. (內蒙古物資集團總公司咸盛物資有限公司) from 1994 to 2005.

Mr. Enhe Bayaer, aged 61, has been appointed as the independent non-executive director from 14 December 2012. He is also the chairman of nomination committee and a member of audit committee. He holds a Bachelor's degree from the Graduate School of Inner Mongolia University. Mr. Enhe has held a senior position in several group companies of China Cinda Asset Management Co. Ltd. since 1999 and is currently the general manager of the custodian settlement department (託管清算部), the custodian coordination department (託管協同部) and the market development department of China Cinda Asset Management Co. Ltd. since July 2007. He has also been the vice-chairman of Shenhua Zhunge'er Energy Group Co. Ltd. (神華准格爾能源集團公司) since 2001.

The Company has set up an audit committee with written terms of reference in compliance with the GEM Listing Rules, for the purpose of reviewing and providing supervision over the financial reporting process and internal control of the Group, and providing advice and comments to the Board accordingly.

SENIOR MANAGEMENT

Mr. Cheng Xianhui, aged 41, general manager, legal representative of Beijing Puhuazhiwei Technology Co., Ltd. He is a bachelor degree, graduated from Remin University of China, majored in investment economy. He is responsible for overall work of company operations.

Mr. Li Shihua, aged 35, executive director of wholly-owned subsidiaries of the group, undergraduate degree, responsible for the overall operations of the subsidiaries.

COMPANY SECRETARY

Ms. Shen Tianwei (MAPAIS, CPA, CICPA), aged 41, is the Financial Controller, Company Secretary and Authorized Representative of the Group. Prior to joining the Group in August 2006, she has over 12 years of auditing, accounting and financial management experience in Big 4 and others sizable corporations. She has a Master degree in Professional accounting and information system from City University of Hong Kong and is an associate member of both the Hong Kong Institute of Certified Public Accountants and Chinese Institute of Certified Public Accountants.

DIRECTORS' REPORT

The directors present herewith their annual report and the audited financial statements of the Company and the Group for the year ended 31 March 2014.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of the Group's subsidiaries are set out in note 19 to the financial statements.

An analysis of the Group's turnover and contribution to results by principal activities for the year ended 31 March 2014 are set out in note 16 to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2014 are set out in the consolidated statement of comprehensive income on page 23.

The state of affairs of the Group and the Company as at 31 March 2014 are set out in the consolidated statement of financial position on page 24 and the statement of financial position on page 25, respectively.

The Board does not recommend the payment of any final dividend in respect of the year ended 31 March 2014 (2013: nil).

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 100 of this annual report. This summary does not form part of the audited financial statements.

RESERVES

Movements in reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity on page 28 of this annual report and in note 34 to the financial statements, respectively.

DISTRIBUTABLE RESERVES

As at 31 March 2014 and 31 March 2013, the Company has no reserves available for distribution to its shareholders.

SHARE CAPITAL

Movements in share capital of the Company during the year are set out in note 32 to the financial statements.

PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment of the Group during the year are set out in note 17 to the financial statements.

CHARITABLE DONATIONS

The Group does not made any charitable donations during the year (2013: Nil).

DIRECTORS

The directors who held office during the year and up to the date of this report were:

Executive directors

Mr. Ding Baoshan *(Chairman)*
Mr. Xiong Zeke *(Chief Executive Officer)*
Ms. Qin Chunhong

Non-executive directors

Mr. Ma Qiang (appointed on 2 July 2013)

Independent non-executive directors

Ms. Zhang Lin
Ms. Liu Talin
Mr. Enhe Bayaer

In accordance with article 86(3) and 87(1) of the Company's Articles of Association, Mr. Xiong Zeke, Ms. Qin Chunhong and Ms. Zhang Lin will retire from office at the forthcoming annual general meeting, being eligible, will offer themselves for re-election.

The Company has received from each of the independent non-executive directors an annual confirmation of his independence pursuant to GEM Listing Rule 5.09 and the Company considers the independent non-executive directors remained independent.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed during the year.

DIRECTORS' SERVICE CONTRACTS

None of the directors has a service contract with the Company which is not determinable by the Group within one year without payment of a compensation, other than the statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

No director of the Company had a significant interest, either directly or indirectly in any contract of significance to the business of the Group to which the Company, its holding company or any of its subsidiaries was a party during or at the end of the year.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS OR SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 March 2014, none of the Directors or chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have such provisions which they are taken or deemed to have such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were otherwise required, pursuant to the minimum standards of dealing by directors of listed issuers as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS AND PERSONS WITH DISCLOSEABLE INTEREST AND SHORT POSITION IN SHARES UNDER SFO

So far as is known to any Director or chief executive of the Company, as at 31 March 2014, the following persons (other than the Directors or chief executive of the Company as disclosed above) had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who is expected, directly or indirectly, to be interested in 10 per cent. or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

Long positions in shares

Name	Nature of Interest	Number of Shares	Percentage of shareholding
Shiny Ocean Holdings Limited	Beneficial Owner (Note)	888,740,477	72.04%
Mr. Ma Qiang	Interest of controlled corporation (Note)	888,740,477	72.04%

Note:

Shiny Ocean Holdings Limited, a company incorporated in BVI, wholly and beneficially owned by Mr. Ma Qiang.

Save as disclosed herein, as at 31 March 2014, the Company had not been notified of any other person (other than the Directors or chief executive of the Company) who had a discloseable interest or short position in the Shares as recorded in the register required to be kept under section 336 of the SFO carrying rights to vote in all circumstances at general meetings of any other members of the Group.

SHARE OPTION SCHEME

On 23 July 2004, the Company adopted a share option scheme (the "Share Option Scheme") to enable the Company to grant options to eligible participants in order to reward or provide incentives to its employees or any person who has contributed or will contribute to the Group. The Share Option Scheme shall continue in force for the period commencing from 23 July 2004 and expiring at the close of business on the tenth anniversary thereof, after such period no further options will be granted but the provisions of the Share Option Scheme shall remain in full force and effect in respect of any options granted before its expiry or termination but not yet exercised.

Under the Share Option Scheme, the directors of the Company may offer to any employees or any person who has contributions to the Group including directors of the Company or any of its subsidiaries share options to subscribe for shares in the Company in accordance with the terms of the Share Option Scheme.

The exercise price is determined by the directors of the Company, and shall not be less than the highest of (i) the closing price of the Company's shares on the date of grant, (ii) the average closing price of the shares for the five business days immediately preceding the date of grant, and (iii) the nominal value of the Company's shares.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Articles of Association or the laws in Cayman Islands.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES

There was no purchase, sale or redemption of the Company's listed shares during the year.

EMOLUMENT POLICY

The emolument policy of the employees of the Group is set out by the Remuneration Committee on the basis of their merit, qualifications and competence.

The emoluments of the directors of the Company are decided by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics.

The Company has adopted a share option scheme as an incentive to directors and eligible employees, details of the scheme are set out in note 33 to the consolidated financial statements.

Details of the remuneration of the Directors and the five highest paid employees in the Group are set out in notes 10 and 11 respectively to the consolidated financial statements.

RETIREMENT BENEFIT COST

Particulars of retirement benefit cost of the Group are set out in note 9 to the financial statements.

DIRECTORS' REPORT

CONNECTED TRANSACTIONS

Pursuant to the Capitalisation and Settlement Agreement dated 8 July 2013, the Company issued 50,000,000 shares and convertible bonds of principal amount of HK$28,306,000 to Shiny Ocean Holdings Limited which is the controlling shareholder of the Company on 29 August 2013 and the independent shareholders approved the aforesaid connected transaction at the annual general meeting 26 August 2013.

COMPETING INTERESTS

For the year ended 31 March 2014, none of the Directors or the management shareholders or any of their respective associates (as defined in the GEM Listing Rules) of the Company had an interest in a business which causes or may causes any significant competition with the business of the Group.

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 of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company also had made specific enquiry of all Directors and the Company was not aware of any non-compliance with such code of conduct and required standard of dealings throughout year ended 31 March 2014.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public as at the date of this report.

SEGMENT INFORMATION

An analysis of the principal activities and geographical locations of operations of the Group for the year ended 31 March 2014 is set out in note 16 to the financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

The percentage of purchases and sales for the year attributable to the Group's major customers and suppliers are as follows:

Purchases

– The largest supplier	15.95%
– Five largest suppliers in aggregate	54.25%

Sales

– The largest customer	14.97%
– Five largest customers in aggregate	47.71%

None of the directors, their associates or any shareholders of the Company (which to the knowledge of the directors owns more than 5% of the Company's share capital) had an interest in the major customers and suppliers noted above.

DIRECTORS' REPORT

AUDIT COMMITTEE

The Company established an audit committee with written terms of reference in compliance with the GEM Listing Rules. The primary duties of the audit committee are, among others, to review and supervise the financial reporting processes and internal control procedures of the Group and to provide advice and comments to the Board accordingly. The audit committee consists of the three independent non-executive Directors of the Company, namely, Ms. Zhang Lin, Ms. Lin Talin and Mr. Enhe Bayaer.

During the year, the audit committee held four meetings and performed duties including reviewing the Group's annual report, half-yearly report, quarterly reports and results announcements. The audit committee has reviewed and commented that the financial statements of the Company and the Group for the year ended 31 March 2014 comply with applicable accounting standards, GEM Listing Rules and that adequate disclosures have been made.

AUDITOR

The financial statements for the year ended 31 March 2011 were audited by CCIF CPA Limited. On 8 August 2011, CCIF CPA Limited resigned as auditors of the Company and BDO Limited was appointed as the new auditor of the Company. A resolution will be proposed at the forthcoming annual general meeting of the Company to re-appoint BDO Limited as auditor of the Company. Save as aforesaid, there has been no change of auditors in the past three years.

On behalf of the Board

Ding Baoshan
Chairman

China, 24 June 2014

INDEPENDENT AUDITOR'S REPORT

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To the shareholders of Pizu Group Holdings Limited
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Pizu Group Holdings Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 23 to 99, which comprise the consolidated and company statements of financial position as at 31 March 2014, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, in accordance with the terms of our engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

INDEPENDENT AUDITOR'S REPORT

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2014 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

BDO Limited
Certified Public Accountants

Lee Ming Wai
Practising Certificate Number P05682

Hong Kong, 24 June 2014

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2014

	Notes	2014 RMB'000	2013 RMB'000
Revenue	6	**605,483**	32,381
Cost of goods sold and services provided		**(604,595)**	(27,492)
Gross profit		**888**	4,889
Other income	7	**16**	670
Administrative and other operating expenses		**(14,930)**	(14,341)
Other gains/(losses)			
Impairment loss on goodwill	20	**(20,761)**	(15,670)
Impairment loss on intangible assets	20	**(2,382)**	–
Impairment loss on property, plant and equipment	20	**(101)**	–
Fair value loss on financial assets at fair value through profit or loss		**–**	(4)
Change in fair value of derivative financial instruments		**5,936**	–
Debt extinguishment gain	28	**53**	–
Gain on early redemption of convertible bonds	30(a)	**–**	3,640
Derecognition of early redemption option	30(a)	**–**	(20)
Gain on disposal of subsidiaries	37	**89**	–
Loss from operations	8	**(31,192)**	(20,836)
Finance costs	12	**(2,941)**	(2,464)
Loss before income tax		**(34,133)**	(23,300)
Income tax credit/(expense)	13	**1,473**	(119)
Loss for the year		**(32,660)**	(23,419)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange differences arising from			
– translation of foreign operations		**347**	–
– reclassification relating to disposal of subsidiaries		**90**	–
Other comprehensive income for the year		**437**	–
Total comprehensive income for the year		**(32,223)**	(23,419)
		RMB	RMB
Loss per share:	15		
– Basic		**(0.031)**	(0.025)
– Diluted		**(0.031)**	(0.025)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2014

	Notes	2014 RMB'000	2013 RMB'000
Non-current assets			
Property, plant and equipment	17	524	641
Intangible assets	18	–	7,142
Goodwill	20	–	20,761
		524	28,544
Current assets			
Trade and bill receivables	21	82,219	3,239
Other receivables, prepayments and deposits	22	9,082	5,032
Derivative financial assets	24	2,168	–
Cash and cash equivalents	23	14,749	16,135
		108,218	24,406
Current liabilities			
Trade payables	25	1,150	1,574
Other payables and accruals	26	12,391	9,725
Borrowings	29	84,322	–
Income tax payable		655	373
Derivative financial liabilities	24	2,016	–
		100,534	11,672
Net current assets		7,684	12,734
Total assets less current liabilities		8,208	41,278
Non-current liabilities			
Other payables and accruals	26	–	833
Loan from a shareholder	28	–	30,421
Deferred tax	31	–	1,786
		–	33,040
Net assets		8,208	8,238
Capital and reserves			
Share capital	32	21,186	19,582
Reserves	34	(12,978)	(11,344)
Total equity		8,208	8,238

On behalf of the Board

DING BAOSHAN	**XIONG ZEKE**
Director	*Director*

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2014

	Notes	2014 RMB'000	2013 RMB'000
Non-current assets			
Property, plant and equipment	17	**28**	56
Investments in subsidiaries	19	**5,320**	34,688
		5,348	34,744
Current assets			
Prepayments and deposits	22	**1**	1
Amounts due from subsidiaries	27	**15,930**	3,400
Cash and cash equivalents	23	**271**	12,623
		16,202	16,024
Current liabilities			
Other payables and accruals	26	**500**	500
Amounts due to subsidiaries	27	**17,032**	16,775
		17,532	17,275
Net current liabilities		**(1,330)**	(1,251)
Total assets less current liabilities		**4,018**	33,493
Non-current liabilities			
Other payables and accruals	26	**–**	833
Loan from a shareholder	28	**–**	30,421
		–	31,254
Net assets		**4,018**	2,239
Capital and reserves			
Share capital	32	**21,186**	19,582
Reserves	34	**(17,168)**	(17,343)
Total equity		**4,018**	2,239

On behalf of the Board

DING BAOSHAN
Director

XIONG ZEKE
Director

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2014

	2014 RMB'000	2013 RMB'000
Cash flows from operating activities		
Loss before income tax	(34,133)	(23,300)
Adjustments for:		
Amortisation of intangible assets	4,760	4,768
Depreciation	124	214
Change in fair value of derivative financial instruments	(152)	20
Fair value loss on financial asset at fair value through profit or loss	–	4
Finance costs	2,941	2,464
Gain on debt extinguishment	(53)	–
Gain on disposal of subsidiaries	(89)	–
Gain on early redemption of convertible bonds	–	(3,640)
Loss on disposal of property, plant and equipment	–	34
Impairment loss on goodwill	20,761	15,670
Impairment loss on intangible assets	2,382	–
Impairment loss on property, plant and equipment	101	–
Interest income	(16)	(8)
Reversal of impairment for trade receivables	(249)	(47)
Net exchange differences	(258)	–
Operating loss before working capital changes	(3,881)	(3,821)
(Increase)/Decrease in trade and bill receivables	(78,731)	4,275
Increase in other receivables, prepayments and deposits	(4,054)	(1,514)
Decrease in loan receivable	–	12,150
Decrease in financial asset at fair value through profit or loss	–	149
Decrease in trade payables	(424)	(2,957)
Increase in other payables and accruals	2,651	16
Cash (used in)/generated from operations	(84,439)	8,298
Interest element of finance leases	–	(1)
Income tax paid	(20)	(15)
Net cash (used in)/generated from operating activities	(84,459)	8,282
Cash flows from investing activities		
Interest received	16	8
Net proceed from disposal of subsidiaries (note 37)	131	–
Purchase of property, plant and equipment	(109)	(101)
Proceeds from disposals of property, plant and equipment	–	80
Net cash generated from/(used in) investing activities	38	(13)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2014

	2014 **RMB'000**	2013 RMB'000
Cash flows from financing activities		
Proceeds from issue of ordinary shares under subscriptions	**–**	11,346
Proceeds from bank loan	**3,000**	–
Increase in financing from discounting of bill receivables with full recourse	**81,322**	–
Redemption payments of convertible bonds	**–**	(19,049)
Repayment of obligation under finance leases	**–**	(3)
Repayment of loan from a third party	**–**	(12,150)
Share issue expenses	**–**	(169)
Interest paid to loan from a third party	**–**	(330)
Interest paid for bank borrowings	**(1,177)**	–
Net cash generated from/(used in) financing activities	**83,145**	(20,355)
Net decrease in cash and cash equivalents	**(1,276)**	(12,086)
Cash and cash equivalents at beginning of the year	**16,135**	28,221
Effect of exchange rate changes on cash and cash equivalents	**(110)**	–
Cash and cash equivalents at end of the year	**14,749**	16,135

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2014

	Share capital RMB'000	Share premium* RMB'000	Capital distributable reserve* RMB'000	Contributed surplus* RMB'000	Convertible bonds equity reserve* RMB'000	Share-based compensation reserve* RMB'000	Foreign currency translation reserve* RMB'000	Statutory and other reserves* RMB'000	Accumulated losses* RMB'000	Total RMB'000
At 1 April 2012	18,877	32,818	23,714	933	17,743	3,558	(13,923)	–	(46,517)	37,203
Transfer to statutory and other reserves	–	–	–	–	–	–	–	1,135	(1,135)	–
Loss for the year/Total comprehensive income for the year	–	–	–	–	–	–	–	–	(23,419)	(23,419)
Early redemption of convertible bonds (note 30(a))	–	–	–	–	(17,743)	–	–	–	1,020	(16,723)
Transfer upon cancellation/lapse of vested share options (note 33)	–	–	–	–	–	(3,558)	–	–	3,558	–
Issue of shares upon Subscriptions (note 32(i))	705	10,641	–	–	–	–	–	–	–	11,346
Share issue expenses	–	(169)	–	–	–	–	–	–	–	(169)
Transactions with owners	705	10,472	–	–	(17,743)	(3,558)	–	–	4,578	(5,546)
At 31 March 2013 and 1 April 2013	19,582	43,290	23,714	933	–	–	(13,923)	1,135	(66,493)	8,238
Loss for the year	–	–	–	–	–	–	–	–	(32,660)	(32,660)
Other comprehensive income:										
Exchange differences from										
– translation of foreign operations	–	–	–	–	–	–	347	–	–	347
– reclassification relating to disposal of subsidiaries (note 37)	–	–	–	–	–	–	90	–	–	90
Total comprehensive income for the year	–	–	–	–	–	–	437	–	(32,660)	(32,223)
Issue of Capitalisation Shares (note 32(ii))	395	6,715	–	–	–	–	–	–	–	7,110
Recognition of equity component of Convertible Bonds (note 30(b))	–	–	–	–	7,722	–	–	–	–	7,722
Interest on loan from a shareholder waived (note 34)	–	–	1,427	–	–	–	–	–	–	1,427
Issue of shares upon conversion of Convertible Bonds (notes 30(b) & 32(iii))	1,209	22,447	–	–	(7,722)	–	–	–	–	15,934
Transactions with owners	1,604	29,162	1,427	–	–	–	–	–	–	32,193
At 31 March 2014	21,186	72,452	25,141	933	–	–	(13,486)	1,135	(99,153)	8,208

* The total of these equity accounts as at reporting date represents "reserves" in the consolidated statement of financial position.

1. CORPORATE INFORMATION

Pizu Group Holdings Limited (the "Company") is incorporated in the Cayman Islands as an exempted company with limited liability. The address of its registered office is Royal Bank of Canada Trust Company (Cayman) Limited 4th Floor, Royal Bank House, 24 Shedden Road, George Town, Grand Cayman, KY1-1110, Cayman Islands. The address of its principal place of business is Flat A, 11/F., Two Chinachem Plaza, 68 Connaught Road Central, Hong Kong. The Company's shares are listed on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 6 August 2004.

The directors consider its ultimate parent is Shiny Ocean Holdings Limited ("Shiny Ocean"), a company incorporated in the British Virgin Islands ("BVI").

The Company and its subsidiaries (collectively, the "Group") are principally engaged in the provision of school network integration services in the People's Republic of China (the "PRC") and money lending in Hong Kong. During the financial year, the Group has diversified its business into bulk commodity trade. Details of the Company's subsidiaries are set out in note 19.

The financial statements for the year ended 31 March 2014 were approved for issue by the board of directors on 24 June 2014.

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

2.1 Adoption of new/revised HKFRSs – effective from 1 April 2013

In the current year, the Group has applied for the first time the following new and amended HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 April 2013:

HKFRSs (Amendments)	Annual Improvements 2010-2012 Cycle
Amendments to HKAS 1 (Revised)	Presentation of Items of Other Comprehensive Income
Amendments to HKFRS 7	Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 27 (2011)	Separate Financial Statements

Except as explained below, the adoption of these new and amended HKFRSs has no material impact on the Group's financial statements.

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

2.1 Adoption of new/revised HKFRSs – effective from 1 April 2013 (Continued)

HKFRSs (Amendments) – Annual Improvements 2010-2012 Cycle

The Basis of Conclusions for HKFRS 13 Fair Value Measurement was amended to clarify that short-term receivables and payables with no stated interest rate can be measured at their invoice amounts without discounting, if the effect of discounting is immaterial. This is consistent with the Group's existing accounting policy.

Amendments to HKAS 1 (Revised) – Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 (Revised) require the Group to separate items presented in other comprehensive income into those that may be reclassified to profit or loss in the future and those that may not. Tax on items of other comprehensive income is allocated and disclosed on the same basis.

The Group has adopted the amendments retrospectively for the financial year ended 31 March 2014. Items of other comprehensive income that may and may not be reclassified to profit or loss in the future have been presented separately in the consolidated statement of comprehensive income. The adoption of the amendments has no impact on the comparative information. As the amendments affect presentation only, there are no effects on the Group's financial position or performance.

Amendments to HKFRS 7 – Offsetting Financial Assets and Financial Liabilities

HKFRS 7 is amended to introduce disclosures for all recognised financial instruments that are set off under HKAS 32 and those that are subject to an enforceable master netting agreement or similar arrangement, irrespective of whether they are set off under HKAS 32.

The adoption of the amendments has no impact on these financial statements as the Group has not offset financial instruments, nor has it entered into a master netting agreement or a similar arrangement.

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

2.1 Adoption of new/revised HKFRSs – effective from 1 April 2013 (Continued)

HKFRS 10 – Consolidated Financial Statements

HKFRS 10 introduces a single control model for consolidation of all investee entities. An investor has control when it has power over the investee (whether or not that power is used in practice), exposure or rights to variable returns from the investee and the ability to use the power over the investee to affect those returns. HKFRS 10 contains extensive guidance on the assessment of control. For example, the standard introduces the concept of "de facto" control where an investor can control an investee while holding less than 50% of the investee's voting rights in circumstances where its voting interest is of sufficiently dominant size relative to the size and dispersion of those of other individual shareholders to give it power over the investee. Potential voting rights are considered in the analysis of control only when these are substantive, i.e. the holder has the practical ability to exercise them.

The standard explicitly requires an assessment of whether an investor with decision making rights is acting as principal or agent and also whether other parties with decision making rights are acting as agents of the investor. An agent is engaged to act on behalf of and for the benefit of another party and therefore does not control the investee when it exercises its decision making authority. The accounting requirements in HKAS 27 (2008) on other consolidation related matters are carried forward unchanged. The Group has changed its accounting policy in determining whether it has control of an investee and therefore is required to consolidate that interest (see note 4.2). The adoption does not change any of the control conclusion reached by the Group in respect of its involvement with other entities as at 1 April 2013.

HKFRS 12 – Disclosure of Interests in Other Entities

HKFRS 12 integrates and makes consistent the disclosures requirements about interests in subsidiaries, associates and joint arrangements. It also introduces new disclosure requirements, including those related to unconsolidated structured entities. The general objective of the standard is to enable users of financial statements to evaluate the nature and risks of a reporting entity's interests in other entities and the effects of those interests on the reporting entity's financial statements.

HKFRS 12 disclosures are provided in note 19. As the new standard affects only disclosure, there is no effect on the Group's financial position and performance.

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

2.1 Adoption of new/revised HKFRSs – effective from 1 April 2013 (Continued)

HKFRS 13 – Fair Value Measurement

HKFRS 13 provides a single source of guidance on how to measure fair value when it is required or permitted by other standards. The standard applies to both financial and non-financial items measured at fair value and introduces a fair value measurement hierarchy. The definitions of the three levels in this measurement hierarchy are generally consistent with HKFRS 7 "Financial Instruments: Disclosures". HKFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). The standard removes the requirement to use bid and ask prices for financial assets and liabilities quoted in an active market. Rather the price within the bid-ask spread that is most representative of fair value in the circumstances should be used. It also contains extensive disclosure requirements to allow users of the financial statements to assess the methods and inputs used in measuring fair values and the effects of fair value measurements on the financial statements. HKFRS 13 is applied prospectively.

HKFRS 13 did not materially affect any fair value measurements of the Group's assets and liabilities and therefore has no effect on the Group's financial position and performance.

2.2 New or amended HKFRSs that have been issued but are not yet effective

The following new or amended HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[1]
HKFRS 9	Financial Instruments
Amendments to HKFRS 9, HKFRS 7 and HKAS 39	Hedge Accounting
Amendments to HKAS 36	Recoverable Amount Disclosures[1]
HKFRSs (Amendments)	Annual Improvements 2010-2012 Cycle[3]
HKFRSs (Amendments)	Annual Improvements 2011-2013 Cycle[2]

1 Effective for annual periods beginning on or after 1 January 2014
2 Effective for annual periods beginning on or after 1 July 2014
3 Effective for annual periods beginning, or transactions occurring, on or after 1 July 2014

Amendments to HKAS 32 – Offsetting Financial Assets and Financial Liabilities

The amendments clarify the offsetting requirements by adding appliance guidance to HKAS 32 which clarifies when an entity "currently has a legally enforceable right to set off" and when a gross settlement mechanism is considered equivalent to net settlement.

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

2.2 New or amended HKFRSs that have been issued but are not yet effective (Continued)

HKFRS 9 – Financial Instruments

Under HKFRS 9, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses will be recognised in profit or loss except for those non-trade equity investments, which the entity will have a choice to recognise the gains and losses in other comprehensive income. HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that 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.

Amendments to HKFRS 9, HKFRS 7 and HKAS 39 – Hedge Accounting

The amendments overhaul hedge accounting to allow entities to better reflect their risk management activities in financial statements. Changes included in HKFRS 9 to address the own credit risk issue on financial liabilities designated at fair value through profit or loss can be applied in isolation without the need to change any other accounting for financial instruments. The amendments also remove the 1 January 2015 effective date for HKFRS 9.

Amendments to HKAS 36 – Recoverable Amount Disclosures

The amendments limit the requirements to disclose the recoverable amount of an asset or cash generating unit ("CGU") to those periods in which an impairment loss has been recognized or reversed, and expand the disclosures where the recoverable amount of impaired assets or CGUs has been determined based on fair value less costs of disposal.

Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle

The amendments issued under the annual improvements process make small, non-urgent charges to a number of standards where they are currently unclear. Among them HKAS 16 Property, Plant and Equipment has been amended to clarify how the gross carrying amount and accumulated depreciation are treated where an entity uses the revaluation model. The carrying amount of the asset is restated to revalued amount. The accumulated depreciation may be eliminated against the gross carrying amount of the asset. Alternatively, the gross carrying amount may be adjusted in a manner consistent with the revaluation of the carrying amount of the asset and the accumulated depreciation is adjusted to equal the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

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

2.2 New or amended HKFRSs that have been issued but are not yet effective (Continued)

The Group is in the process of making an assessment of the potential impact of these new or revised HKFRSs and the directors so far concluded that the application of these new or revised HKFRSs will have no material impact on the Group's financial statements.

3. BASIS OF PREPARATION

The consolidated financial statements on pages 23 to 99 have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance. The financial statements also include the applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange.

The significant accounting policies that have been used in the preparation of these financial statements are summarised in note 4. These policies have been consistently applied to all the years presented unless otherwise stated. The adoption of new or amended HKFRSs and the impact on the Group's financial statements, if any, are disclosed in note 2.

The financial statements have been prepared on the historical cost basis except for the derivative financial instruments, which are measured at fair values. The measurement bases are fully described in the accounting policies below.

The functional currency of the Company is Hong Kong Dollars ("HK$"). The consolidated financial statements are presented in Renminbi ("RMB") which in the opinion of the directors is appropriate, since the major subsidiaries of the Group are operating in the RMB environment and the functional currency of these major subsidiaries is RMB.

It should be noted that accounting estimates and assumptions are used in preparation of these financial statements. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Group's financial statements, are disclosed in note 5.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Business combination and basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries (see note 4.2 below) made up to 31 March each year. Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the dates of acquisition or up to the dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

Acquisition of subsidiaries or businesses is accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. The Group's previously held equity interest in the acquiree is re-measured at acquisition-date fair value and the resulting gains or losses are recognised in profit or loss. The Group may elect, on a transaction-by-transaction basis, to measure the non-controlling interests that represent present ownership interests in the subsidiary either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other non-controlling interests are measured at fair value unless another measurement basis is required by HKFRSs. Acquisition-related costs incurred are expensed unless they are incurred in issuing equity instruments in which case the costs are deducted from equity.

Any contingent consideration to be transferred by the acquirer is recognised at acquisition-date fair value. Subsequent adjustments to consideration are recognised against goodwill only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

Contingent consideration balances arising from business combinations whose acquisition dates preceded 1 January 2010 (i.e. the date the Group first applied HKFRS 3 (2008)) have been accounted for in accordance with the transition requirements in the standard. Such balances are not adjusted upon first application of the standard. Subsequent revisions to estimates of such consideration are treated as adjustments to the cost of these business combinations and are recognised as part of goodwill.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.1 Business combination and basis of consolidation (Continued)

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interest are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

Subsequent to acquisition, the carrying amount of non-controlling interests that represent present ownership interests in the subsidiary is the amount of those interests at initial recognition plus such non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributed to such non-controlling interests even if this results in those non-controlling interests having a deficit balance.

Goodwill arising on business combination is measured according to the policies in note 4.3.

4.2 Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: power over the investee, exposure, or rights, to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.3 Goodwill

Goodwill is initially recognised at cost being the excess of the aggregate of consideration transferred and the amount recognised for non-controlling interests over the fair value of identifiable assets acquired, liabilities assumed including contingent liabilities as at the date of acquisition.

Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is recognised in profit or loss on the acquisition date, after re-assessment.

Goodwill is measured at cost less impairment losses. For the purpose of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units that are expected to benefit from the synergies of the acquisition. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired (note 4.14).

For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro-rata on the basis of the carrying amount to each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss and is not reversed in subsequent periods.

4.4 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses (note 4.14). The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as an expense in profit or loss during the financial period in which they are incurred.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.4 Property, plant and equipment (Continued)

Property, plant and equipment are depreciated so as to write off their cost net of expected residual value over their estimated useful lives on a straight-line basis. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The useful lives are as follows:

Leasehold improvements	Over the remaining term of the lease
Computer equipment	4-5 years
Furniture and equipment	4-5 years
Motor vehicles	5 years

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in profit or loss on disposal.

4.5 Intangible assets (other than goodwill)

Acquired intangible assets

Intangible assets acquired separately are initially recognised at cost. The cost of intangible assets acquired in a business combination is fair value at the date of acquisition. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and impairment losses (note 4.14).

Amortisation is provided on a straight-line basis over their useful lives as follows:

Customer contracts	Over the terms of the contracts
Forensic centre contractual rights	5 years
Customer base	5 years
Acquired computer software	3 years

The amortisation expense is recognised in profit or loss and included in administrative and other operating expenses.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.6 Leased assets

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to lessee. All other leases are classified as operating leases.

The Group as lessee

Operating lease payments are recognised as expenses in profit or loss on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

4.7 Financial instruments

(i) Financial assets

The Group classifies its financial assets at initial recognition, depending on the purpose for which the asset was acquired. Financial assets at fair value through profit or loss are initially measured at fair value and all other financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition of the financial assets. Regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKAS 39.

Financial assets at fair value through profit or loss

These assets include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value, with changes in fair value recognised in profit or loss in the period in which they arise.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.7 Financial instruments (Continued)

(i) Financial assets (Continued)

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (trade debtors), and also incorporate other types of contractual monetary asset. Subsequent to initial recognition, they are carried at amortised cost using the effective interest method, less any identified impairment losses. However, trade receivables subject to provisional pricing are valued as explained in note 4.9.

(ii) Impairment loss on financial assets

The Group assesses, at the end of each reporting period, whether there is any objective evidence that financial asset is impaired. Financial asset is impaired if there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- granting concession to a debtor because of debtor's financial difficulty;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation; and
- significant changes in the technological, financial market, economic or legal environment that have an adverse effect on the debtor.

Loss events in respect of a group of financial assets include observable data indicating that there is a measurable decrease in the estimated future cash flows from the group of financial assets. Such observable data include but not limited to adverse changes in the payment status of debtors in the group and, national or local economic conditions that correlate with defaults on the assets in the group.

If there is objective evidence that an impairment loss on loans and receivables has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The amount of impairment loss is recognised in profit or loss of the period in which the impairment occurs. The carrying amount of loans and receivables is reduced through the use of an allowance account. Loan and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.7 Financial instruments (Continued)

(ii) Impairment loss on financial assets (Continued)

If, in subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that it does not result in a carrying amount of the financial asset exceeding what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss of the period in which the reversal occurs.

Impairment losses for doubtful receivables, whose recovery is considered doubtful but not remote, are recorded using an allowance account. When the Group considered that recovery of receivables is remote, the amount considered irrecoverable is written off against the receivables directly and any amounts held in the allowance account in respect of that receivable are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

(iii) Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at fair value through profit or loss are initially measured at fair value and financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading. Financial liabilities are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in profit or loss.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value, with changes in fair value recognised in profit or loss in the period in which they arise.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.7 Financial instruments (Continued)

(iii) Financial liabilities (Continued)

Financial liabilities at amortised cost

Financial liabilities at amortised cost including trade payables, other payables and accruals, borrowings, amounts due to subsidiaries, loan from a shareholder, and the debt element of convertible bonds (note iv) are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss (note 4.15).

Financial liabilities are derecognised when the obligation under the liability is discharged or cancelled or expire.

(iv) Convertible bonds

Convertible bonds issued by the Group that contain both liability and conversion option components are classified separately into their respective items on initial recognition. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is classified as an equity instrument.

On initial recognition, the fair value of the liability component is determined using the prevailing market interest of similar non-convertible debts. The difference between the proceeds of the issue of the convertible loan notes and the fair value assigned to the liability component, representing the conversion option for the holder to convert the loan notes into equity, is included in equity (convertible bonds equity reserve).

In subsequent periods, the liability component of the convertible bonds is carried at amortised cost using the effective interest method. The equity component, represented by the option to convert the liability component into ordinary shares of the Company, will remain in convertible bonds equity reserve until the embedded option is exercised (in which case the balance stated in convertible bonds equity reserve will be transferred to share premium. Where the option remains unexercised at the expiry dates, the balance stated in convertible bonds equity reserve will be released to the accumulated losses. No gain or loss is recognised upon conversion or expiration of the option.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.7 Financial instruments (Continued)

(iv) Convertible bonds (Continued)

Transaction costs that relate to the issue of the convertible bonds are allocated to the liability and equity components in proportion to the allocation of the proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible loan notes using the effective interest method.

A substantial modification of the terms of convertible bonds shall be accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

(v) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(vi) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(vii) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKAS 39.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.7 Financial instruments (Continued)

(vii) Derecognition (Continued)

Where the Group issues its own equity instruments to a creditor to settle a financial liability in whole or in part as a result of renegotiating the terms of that liability, the equity instruments issued are the consideration paid and are recognised initially and measured at their fair value on the date the financial liability or part thereof is extinguished. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments are measured to reflect the fair value of the financial liability extinguished. The difference between the carrying amount of the financial liability or part thereof extinguished and the consideration paid is recognised in profit or loss for the year.

4.8 Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments with original maturities of three months or less than that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. For the purpose of the consolidated statement of cash flows presentation, cash and cash equivalents which are repayable on demand and form an integral part of the Group's cash management.

4.9 Revenue recognition

Revenue comprises the fair value of the consideration received or receivables for the sale of goods and rendering of services. Provided it is probable that economic benefits will flow to the Group and the income and costs, if applicable, can be measured reliably, income is recognised as follows:

(i) Provision of school network integration services

Revenue from the provision of school network integration services is recognised when the goods are delivered and installation work is completed and the customer has accepted the significant risks and rewards of ownership of the goods and services. Revenue excludes value added tax or other sales taxes and is after deductions of any trade discounts and returns.

When the installation work is incomplete at the reporting date, revenue attributable to the installation work is determined recognised by reference to the stage of completion of the work. The stage of completion is determined by comparing costs incurred to date with the total estimated costs of the installation work.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.9 Revenue recognition (Continued)

(ii) Bulk commodity trade

Revenue from the sale of goods is recognised when persuasive evidence of an arrangement exists, usually in the form of an executed sales agreement, indicating there has been a transfer of the significant risks and rewards to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. This is generally when title passes, which for the majority of commodity sales is the date when the commodity is delivered for shipment or when warehouse document is released confirming the title of commodity is transferred from the Group to the customer.

Certain commodity are "provisionally priced", that means the selling price is subject to final adjustment.

Revenue on provisionally priced sales is recognised at the estimated fair value of the total consideration received or receivable based on relevant forward market prices.

Adjustment to selling price occurs based on movements in quoted market prices during a period as stipulated in the sale contract which commences after the title of commodity is transferred to the customer (the "quotation period").

The fair value of the price adjustment is marked to market continuously based on the forward selling price during the quotation period and changes in fair value are recognised in profit or loss. For this purpose, the selling price can be measured reliably for those goods, such as copper and zinc, for which there exists an active and freely-traded commodity market such as the London Metals Exchange and the value of product sold by the Group is directly linked to the form in which it is traded on that market.

(iii) Interest income

Interest income is accrued on a time basis on the principal outstanding at the applicable interest rate.

(iv) Consultancy income

Consultancy income is recognised when the agreed services are provided and in accordance with the terms of contracts entered into.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.10 Income taxes

Income taxes for the year comprise current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for goodwill and recognised assets and liabilities that affect neither accounting nor taxable profits, deferred tax liabilities are recognised for all temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates expected to apply in the period when the liability is settled or the asset is realised based on tax rates that have been enacted or substantively enacted at the end of reporting period.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, associates and jointly controlled entities, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income.

4.11 Foreign currency

Transactions entered into by the Group in currencies other than the currency of the primary economic environment in which they operate (the "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income, in which case, the exchange differences are also recognised in other comprehensive income.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.11 Foreign currency (Continued)

On consolidation, income and expense items of foreign operations are translated into the presentation currency of the Group (i.e. RMB) at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the rates approximating to those ruling when the transactions took place are used. All assets and liabilities of foreign operations are translated at the rate ruling at the end of reporting period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity as foreign exchange reserve. Exchange differences recognised in profit or loss of group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the foreign operation concerned are reclassified to other comprehensive income and accumulated in equity as foreign exchange reserve.

On disposal of a foreign operation, the cumulative exchange differences recognised in the foreign exchange reserve relating to that operation up to the date of disposal are reclassified to profit or loss to the extent attributable to owners of the Company as part of the profit or loss on disposal.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of reporting period. Exchange differences arising are recognised in the foreign currency translation reserve.

4.12 Employee benefits

(i) *Short-term employee benefits*

Short term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short term employee benefits are recognised in the year when the employees render the related service.

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.12 Employee benefits (Continued)

(ii) *Defined contribution retirement plan*

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance (the "MPF Ordinance"), for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Company in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The Group's PRC operations participate in defined contribution retirement plans managed by the local municipal government in the locations in which it operates. The relevant authorities of the local municipal government in the PRC are responsible for the retirement benefit obligations payable to the Group's retired employees. The Group has no obligation for payment of retirement benefits beyond the annual contribution. The contribution payable is charged as an expense to profit or loss as and when incurred.

(iii) *Share-based compensation*

Details about the accounting policy on share-based compensation to employee are set out in note 4.13.

4.13 Share-based payments

Where share options are awarded to employees and others providing similar services, the fair value of the options at the date of grant is recognised in profit or loss over the vesting period with a corresponding increase in the share-based compensation reserve within equity. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at the end of each reporting period so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also recognised in profit or loss over the remaining vesting period.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.13 Share-based payments (Continued)

Where equity instruments are granted to persons other than employees and others providing similar services, the fair value of goods or services received is recognised in profit or loss unless the goods or services qualify for recognition as assets. A corresponding increase in the share-based compensation reserve in equity is recognised. For cash-settled share based payments, a liability is recognised at the fair value of the goods or services received.

Upon exercise of the share options, the amount in the share-based compensation reserve is transferred to the share premium account. In case the share option are lapsed or vested and forfeited, the relevant amount in the share-based compensation reserve is released directly to accumulated losses.

4.14 Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of the following assets to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment;
- investments in subsidiaries;
- goodwill arising on acquisition of subsidiaries; and
- intangible assets (other than goodwill).

Goodwill and other intangible assets with an indefinite useful life are tested for impairment at least annually, irrespective of whether there is any indication that they are impaired. All other assets are tested for impairment whenever there are indications that the assets' carrying amount may not be recoverable.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash-generating unit). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill in particular is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which the goodwill is monitored for internal management purpose.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.14 Impairment of non-financial assets (Continued)

Impairment loss recognised for CGUs, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the CGU, except that the carrying value of an asset will not be reduced below its individual fair value less cost to sell, or value-in-use, if determinable.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risk specific to the asset.

An impairment loss on goodwill is not reversed in subsequent periods including impairment losses recognised in an interim period. In respect of other assets, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

A reversal of such impairment is credited to profit or loss in the period in which it arises unless that asset is carried at revalued amount, in which case the reversal of impairment loss is accounted for in accordance with the relevant accounting policy for the revalued amount.

4.15 Borrowing costs

Borrowing costs attributable directly to the acquisition, construction and production of qualifying assets are capitalised as part of the cost of those assets. All other borrowing costs are expensed in the period when they are incurred.

4.16 Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which will probably result in an outflow of economic benefits that can be reasonably estimated.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.17 Related parties

(a) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of key management personnel of the Group or the Company's parent.

(b) An entity is related to the Group if any of the following conditions apply:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(i) that person's children and spouse or domestic partner;

(ii) children of that person's spouse or domestic partner; and

(iii) dependents of that person or that person's spouse or domestic partner.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.18 Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's chief operating decision maker, i.e. the board of directors, for the purposes of allocating resources to, and assessing the performance of, the Group's various business operation and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT

Estimates and judgements used in preparing financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal to the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

5.1 Useful lives of property, plant and equipment

The Group's management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

5.2 Impairment of receivables

The Group maintains an impairment allowance for doubtful accounts based upon the periodic evaluation of the recoverability of its trade and other receivables, where applicable. The estimates are based on the ageing of the trade and other receivables balances, their financial position and the Group's historical write-off experience, net of recoveries. If the financial condition of the debtors were to deteriorate, additional impairment allowance may be required.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT (Continued)

5.3 Impairment of non-financial assets

The Group assesses impairment by evaluating conditions specific to the Group that may need to impairment of the assets. When an impairment exists, the recoverable amount of the asset is determined. When applying the value-in-use calculations to determine recoverable amount, the Group estimates the future cash flows expected to arise from the assets/cash-generating units ("CGU") and applies a suitable discount rate in order to calculate the present value. These would incorporate a number of key estimates and assumptions about future events which are subject to uncertainty and might materially different from the actual results. Certain assumptions would be based on market conditions exist at the reporting date. If the carrying amount of the cash-generating unit exceeds its recoverable amount, additional impairment allowance may be required. Significant estimates and assumptions used by the Group for the impairment assessment of goodwill and intangible assets relating to the CGU of school network integration services segment are disclosed in note 20.

5.4 Useful lives of intangible assets

Management determines the estimated useful lives of and related amortisation for its intangible assets. This estimate is based on the actual useful lives of assets of similar nature and functions. It could change significantly as a result of significant technical innovations and competition in response to industry cycles. Management will increase the amortisation charges where useful lives are less than previously estimated lives, or will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

5.5 Current taxation and deferred taxation

Judgement is required in determining the amount of the provision for taxation and the timing of payment of the related taxation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the periods in which such determination are made.

Deferred taxation relating to certain temporary differences and tax losses are recognised as management considers it is probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. Where the expectations are different from the original estimate, such differences will impact the recognition of deferred taxation in the periods in which such estimate is changed.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT (Continued)

The recognition of sale and purchase transactions relating to the new business, bulk commodity trade, requires the directors to exercise critical judgement. The Group trades commodities such as copper and zinc. Certain commodity are sold and purchased under contracts with provisional pricing arrangements which allow the selling price to be adjusted according to the market price up to the date of final pricing as stipulated in the contract. Revenues and purchases are recognised when title and risk pass to the customer using the fair value of the consideration received or receivable. Changes between the prices recorded upon recognition of sale and purchase and the final price due to fluctuations in the market prices of the underlying commodities result in the existence of a commodity derivative embedded in the relevant sale and purchase contracts. This embedded derivative is recorded at fair value, with changes in fair value recognised in the profit or loss (note 24(ii)).

6. REVENUE

The Group's turnover represents the revenue from its principal activities which mainly comprise bulk commodity trade and the provision of school network integration services to customers. Revenue from the Group's principal activities recognised during the year is as follows:

	2014 **RMB'000**	2013 RMB'000
Sales of commodity goods	**596,743**	–
Provision of school network integration services	**8,740**	31,464
Interest income from money lending	**–**	917
	605,483	32,381

7. OTHER INCOME

	2014 **RMB'000**	2013 RMB'000
Bank interest income	**16**	8
Consultancy income	**–**	130
Recovery of trade receivables previously written off	**–**	338
Others	**–**	194
	16	670

8. LOSS FROM OPERATIONS

Loss from operations is arrived at after charging/(crediting) the followings:

	2014 RMB'000	2013 RMB'000
Amortisation of intangible assets	**4,760**	4,768
Auditor's remuneration:		
– current year	**395**	348
– underprovision in prior year	**–**	8
Costs of inventories recognised as expenses	**596,257**	–
Depreciation for property, plant and equipment	**124**	214
Loss on disposal of property, plant and equipment	**–**	34
Net foreign exchange loss	**603**	–
Operating lease charges on land and buildings	**1,054**	927
Reversal of impairment for trade receivables	**(249)**	(47)
Staff costs (including directors' emoluments) (note 9)	**5,122**	5,646

9. STAFF COSTS (INCLUDING DIRECTORS' EMOLUMENTS)

	2014 RMB'000	2013 RMB'000
Salaries, wages and other benefits	**4,844**	5,051
Contributions to defined contribution retirement plans (note)	**278**	595
	5,122	5,646

Note:

The Group has implemented a provident fund scheme for its staff in Hong Kong in compliance with the requirements of the MPF Ordinance effective from 1 December 2000. The Group contributes to the scheme according to the minimum requirements of the MPF Ordinance (i.e. 5% of staff's relevant income with an upper monthly limit of HK$1,250) and the contributions are charged to profit or loss as they become payable.

As stipulated by the rules and regulations in the PRC, the Group contributes to a state-sponsored retirement plan for its employees in the PRC at a rate of 20% of the basic salaries of its employees, and has no further obligations for the actual pension payments or post-retirement benefits beyond the annual contributions. The relevant government agencies are responsible for the entire pension obligation payable to all retired employees. The contributions are charged to profit or loss as they become payable in accordance with the rules of the retirement plan.

10. DIRECTORS' EMOLUMENTS

Directors' emoluments are disclosed as follows:

	Fees	Salaries, allowances and benefits in kind	Retirement scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000
For the year ended 31 March 2014				
Executive directors				
Ding Baoshan	261	–	–	261
Qin Chunhong	190	–	–	190
Xiong Zeke	396	149	–	545
Cheung Jonathan (note (i))	49	–	–	49
Cheng Wai Lam James (note (iii))	4	–	–	4
Non-executive directors				
Ma Qiang (note (ii))	71	–	–	71
Independent non-executive directors				
Enhe Bayaer	95	–	–	95
Liu Talin	95	–	–	95
Zhang Lin	95	–	–	95
	1,256	149	–	1,405

10. DIRECTORS' EMOLUMENTS (Continued)

	Fees	Salaries, allowances and benefits in kind	Retirement scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000
For the year ended 31 March 2013				
Executive directors				
Ding Baoshan (note (iv))	–	57	–	57
Qin Chunhong (note (iv))	–	57	–	57
Xiong Zeke (note (iv))	–	57	–	57
Li Kangying (note (v))	69	68	7	144
Cheung Jonathan	97	–	–	97
Cheng Wai Lam James	97	–	–	97
Non-executive directors				
Chau King Fai (note (v))	69	–	–	69
Wang Dongbin (note (vi))	69	68	7	144
Independent non-executive directors				
Yeung Kenneth King Wah (note (v))	69	–	–	69
Gao Feng (note (v))	69	–	–	69
Chiang Sheung Yee (note (v))	69	–	–	69
Enhe Bayaer (note (iv))	28	–	–	28
Liu Talin (note (iv))	28	–	–	28
Zhang Lin (note (iv))	28	–	–	28
	692	307	14	1,013

Notes:

(i) Resigned on 7 October 2013
(ii) Appointed on 2 July 2013
(iii) Resigned on 15 April 2013
(iv) Appointed on 14 December 2012
(v) Resigned on 14 December 2012
(vi) Re-designated from an executive director to a non-executive director effective from 1 April 2012 and resigned on 14 December 2012

10. DIRECTORS' EMOLUMENTS (Continued)

During the year ended 31 March 2013, all of the outstanding share options held by directors had been cancelled or lapsed resulting from the conditional voluntary cash offer made in October 2012. The details of the share options were disclosed in note 33.

No directors waived any emoluments during the year and no incentive payment or compensation for loss of office was paid or payable to any directors during the year ended 31 March 2014 (2013: nil).

11. FIVE HIGHEST PAID INDIVIDUALS

During the year ended 31 March 2014, three of the directors whose emoluments are disclosed in note 10 were among the five individuals of the Group with the highest emoluments. During the year ended 31 March 2013, none of the directors were the five individuals with the highest emoluments. The emoluments of the remaining two (2013: five) highest paid non-director individuals are as follows:

	2014	2013
	RMB'000	RMB'000
Salaries, allowances and other benefits in kind	**807**	1,338
Contributions to defined contribution retirement plans	**12**	12
	819	1,350

The emoluments of each of the two (2013: five) highest paid non-director individuals are within the following band:

	2014	2013
	No. of individuals	No. of individuals
Nil to HK$1,000,000	**2**	5

The emoluments paid or payable to members of senior management were within the following bands:

	2014	2013
	No. of individuals	No. of individuals
Nil to HK$1,000,000	**3**	8

12. FINANCE COSTS

	2014 RMB'000	2013 RMB'000
Finance charge on obligations under finance leases	–	1
Imputed interest on convertible bonds (notes 30(a)&(b))	1,150	1,300
Interest charge on:		
– loans from a third party and a shareholder wholly repayable within five years	614	1,163
– bank borrowings wholly repayable within one year	130	–
– discounted bill receivables	1,047	–
Total interest expense for financial liabilities not at fair value through profit or loss	2,941	2,464

13. INCOME TAX CREDIT/(EXPENSE)

Income tax credit/(expense) comprises:

	2014 RMB'000	2013 RMB'000
Current tax for the year		
– Hong Kong profits tax	(313)	–
– PRC Enterprise Income Tax	–	(3)
Deferred tax (note 31)	1,786	(116)
Income tax credit/(expense)	1,473	(119)

Hong Kong profits tax is calculated at 16.5% on the estimated assessable profits for the year. Tax on income assessable in the PRC has been calculated at the applicable PRC enterprise income tax rate of 25%.

No provision for profits or income tax in the Cayman Islands, BVI and the PRC has been made for the current year as the Group has no profits or income assessable for tax for the year in these jurisdictions.

13. INCOME TAX CREDIT/(EXPENSE) (Continued)

Reconciliation between income tax credit/(expense) and accounting loss at applicable tax rates is as follows:

	2014 RMB'000	2013 RMB'000
Loss before income tax	**(34,133)**	(23,300)
Tax calculated at the rates applicable to the tax jurisdictions concerned	**6,511**	4,297
Tax effect of non-deductible expenses	**(4,032)**	(4,060)
Tax effect of non-taxable income	**425**	685
Tax loss not recognised	**(1,431)**	(925)
Effect on opening deferred tax balance resulting from an increase in applicable tax rate	**–**	(116)
Income tax credit/(expense)	**1,473**	(119)

14. LOSS FOR THE YEAR

Among the consolidated loss attributable to owners of the Company of RMB32,660,000 (2013: RMB23,419,000), a loss of RMB22,164,000 (2013: RMB22,063,000) (note 34) has been dealt with in the financial statements of the Company.

15. LOSS PER SHARE

Basic loss per share

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

	2014 RMB'000	2013 RMB'000
Loss for the year	**32,660**	23,419

	2014 '000	2013 '000
Weighted average number of ordinary shares	**1,067,025**	944,911

15. LOSS PER SHARE (Continued)

Diluted loss per share

In calculating the diluted loss per share, the potential issue of shares arising from the conversion of the Company's convertible bonds would decrease the loss per share and was thereby not taken into account as they have an anti-dilutive effect. Therefore, the diluted loss per share was calculated based on the loss for the year of RMB32,660,000 (2013: RMB23,419,000) and on the weighted average of 1,067,025,000 (2013: 944,911,000) ordinary shares, being the weighted average number of ordinary shares used in the calculation of basic loss per share.

16. SEGMENT INFORMATION

Operating segments are identified on the basis of internal reports which provide information about components of the Group. These information are reported to and reviewed by the board of directors, the chief operating decision-makers for the purpose of resource allocation and performance assessment.

The Group has indentified and presented the segment information for the following reportable operating segments. These segments are managed separately.

- School network integration services: provision of school network integration services to schools and educational institutes in the PRC

- Money lending services: provision and arrangement of credit facilities in Hong Kong

- Bulk commodity trade: trading of commodity in Hong Kong

Segment revenue, results, assets and liabilities

For the purpose of assessing segment performance and allocating resources between segments, the board of directors monitor the results, assets and liabilities attributable to each reportable operating segment on the following bases:

Revenue and expenses are allocated to the operating segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. Head office and corporate expenses are not allocated to individual segments. Segment profit/loss represents the profit/loss of each segment without allocation of central administration costs such as directors' salaries and head office expenses and exclude other income, gain/loss arising from early redemption of convertible bonds, finance costs incurred for borrowings which are managed on group basis and other operating expenses not directly attributable to the operating segments.

Segment assets principally comprise all tangible assets, intangible assets and current assets directly attributable to each segment and exclude unallocated corporate assets.

16. SEGMENT INFORMATION (Continued)

Segment revenue, results, assets and liabilities (Continued)

Segment liabilities include trade and other payables, accrued liabilities and other liabilities which are directly attributable to the business activities of the operating segments and exclude loan from a shareholder, borrowings which are managed on group basis and unallocated corporate liabilities.

Segment revenue and segment results

	Segment revenue		Segment profit/(loss)	
	2014	2013	**2014**	2013
	RMB'000	RMB'000	**RMB'000**	RMB'000
Bulk commodity trade	**596,743**	–	**5,375**	–
School network integration services	**8,740**	31,464	**(27,632)**	(16,467)
Money lending	**–**	917	**–**	917
	605,483	32,381	**(22,257)**	(15,550)
Other income			**16**	670
Administrative and other operating expenses			**(10,270)**	(9,572)
Fair value loss on financial assets at fair value through profit or loss			**–**	(4)
Debt extinguishment gain			**53**	–
Gain on early redemption of convertible bonds			**–**	3,640
Derecognition of early redemption option			**–**	(20)
Gain on disposal of subsidiaries			**89**	–
Finance costs			**(1,764)**	(2,464)
Loss before income tax			**(34,133)**	(23,300)

16. SEGMENT INFORMATION (Continued)

Segment revenue, results, assets and liabilities (Continued)

Segment assets and segment liabilities

	2014 RMB'000	2013 RMB'000
Segment assets		
Bulk commodity trade	**101,808**	–
School network integration services	**6,448**	36,695
Total segment assets	**108,256**	36,695
Unallocated assets	**486**	16,255
Consolidated assets	**108,742**	52,950
Segment liabilities		
Bulk commodity trade	**86,986**	–
School network integration services	**7,244**	7,153
Total segment liabilities	**94,230**	7,153
Loan from a shareholder	**–**	30,421
Unallocated liabilities	**6,304**	7,138
Consolidated liabilities	**100,534**	44,712

16. SEGMENT INFORMATION (Continued)

Other segment information

	Additions to specified non-current assets		Depreciation and amortisation		Impairment loss recognised in profit or loss		Finance costs	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Bulk commodity trade	–	–	–	–	–	–	1,047	–
School network integration services	100	98	4,846	4,844	22,995	15,623	130	–
	100	98	4,846	4,844	22,995	15,623	1,177	–
Unallocated	9	3	38	138	–	–	1,764	2,464
Total	109	101	4,884	4,982	22,995	15,623	2,941	2,464

Geographical information

The Company is an investment company incorporated in the Cayman Islands where the Group does not have any activities. The Group's operations are conducted in Hong Kong and the PRC.

The following table provides an analysis of the Group's revenue from external customers and non-current assets other than financial instruments, deferred tax assets and post-employment benefit assets ("Specified non-current assets").

	Revenue from external customers		Specified non-current assets	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
The PRC (country of domicile)	8,740	31,464	496	28,488
Hong Kong	596,743	917	28	56
	605,483	32,381	524	28,544

16. SEGMENT INFORMATION (Continued)

Information about major customers

Revenue from external customers contributing 10% or more of the total revenue of the Group is as follows:

	2014	2013
	RMB'000	RMB'000
– Customer A (note)	**–**	18,945
– Customer B	**–**	4,650
– Customer C	**90,668**	–

Note:

The ex-Chairman of the Company, who resigned on 14 December 2012, held 40.95% of indirect equity interest in Customer A on behalf of a third party.

17. PROPERTY, PLANT AND EQUIPMENT

The Group	Leasehold improvements RMB'000	Computer equipment RMB'000	Furniture and equipment RMB'000	Motor vehicles RMB'000	Total RMB'000
At 1 April 2012					
Cost	167	44	260	862	1,333
Accumulated depreciation	(88)	(25)	(110)	(242)	(465)
Net carrying amount	79	19	150	620	868
Year ended 31 March 2013					
Opening net carrying amount	79	19	150	620	868
Additions	–	–	3	98	101
Disposals	–	–	(24)	(90)	(114)
Depreciation	(56)	(8)	(48)	(102)	(214)
Closing net carrying amount	23	11	81	526	641
At 31 March 2013					
Cost	167	44	170	583	964
Accumulated depreciation	(144)	(33)	(89)	(57)	(323)
Net carrying amount	23	11	81	526	641
Year ended 31 March 2014					
Opening net carrying amount	23	11	81	526	641
Additions	100	–	9	–	109
Disposal of subsidiaries (note 37)	–	–	(1)	–	(1)
Depreciation	(37)	(7)	(27)	(53)	(124)
Impairment (note 20)	(86)	(4)	(11)	–	(101)
Closing net carrying amount	–	–	51	473	524
At 31 March 2014					
Cost	267	44	173	583	1,067
Accumulated depreciation and impairment	(267)	(44)	(122)	(110)	(543)
Net carrying amount	–	–	51	473	524

17. PROPERTY, PLANT AND EQUIPMENT (Continued)

The Company	Leasehold improvements RMB'000	Furniture and equipment RMB'000	Total RMB'000
At 1 April 2012			
Cost	167	199	366
Accumulated depreciation	(88)	(115)	(203)
Net carrying amount	79	84	163
Year ended 31 March 2013			
Opening net carrying amount	79	84	163
Additions	–	3	3
Disposals	–	(24)	(24)
Depreciation	(56)	(30)	(86)
Closing net carrying amount	23	33	56
At 31 March 2013			
Cost	167	109	276
Accumulated depreciation	(144)	(76)	(220)
Net carrying amount	23	33	56
Year ended 31 March 2014			
Opening net carrying amount	23	33	56
Additions	–	9	9
Depreciation	(23)	(14)	(37)
Closing net carrying amount	–	28	28
At 31 March 2014			
Cost	167	118	285
Accumulated depreciation	(167)	(90)	(257)
Net carrying amount	–	28	28

18. INTANGIBLE ASSETS – GROUP

	Judicial authentication services and sales of application software		School network integration services			
	Customer contracts RMB'000	Forensic central contractual rights RMB'000	Customer contracts RMB'000	Customer base RMB'000	Acquired computer software RMB'000	Total RMB'000
At 1 April 2012						
Cost	884	10,562	4,214	23,805	48	39,513
Accumulated amortisation and impairment	(884)	(10,562)	(4,214)	(11,903)	(40)	(27,603)
Net carrying amount	–	–	–	11,902	8	11,910
Year ended 31 March 2013						
Opening net carrying amount	–	–	–	11,902	8	11,910
Amortisation	–	–	–	(4,760)	(8)	(4,768)
Closing net carrying amount	–	–	–	7,142	–	7,142
At 31 March 2013						
Cost	884	10,562	4,214	23,805	48	39,513
Accumulated amortisation and impairment	(884)	(10,562)	(4,214)	(16,663)	(48)	(32,371)
Net carrying amount	–	–	–	7,142	–	7,142
Year ended 31 March 2014						
Opening net carrying amount	–	–	–	7,142	–	7,142
Amortisation	–	–	–	(4,760)	–	(4,760)
Impairment (note 20)	–	–	–	(2,382)	–	(2,382)
Closing net carrying amount	–	–	–	–	–	–
Cost	–	–	–	23,805	–	23,805
Accumulated amortisation and impairment	–	–	–	(23,805)	–	(23,805)
Net carrying amount	–	–	–	–	–	–

All intangible assets have finite useful lives as detailed in note 4.5. The amortisation charge for the year is included in administrative expenses in the consolidated statement of comprehensive income.

The intangible asset of customer base relating to school network integration services is combined with other assets under the cash generating unit ("CGU") of school network integration services and is assessed for impairment at that CGU level (note 20).

19. INVESTMENTS IN SUBSIDIARIES – COMPANY

	2014 RMB'000	2013 RMB'000
Unlisted shares, at cost	**85,278**	122,319
Less: Impairment	**(79,958)**	(87,631)
	5,320	34,688

Details of the subsidiaries as at 31 March 2014 are as follows:

Name	Place of incorporation and operation	Particulars of issued and paid up capital/ registered capital	Percentage of ownership interests/voting rights/profit share held by the Company Directly	Indirectly	Principal activities
Dragon Era Investments Limited	BVI	10 ordinary shares of U.S. Dollars ("US$")1 each	100%	–	Investment holding
Pizu International Limited	Hong Kong	HK$10,000	–	100%	Investment holding and money lending
Pizu Group Limited	Hong Kong	HK$10,000	–	100%	Trading of commodity in Hong Kong
Topsheen Limited	BVI	1 ordinary share of US$1	100%	–	Investment holding
Jumbo Lucky Limited	BVI	1 ordinary share of US$1	–	100%	Investment holding
Superco Development Limited	Hong Kong	HK$1	–	100%	Investment holding
北京普華智維科技有限公司(“智維”) (note)	PRC	RMB1,000,000	–	100%	Provision of school network integration services in the PRC
Perfect Start Development Limited	BVI	50,000 ordinary shares of US$1 each	100%	–	Investment holding

Note:

智維is a wholly-foreign-owned enterprise established in the PRC to operate for 20 years up to 18 May 2026.

Certain subsidiaries were disposed of during the year ended as disclosed in note 37.

20. GOODWILL – GROUP

	2014 RMB'000	2013 RMB'000
Cost		
At beginning and end of the year	**53,841**	53,841
Accumulated impairment		
At beginning of the year	**33,080**	17,410
Impairment loss recognised in the year	**20,761**	15,670
At end of the year	**53,841**	33,080
Net carrying amount	**–**	20,761

Goodwill together with the intangible asset – customer base (note 18) and certain property, plant and equipment have been allocated to the CGU of school network integration services business for impairment testing.

2014 impairment assessment

The business environment for providing integrated service within school network in the PRC is changing adversely which is mainly attributable to increasing keen competition in this industry. Apart from this, the tightened policy of the PRC government has affected the funding available for education sector and thus demand for school network integration services have reduced significantly. Facing these prevailing unfavorable factors, the directors review the operations of this CGU continuously so as to adapt to the changing environment. As at end of the reporting period, the directors have planned for downsizing the business to provide integrated service within school network in the PRC and have minimised the resources available for this CGU. Accordingly, the directors have determined that the recoverable amount of the CGU for school network integration services as at 31 March 2014, be it determined using value in use basis or fair value less costs to sell basis, is estimated to be insignificant. As a result of the above assessment, the carrying amounts of the assets allocated to this CGU including goodwill of RMB20,761,000, intangible asset – customer base of RMB2,382,000 (note 18) and property, plant and equipment of RMB101,000 (note 17) have been fully impaired in the current year.

20. GOODWILL – GROUP (Continued)

2013 impairment assessment

The recoverable amount of the CGU of school network integration services as at 31 March 2013 was determined following value in use basis using cash flow projections based on financial budgets covering a five-year period approved by the senior management. The valuation of this CGU was made by reference to the valuation report issued by Asset Appraisal Limited, independent qualified professional valuers who has experience in the valuation of similar assets in the relevant industries.

Key estimates and assumptions used for determining the recoverable amount of the CGU of school network integration services were as follows:

Growth rate during the five-year period	16% for first year, 41% for second year and 7% thereafter
Gross margin	
– Provision of technical support services	30%
– Other services	13%-20%
Discount rate	18.29%
Growth rate to extrapolate cash flow projects	3%

Estimates and assumptions were determined by the management based on past performance of the segment, government's current policy on education sector and management's expectation for market development. The discount rate used was pre-tax and reflected specific risks relating to the segment.

The carrying amount of the CGU of school network integration services including the goodwill and the intangible assets as at 31 March 2013 exceeded its recoverable amount by approximately RMB15,670,000, resulting in impairment loss of RMB15,670,000. The impairment loss is firstly allocated to write down the carrying amount of goodwill, resulting in the amount of goodwill as at 31 March 2013 being written down by RMB15,670,000.

21. TRADE AND BILL RECEIVABLES – GROUP

	2014 RMB'000	2013 RMB'000
Trade receivables	**2,432**	5,023
Less: Impairment of trade receivables (note (iii))	**(1,535)**	(1,784)
Trade receivables, net	**897**	3,239
Bill receivables (note (i))	**81,322**	–
	82,219	3,239

Notes:

(i) Some customers of bulk commodity trade settle by letter of credit resulting in outstanding bill receivables recorded by the Group at the reporting date. The Group discounted its bill receivables with full recourse to financial institutions. In the event of default by the debtors, the Group is obliged to pay the financial institutions the amount in default. Interest is charged at the annual rates of 1.25% to 3.90% on the proceeds received from the financial institutions until the bills are settled. The Group is therefore exposed to the risks of credit losses and late payment in respect of its discounted bills.

The discounting transactions do not meet the requirements in HKAS 39 for de-recognition of financial assets as the Group retains substantially all of the risks and rewards of ownership of the discounted bill receivables. As at 31 March 2014, bill receivables of RMB81,322,000 (2013: nil) continue to be recognised in the Group's financial statements although they have been legally transferred to the financial institutions. The proceeds of the discounting transactions are included in borrowings as asset-backed financing (note 29) until the related bill receivables are collected or the Group settles any loss suffered by the financial institutions. As at 31 March 2014, the asset-backed financing liabilities amounted to RMB81,322,000 (2013: nil).

As the bill receivables have been legally transferred to the financial institutions, the Group does not have the authority to determine the disposition of the bill receivables.

(ii) Bill receivables generally have credit terms ranging from three months to one year. Other customers of commodity trade are usually required to pay deposit or even make provisional payment ranging from 95% to 105% of the cargo value before goods delivery. Regarding the business of school network integration services, upon completion of the relevant services by the Group, the customers would apply to the government for funding for settling the service fee. In practice, trading with the customers of school network integration services is on credit. The customers normally make settlement in one month but sometimes it takes the customers as long as almost one year to make settlement, depending on the availability of government funding. The Group does not hold any collateral or other credit enhancements over its trade receivables.

21. TRADE AND BILL RECEIVABLES – GROUP (Continued)

Notes: (Continued)

(ii) (Continued)

The ageing analysis of net trade and bill receivables, based on invoice date, as of the end of the reporting period is as follows:

	2014 RMB'000	2013 RMB'000
0-30 days	441	2,034
31-90 days	–	84
91-365 days	81,496	992
Over 1 year	282	129
	82,219	3,239

In general, the management regards trade receivables relating to school network integration service which are aged over one month as past due. The aging analysis of trade and bill receivables which are neither past due nor impaired, and which are past due but not impaired are as follows:

	2014 RMB'000	2013 RMB'000
Neither past due nor impaired	81,763	2,034
Past due but not impaired		
– less than 1 month past due	–	84
– 3 months to 1 year past due	174	559
– over 1 year past due	282	562
	82,219	3,239

Trade and bill receivables that were neither past due nor impaired relate to a range of customers for whom there was no recent history of default.

Trade receivables that were past due but not impaired relate to a number of independent customers that had a good track record of credit with the Group. Based on past credit history, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

Impairment of trade receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly.

21. TRADE AND BILL RECEIVABLES – GROUP (Continued)

Notes: (Continued)

(iii) Movements in the provision for impairment of trade receivables are as follows:

	2014 RMB'000	2013 RMB'000
At beginning of the year	**1,784**	1,831
Reversal of impairment	**(249)**	(47)
At end of the year	**1,535**	1,784

As at 31 March 2014, trade receivables of the Group amounting to RMB1,535,000 (2013: RMB1,784,000) were individually determined to be impaired and full provision (2013: full provision) has been made. These individually impaired receivables were long overdue as at the end of the reporting period or were due from companies with financial difficulties. Management has assessed that the entire amount of the respective receivable balances is unlikely to be recovered.

22. OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	The Group		The Company	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Other receivables (note (i))	**4,446**	2,213	**–**	–
Prepayments	**1,792**	1,620	**–**	–
Deposits (note (ii))	**2,844**	1,199	**1**	1
	9,082	5,032	**1**	1

Notes:

(i) Included in other receivables as at 31 March 2014 is an advance of RMB3,617,000 (2013: RMB580,000) made to a third-party company, in which the sole shareholder of that company is one of the guarantors of a bank loan of the Group amounting to RMB3,000,000 as at 31 March 2014 (note 29(i)). The balance due is unsecured, interest-free and repayable within one year.

(ii) Included in deposits as at 31 March 2014 is an amount of RMB2,411,000 (2013: nil) which represents margin deposits placed with commodity brokers for engaging in futures trading transactions.

23. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2014	2013	**2014**	2013
	RMB'000	RMB'000	**RMB'000**	RMB'000
Deposits placed with commodity brokers	**5,189**	–	**–**	–
Cash at banks and on hand	**9,560**	16,135	**271**	12,623
	14,749	16,135	**271**	12,623

The deposits with brokers as at 31 March 2014 was non-interest bearing. The interest rates on the cash at banks ranged from 0.01% to 0.50% (2013: 0.01% to 0.50%) per annum.

24. DERIVATIVE FINANCIAL INSTRUMENTS – GROUP

	2014	2013
	RMB'000	RMB'000
Derivative financial assets		
Commodity futures contracts (note (i))	**550**	–
Provisionally priced sale and purchase contracts (note (ii))	**1,618**	–
	2,168	–
Derivative financial liabilities		
Provisionally priced sale and purchase contracts (note (ii))	**2,016**	–

24. DERIVATIVE FINANCIAL INSTRUMENTS – GROUP (Continued)

Notes:

(i) The Group entered into commodity futures contracts traded on The London Metal Exchange ("LME") to hedge commodity price exposure arising from sales and purchase of commodity. Such commodity futures contracts, comprising futures contracts for coppers, zinc and aluminium, do not qualify as hedging instruments and are classified as financial assets at fair value through profit or loss.

The fair values of the commodity futures contracts is determined based on quoted market prices as further detailed in note 38.

Details of the commodity futures contracts outstanding at 31 March 2014 are as follows:

Type of contract	Notional amount RMB'000	Maturity date	Exercise price US$	Financial assets/ (liabilities) RMB'000
Copper futures contracts	40,979	23 May – 26 June 2014	6,384 – 7,072	895
Copper futures contracts	20,486	16 May – 26 June 2014	6,448 – 7,179	(654)
Zinc futures contracts	168,702	7 April – 30 June 2014	1,950 – 2,075	2,805
Zinc futures contracts	104,296	10 April – 30 June 2014	1,960 – 2,139	(2,558)
Aluminium futures contracts	23,014	16 May – 30 June 2014	1,717 – 1,776	635
Aluminium futures contracts	27,959	16 May – 30 June 2014	1,724 – 1,767	(573)
				550

(ii) As is customary in the industry, many of the sale and purchase contracts for commodity are provisionally priced, that means contract price is subject to final adjustment ("price adjustment") at the end of a period normally ranged from 30 to 60 days ("quotation period") after contract date/date of delivery. Price adjustment during the quotation period is commodity derivative embedded in the relevant sale and purchase contracts which is separately accounted for at fair value with changes in fair value being recognised in profit or loss and presented under "change in fair value of derivative financial instruments" in the consolidated statement of comprehensive income. The fair value of price adjustment is determined with reference to commodity prices available in active markets as further detailed in note 38.

25. TRADE PAYABLES – GROUP

The Group has been granted by its suppliers a credit period of 30 to 180 days (2013: 30 to 180 days) in general. Ageing analysis of trade payables, based on the invoice dates, is as follows:

	2014 RMB'000	2013 RMB'000
0-30 days	184	414
31-90 days	–	328
91-365 days	222	581
Over 1 year	744	251
	1,150	1,574

26. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Other payables and accruals	6,064	3,754	500	1,333
Receipt in advance	534	1,011	–	–
Amount due to former shareholders of subsidiaries (note)	5,793	5,793	–	–
	12,391	10,558	500	1,333
Current	12,391	9,725	500	500
Non-current	–	833	–	833
	12,391	10,558	500	1,333

Note:

The amount due to former shareholders of subsidiaries is interest-free, unsecured and has no fixed terms of repayment.

27. AMOUNTS DUE FROM/TO SUBSIDIARIES – COMPANY

The amounts due are unsecured, interest-free and have no fixed terms of repayment.

28. LOAN FROM A SHAREHOLDER – GROUP AND COMPANY

The balance as at 31 March 2013 represented loan advanced from Shiny Ocean, a substantial shareholder of the Company which was interest bearing at 5% per annum, repayable on 1 April 2014 and was secured by 40% of the issued share capital of a subsidiary, Dragon Era Investments Limited ("Dragon Era"). The net asset value of Dragon Era and its subsidiaries as at 31 March 2013 was approximately RMB30 million.

Pursuant to the Capitalisation and Settlement Agreement entered into by the Company and Shiny Ocean on 8 July 2013 for the purpose of settling the shareholder's loan without affecting the working capital of the Company (the "Capitalisation and Settlement Agreement"), (i) Shiny Ocean has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 50,000,000 shares ("Capitalisation Shares") at a subscription price of HK$0.185 per share to capitalise part of the shareholder's loan in the amount of HK$9,250,000 (equivalent to RMB7,493,000) ("Capitalisation") (note 32(ii)); and (ii) Shiny Ocean has conditionally agreed to subscribe for and the Company has conditionally agreed to issue convertible bonds in the principal amount of HK$28,306,000 (equivalent to RMB22,928,000) ("Convertible Bonds")(note 30(b)), which represents the outstanding amount of the shareholder's loan immediately after the completion of Capitalisation.

The Capitalisation and Settlement Agreement and the underlying transactions were approved in the annual general meeting of the Company held on 26 August 2013. The transactions of Capitalisation and issue of Convertible Bonds were completed on 29 August 2013.

The fair value of the Capitalisation Shares determined based on the market price of the Company on 29 August 2013 of HK$0.18 per share amounted to HK$9,000,000 while the fair value of the Convertible Bonds amounted to HK$28,489,000 (note 30(b)), resulting to the fair value of the consideration of HK$37,489,000 in exchange for extinguishment of the entire shareholder's loan on the date of settlement on 29 August 2013. The difference between the carrying amount of the shareholder's loan of HK$37,556,000 (equivalent to RMB30,421,000) and the fair value of the consideration of HK$37,489,000 (equivalent to RMB30,368,000) represents a gain on debt extinguishment of HK$67,000 (equivalent to RMB53,000).

29. BORROWINGS – GROUP

	2014 RMB'000	2013 RMB'000
Bank loan (note (i))	3,000	–
Asset-backed financing (note (ii))	81,322	–
	84,322	–

Notes:

(i) The bank loan is repayable within one year, interest bearing at 7.50% per annum and is co-guaranteed by a director of one of the Group's subsidiaries and the sole shareholder of a third-party company which is indebted to the Group in the amount of RMB3,617,000 as at 31 March 2014 (note 22 (i)).

(ii) This represents the financing obtained in discounting transactions which do not meet the de-recognition requirements in HKAS 39. The corresponding financial assets are included in trade and bill receivables (note 21).

30. CONVERTIBLE BONDS – GROUP AND COMPANY

(a) Convertible bonds issued in October 2009

In accordance with the terms of acquisition of北京普華雅龍科技有限公司("Along") on 1 October 2009, the Company issued a zero coupon convertible bond ("Bond A") due on 30 September 2014 with a principal amount denominated in HK$ of HK$223,560,000 and another zero coupon convertible bond ("Bond B") due on 2 October 2012 with a principal amount denominated in HK$ of HK$63,940,000 to Gold Oriental Group Limited as deferred consideration. The bonds are convertible into ordinary shares of the Company at an initial conversion price of HK$2.3 per conversion share (subject to adjustments in accordance with the terms of the convertible bonds) at any time during the period commencing from the date of issue of the convertible bonds.

The convertible bonds contain two components: liability and equity elements. On initial recognition, the fair value of the liability component was calculated using the market interest rate for an equivalent non-convertible bond. The residual amount, representing the value of the equity conversion component, is included in equity as convertible bonds equity reserve.

In June 2011, the entire Bond B with principal amount of HK$63,940,000 had been converted into 47,185,973 ordinary shares of the Company. The conversion in June 2011 had resulted in derecognition of the liability component of Bond B and the transfer of convertible bonds equity reserve to the share premium account.

30. CONVERTIBLE BONDS – GROUP AND COMPANY (Continued)

(a) Convertible bonds issued in October 2009 (Continued)

On 20 July 2011, an agreement for amending the terms of Bond A by adding the term "early redemption at the option of the Company" (the "Amendment Agreement") was entered into between the Company and the bondholders. In accordance with the Amendment Agreement, the Company may redeem Bond A prior to the maturity day. The redemption payment shall be calculated as follows: (i) if the redemption occurs within 6 months of the maturity date, the redemption payment shall equal the redemption amount; or (ii) if the redemption occurs 6 months before the maturity date, the redemption payment shall equal 110% of the outstanding amount of the convertible bonds. The Amendment Agreement gave rise to a derivative financial asset which represented an issuer call option recognised separately from the original Bond A at fair value, which amounted to approximately RMB110,000 on the date of initial recognition. The corresponding amount was being recognised in the statement of financial position and was included in the liability component of the convertible bonds. The amendments were approved by the shareholders on 2 September 2011. Pursuant to the Amendment Agreement, the Company served a redemption notice on 28 February 2012 to exercise its redemption right and the call option was revalued to HK$25,000 (equivalent to RMB20,000) as at 31 March 2012.

During the year ended 31 March 2013, the Company served redemption notices to exercise its redemption right for redeeming Bond A with the remaining outstanding principal amount of HK$69,160,000 in aggregate, which was settled in cash consideration of HK$76,076,000 (equivalent to approximately RMB61,620,000) in aggregate. The early redemption had resulted in derecognition of the liability component and the convertible bonds equity reserve of the convertible bonds by approximately RMB48,537,000 and RMB17,743,000 respectively. The credit arising from the difference between the amount allocated to the liability component and its carrying amount of RMB3,640,000 was credited to profit or loss while the difference between the amount allocated to the equity component and its carrying amount of RMB1,020,000 was dealt with in equity in accumulated losses during the last year ended 31 March 2013. The call option with carrying amount of RMB20,000 was derecognised and charged to profit or loss upon the full early redemption of Bond A in full during the year ended 31 March 2013.

30. CONVERTIBLE BONDS – GROUP AND COMPANY (Continued)

(a) Convertible bonds issued in October 2009 (Continued)

The movements of the liability component of Bond A were set out below:

	2013
	RMB'000
At beginning of the year	47,237
Imputed interest expenses (note 12)	1,300
Early redemption of convertible bonds	(48,537)
At end of the year	–

Imputed interest expense on Bond A was calculated using the effective interest rate ranging from 7.04% to 7.10% per annum for the year ended 31 March 2013.

The movements of the derivative financial asset (i.e. early redemption option) were set out as below:

	2013
	RMB'000
At beginning of the year	20
Change in fair value	(20)
At end of the year	–

(b) Convertible Bonds issued in August 2013

Pursuant to the Capitalisation and Settlement Agreement, the Company issued zero coupon Convertible Bonds due on 29 August 2016 with a principal amount denominated in HK$ of HK$28,306,000 to Shiny Ocean (note 28). The bonds were convertible into ordinary shares of the Company at an initial conversion price of HK$0.185 per conversion share (subject to adjustments in accordance with the terms of the Convertible Bonds) at any time during the period commencing from the date of issue of the Convertible Bonds.

The Convertible Bonds contained two components: liability and equity elements. On initial recognition, the fair value of the Convertible Bonds amounted to HK$28,489,000 (equivalent to RMB22,506,000). The fair value of the liability component which amounted to HK$18,715,000 (equivalent to RMB14,784,000) was calculated using the market interest rate for an equivalent non-convertible bond. The residual amount, representing the value of the equity conversion component, of HK$9,774,000 (equivalent to RMB7,722,000) was included in equity as convertible bonds equity reserve.

30. CONVERTIBLE BONDS – GROUP AND COMPANY (Continued)

(b) Convertible Bonds issued in August 2013 (Continued)

In March 2014, the entire Convertible Bonds with principal amount of HK$28,306,000 had been converted into 153,005,405 ordinary shares of the Company. The conversion had resulted in derecognition of the liability component of the Convertible Bonds to the extent of RMB15,934,000 and transfer of convertible bond equity reserve amounting to RMB7,722,000 to the share premium account.

The movements of the liability component of the Convertible Bonds are set out below:

	2014
	RMB'000
Liability component on initial recognition	14,784
Imputed interest expenses (note 12)	1,150
Conversion into ordinary shares	(15,934)
At end of the year	–

Imputed interest expenses on the Convertible Bonds is calculated using the effective interest method by applying the effective interest rate of 14.78% per annum.

31. DEFERRED TAX – GROUP

As at 31 March 2014, all tax losses of the Group have no expiry dates under the current tax legislation except for the tax losses amounted to approximately RMB5.2 million (2013: RMB0.8 million) incurred by a subsidiary in the PRC, which will expire after 5 years from the year in which the losses were incurred. The Group has taxable losses arising in Hong Kong of approximately RMB6.5 million (2013: RMB4.5 million). Deferred tax assets have not been recognised in respect of these losses due to unpredictability of future profits.

Details of deferred tax recognised and the movements during the current and prior years are as follows:

	Intangible assets
	RMB'000
At 31 March 2012 and 1 April 2012	1,670
Charged to profit or loss (note 13)	116
At 31 March 2013 and 1 April 2013	1,786
Credited to profit or loss (note 13)	(1,786)
At 31 March 2014	–

Pursuant to the PRC Corporate Income Tax Law which took effect from 1 January 2008, a 10% withholding tax was levied on dividends declared and payable to foreign enterprise investors from PRC entities effective from 1 January 2008. A lower withholding tax rate may be applied if there is a tax treaty arrangement between the PRC and the jurisdiction of the foreign enterprise investors. On 22 February 2008, Caishui (2008) No. 1 was promulgated by the PRC tax authorities to specify that dividends declared and remitted out of the PRC from the retained earnings as at 31 December 2007 determined based on the relevant PRC tax laws and regulations are exempted from the withholding tax. As of 31 March 2014, no deferred tax liabilities have been recognised as the Group's PRC subsidiaries suffered an accumulated loss.

As of 31 March 2013, deferred tax liabilities of RMB129,000 in respect of the aggregate amount of temporary difference of RMB1,287,000 associated with the undistributable earnings of certain of the Group's subsidiaries had not been recognised as the Company controlled the dividend policy of these subsidiaries and that the profits earned by the Group's PRC subsidiaries for the period from 1 January 2008 to 31 March 2013 did not distribute in the foreseeable future.

32. SHARE CAPITAL – GROUP AND COMPANY

	2014 Number of shares	2014 Nominal value RMB'000	2013 Number of shares	2013 Nominal value RMB'000
Authorised:				
Ordinary shares of HK$0.01 each				
At beginning and end of the year	**1,500,000,000**	**62,150**	1,500,000,000	62,150
Issued and fully paid:				
Ordinary shares of HK$0.01 each				
At beginning of the year	**1,030,719,455**	**19,582**	943,719,455	18,877
Issue of shares upon Subscriptions (note (i))	**–**	**–**	87,000,000	705
Issue of Capitalisation Shares (note (ii))	**50,000,000**	**395**	–	–
Issue of shares upon conversion of Convertible Bonds (note (iii))	**153,005,405**	**1,209**	–	–
At end of the year	**1,233,724,860**	**21,186**	1,030,719,455	19,582

Notes:

(i) On 18 March 2013, the Company entered into separate subscription agreements with two independent third parties regarding the issue of 87,000,000 new shares in aggregate at the subscription price of HK$0.161 per share (the "Subscriptions"). The Subscriptions have resulted in increase in share capital and share premium account of the Company by approximately RMB705,000 and RMB10,641,000 respectively. The related share issue expenses of approximately RMB169,000 were dealt with in the share premium account. The Subscriptions were completed on 27 March 2013.

(ii) On 29 August 2013, 50,000,000 ordinary shares were issued to Shiny Ocean pursuant to the Capitalisation and Settlement Agreement (note 28). The issue of Capitalisation Shares has resulted to the increase in share capital and share premium of approximately RMB395,000 and RMB6,715,000 respectively.

(iii) As mentioned in note 30(b), in March 2014, 153,005,405 ordinary shares were issued at the conversion price of HK$0.185 per share to the bondholders upon the conversion of the entire Convertible Bonds, which has resulted to the increase in share capital and share premium of approximately RMB1,209,000 and RMB22,447,000 respectively.

33. SHARE OPTIONS

On 23 July 2004, the Company adopted a share option scheme (the "Share Option Scheme") to enable the Company to grant options to eligible participants in order to reward or provide incentives to its employees or any person who has contributed or will contribute to the Group. The Share Option Scheme shall continue to be in force for the period commencing from 23 July 2004 and will expire at the close of business on the tenth anniversary thereof, after such period no further options will be granted but the provisions of the Share Option Scheme shall remain in full force and effect in respect of any options granted before its expiry or termination but which have not yet been exercised.

Under the Share Option Scheme, the directors of the Company may offer to any employees or any person who has contributed to the Group including directors of the Company or any of its subsidiaries share options to subscribe for shares in the Company in accordance with the terms of the Share Option Scheme.

The maximum number of shares in respect of which share options may be granted under the Share Option Scheme shall not, when aggregated with any shares subject to any other schemes, exceeds such number of shares as represents 10% of the issued shares as at the date of approval of the Share Option Scheme which shall be equivalent to 63,834,750 shares. On 28 September 2010 and 11 April 2012, the Scheme Mandate Limit was refreshed to 89,653,500 and 94,371,947 shares respectively. The Company may seek approval from the shareholders in a general meeting to refresh the Share Option Scheme. However, the total number of shares which may be issued upon exercise of all share options to be granted under all of the schemes of the Company or its subsidiaries under the limit must not exceed 10% of the shares in issue as at the date of approval of the Share Option Scheme.

The exercise price is determined by the directors of the Company, and shall not be less than the highest of (i) the closing price of the Company's shares on the date of grant, (ii) the average closing price of the shares for the five business days immediately preceding the date of grant, and (iii) the nominal value of the Company's shares.

In October 2012, Shiny Ocean, a substantial shareholder of the Company, made conditional cash offers (the "Cash Offers") to acquire all of the issued shares of the Company, and to cancel all the outstanding share options and warrants of the Company at the offer price of HK$0.001 per option/warrant. The outstanding share options and warrants were all out of money when the Cash Offers were made. Pursuant to the terms of the Share Option Scheme, the outstanding share options held by those option holders who do not accept the offer for cancelling share options, if unexercised, will automatically lapse upon the expiry of one month after the Cash Offers become unconditional. As a result of the Cash Offers, 7,294,991 options held by those optionholders who have accepted the offer for cancelling share options were cancelled and the remaining 2,125,981 options lapsed automatically in one month after the Cash Offers has become unconditional. The carrying amount of these cancelled/lapsed options was RMB3,558,000 which was released from share-based compensation reserve to accumulated losses.

As at 31 March 2014 and 2013, no share option was outstanding. No share options has been granted or exercised during the year ended 31 March 2014.

34. RESERVES

The Group

The Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 28. The nature and purpose of the reserves are as follows:

Share premium

Under the Companies Law of the Cayman Islands, the share premium is available for distribution to shareholders subject to a solvency test on the Company and the provisions of the Articles of Association of the Company.

Capital distributable reserve

Capital distributable reserve arose from share premium cancellation. Upon the capital reorganisation becoming effective on 17 January 2012, the amount standing to the credit of the share premium account has been cancelled and the credit arising from the share premium cancellation has been used to eliminate the accumulated loss of the Company. It may be utilised by the Directors in accordance with the Company's memorandum and article of association and all applicable laws.

The addition during the year ended 31 March 2014 represents capital contribution from Shiny Ocean in the form of waiving the interest accrued of RMB1,427,000 on the loan from Shiny Ocean pursuant to the Capitalisation and Settlement Agreement (note 28).

Contributed surplus

The contributed surplus represents the excess of the fair value of the shares of the subsidiaries acquired pursuant to the reorganisation over the nominal value of the Company's shares issued in exchange therefor.

Convertible bonds equity reserve

The convertible bonds equity reserve comprises the value of the unexercised equity component of convertible bonds issued by the Group recognised in accordance with the accounting policy adopted for convertible bonds as disclosed in note 4.7(iv).

Share-based compensation reserve

The share-based compensation reserve represents the fair value of the actual or estimated number of unexercised share options granted to employees of a subsidiary recognised in accordance with the accounting policy adopted for share-based payments set out in note 4.13.

Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operation. The reserve is dealt with in accordance with the accounting policy set out in note 4.11.

Statutory reserve

In accordance with the relevant laws and regulations of the PRC, the PRC subsidiaries are required to appropriate 10% of its profit after tax, prepared in accordance with the accounting regulation in the PRC, to the statutory reserve fund until the statutory reserve balance reaches 50% of the registered capital. Such reserve may be used to reduce any losses incurred or for capitalisation as paid-up capital.

34. RESERVES (Continued)

The Company

	Share premium RMB'000	Capital distributable reserve RMB'000	Contributed surplus RMB'000	Convertible bonds equity reserve RMB'000	Share-based compensation reserve RMB'000	Foreign currency translation reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 31 March 2012 and 1 April 2012	32,818	23,714	(18,702)	17,743	3,558	(9,281)	(38,879)	10,971
Loss for the year	–	–	–	–	–	–	(22,063)	(22,063)
Early redemption of convertible bonds (note 30(a))	–	–	–	(17,743)	–	–	1,020	(16,723)
Transfer upon cancellation/lapse of vested share options (note 33)	–	–	–	–	(3,558)	–	3,558	–
Issue of shares upon Subscriptions (note 32(i))	10,641	–	–	–	–	–	–	10,641
Share issue expenses	(169)	–	–	–	–	–	–	(169)
At 31 March 2013 and 1 April 2013	43,290	23,714	(18,702)	–	–	(9,281)	(56,364)	(17,343)
Loss for the year	–	–	–	–	–	–	(22,164)	(22,164)
Exchange difference arising from translation to presentation currency	–	–	–	–	–	(8,250)	–	(8,250)
Issue of Capitalisation Shares (note 32(ii))	6,715	–	–	–	–	–	–	6,715
Interest on loan from a shareholder waived	–	1,427	–	–	–	–	–	1,427
Recognition of equity component of Convertible Bonds (note 30(b))	–	–	–	7,722	–	–	–	7,722
Issue of shares upon conversion of Convertible Bonds (notes 30(b) & 32(iii))	22,447	–	–	(7,722)	–	–	–	14,725
At 31 March 2014	72,452	25,141	(18,702)	–	–	(17,531)	(78,528)	(17,168)

35. OPERATING LEASE COMMITMENT

At 31 March 2014, the total future minimum lease payments payable by the Group under non-cancellable operating lease are as follows:

	2014	2013
	RMB'000	RMB'000
Within one year	**593**	292
In the second to fifth year inclusive	**286**	–
	879	292

The Group leases certain of its office premises under operating lease arrangements. Leases run for a lease term ranging from 2 years to 5 years (2013: 2 years), with an option to renew the lease and renegotiate the terms at the expiry date or at dates as mutually agreed between the Company and the respective landlord. None of the lease includes contingent rental.

The Company did not have any significant lease commitments as at 31 March 2014 (2013: nil).

36. RELATED PARTY TRANSACTIONS

(a) In addition to those disclosed elsewhere in these financial statements, the Group had the following significant transactions with related parties during the year:

	2014	2013
	RMB'000	RMB'000
Rental income received from a company with a common key management personnel	**–**	157
Interest charge on loan from Shiny Ocean	**614**	833
Interest expense waived by Shiny Ocean (note 34)	**1,427**	–

The terms of these transactions were based on those agreed between the Group and the related parties.

(b) Key management personnel compensation:

	2014	2013
	RMB'000	RMB'000
Salaries, allowances and benefits in kind	**1,249**	702
Contributions to defined contribution retirement plans	**–**	7
	1,249	709

37. DISPOSAL OF SUBSIDIARIES

On 1 August 2013, 14 August 2013 and 27 August 2013 respectively, the Group disposed of its subsidiaries, namely, North West Enterprises Limited, Famous Rise International Limited holding 100% equity interests in eJet Group Limited and Beijing eJet Science & Development Co., Ltd., and Gryphuz Capital Limited holding 100% equity interests in Gryphuz Asset Management Limited. These subsidiaries are either investment holding companies or inactive. The disposals were completed in August 2013 and the gain on disposals of these subsidiaries is calculated as follows:

	RMB'000
Consideration	181
Net assets disposed of (note)	(2)
Reclassification from translation reserve upon disposal of subsidiaries	(90)
Gain on disposal	89
Consideration satisfied by:	
Cash	181
Net cash inflow arising on disposal:	
Cash consideration	181
Cash and bank balances disposed of	(50)
	131

Notes:

Net assets disposed of are set out as below:

	RMB'000
Property, plant and equipment (note 17)	1
Cash and cash equivalents	50
Tax payable	(11)
Other payables and accruals	(38)
	2

38. SUMMARY OF FINANCIAL ASSETS AND LIABILITIES BY CATEGORIES

The carrying amounts of the Group's financial assets and liabilities as recognised at the reporting date are also analysed into the following categories. See note 4.7 for explanations about how the category of financial instruments affects their subsequent measurement.

	The Group		The Company	
	2014	2013	**2014**	2013
	RMB'000	RMB'000	**RMB'000**	RMB'000
Financial assets				
Financial assets at fair value through profit or loss – held for trading	**2,168**	–	**–**	–
Loans and receivables				
– cash and cash equivalents	**14,749**	16,135	**271**	12,623
– trade and bill receivables	**82,219**	3,239	**–**	–
– other receivables and deposits	**7,290**	3,412	**1**	1
– amounts due from subsidiaries	**–**	–	**15,930**	3,400
	106,426	22,786	**16,202**	16,024
Financial liabilities				
Financial liabilities at fair value through profit or loss – held for trading	**2,016**	–	**–**	–
Financial liabilities at amortised cost				
– trade payables	**1,150**	1,574	**–**	–
– other payables and accruals	**11,857**	9,547	**500**	1,333
– loan from a shareholder	**–**	30,421	**–**	30,421
– borrowings	**84,322**	–	**–**	–
– amounts due to subsidiaries	**–**	–	**17,032**	16,775
	99,345	41,542	**17,532**	48,529

Financial instruments not measured at fair value

Financial instruments not measured at fair value include cash and cash equivalents, trade and bill receivables, other receivables and deposits, amounts due from/to subsidiaries, trade payables, other payables and accruals, loan from a shareholder and borrowings. Due to their short term nature, the carrying value of these financial instruments approximates fair value.

38. SUMMARY OF FINANCIAL ASSETS AND LIABILITIES BY CATEGORIES (Continued)

Fair value measurement recognised in the consolidated statement of financial position

The following table provides an analysis of financial instruments carried at fair value by level of fair value hierarchy:

– Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

– Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

– Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level in the fair value hierarchy within which the financial asset or liability is categorised in its entirety is based on the lowest level of input that is significant to the fair value measurement.

As at 31 March 2013, no financial asset or liability is measured at fair value. The derivative financial instruments (note 24) measured at fair value in the statement of financial position as at 31 March 2014 were grouped into the fair value hierarchy as follows:

	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 March 2014				
Assets				
Provisionally priced sale and purchase contracts	–	1,618	–	1,618
Commodity futures contracts	550	–	–	550
Liabilities				
Provisionally priced sale and purchase contracts	–	2,016	–	2,016

38. SUMMARY OF FINANCIAL ASSETS AND LIABILITIES BY CATEGORIES (Continued)

The following table gives information about how fair value of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

		Fair value as at 31 March		Fair value hierarchy	Valuation technique
		2014 **RMB'000**	2013 RMB'000		
Copper futures contracts	Assets	**895**	–	Level 1	Using quoted prices in an active market, LME
	Liabilities	**654**	–	Level 1	Using quoted prices in an active market, LME
Zinc futures contracts	Assets	**2,805**	–	Level 1	Using quoted prices in an active market, LME
	Liabilities	**2,558**	–	Level 1	Using quoted prices in an active market, LME
Aluminum contracts	Assets	**635**	–	Level 1	Using quoted prices in an active market, LME
	Liabilities	**573**	–	Level 1	Using quoted prices in an active market, LME
Provisionally priced sale and purchase contracts	Assets	**1,618**	–	Level 2	With reference to quoted prices available in active markets, such as LME, matching the maturity of the underlying contract
Provisionally priced sale and purchase contracts	Liabilities	**2,016**	–	Level 2	With reference to quoted prices available in active markets, such as LME, matching the maturity of the underlying contract

There is no transfer between levels 1, 2 and 3 in the reporting period. The methods and valuation techniques used for the purpose of measuring fair value are detailed in note 4.7.

39. FINANCIAL RISK MANAGEMENT

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group is also exposed to certain risk arising from the commodity trade business as well as from engaging in transactions in commodity market. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. The policies on how to mitigate these risks are set out below.

39.1 Credit risk

The Group's credit risk is primarily attributable to granting credit to customers. The Group is also exposed to credit risk on trading commodity contracts and cash and cash equivalents. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

In respect of receivables from trade customers, credit evaluations are performed on the financial condition of each major trade customer periodically. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Apart from this, for commodity trade, some customers are required to pay deposit or make provisionally payment before goods delivery (note 21(ii)). Normally, the Group does not require collateral from its customers.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry and country in which customers operate also has an influence on credit risk. At the end of reporting period, the Group had a certain concentration of credit risk as 71.0% (2013: 21.3%) and 71.0% (2013: 44.4%) of the total trade and bill receivables was due from the Group's largest customer and the five largest customers respectively.

To minimise credit risk on trading commodity contracts, the Group would engage in those transactions through LME where transactions are conducted with approved broker-dealers. In respect of deposits with banks, the Group mitigates its exposure to credit risk by placing deposits with financial institutions with high credit ratings. Given the high credit ratings of the banks and broker-dealers, management considers the risk of the counterparties fail to meet their obligations to be remote.

39. FINANCIAL RISK MANAGEMENT (Continued)

39.2 Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to board approval. The Group's policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient amount of cash and readily realisable marketable securities and obtains adequate lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following liquidity tables set out the remaining contractual maturities at the end of the reporting period of the Group's and the Company's financial liabilities based on contractual undiscounted cash flows (including interest payments computed using contractual rates) and the earliest date the Group and the Company are required to pay.

The Group

	As at 31 March 2014			
	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	Total contractual undiscounted cash flow RMB'000	Carrying amount RMB'000
Non-derivative financial liabilities				
Trade payables	1,150	–	1,150	1,150
Other payables and accruals	11,857	–	11,857	11,857
Borrowings	84,412	–	84,412	84,322
	97,419	–	97,419	97,329
Derivative financial liabilities				
Net settled contracts				
– Provisionally priced sale and purchase contracts	2,016	–	2,016	2,016

39. FINANCIAL RISK MANAGEMENT (Continued)

39.2 Liquidity risk (Continued)

The Group (Continued)

	As at 31 March 2013			
	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	Total contractual undiscounted cash flow RMB'000	Carrying amount RMB'000
Non-derivative financial liabilities				
Trade payables	1,574	–	1,574	1,574
Other payables and accruals	8,714	833	9,547	9,547
Loan from a shareholder	–	31,941	31,941	30,421
	10,288	32,774	43,062	41,542

The Company

	As at 31 March 2014			
	Within 1 year or on demand RMB'000	**More than 1 year but less than 2 years RMB'000**	**Total contractual undiscounted cash flow RMB'000**	**Carrying amount RMB'000**
Other payables and accruals	**500**	**–**	**500**	**500**
Amounts due to subsidiaries	**17,032**	**–**	**17,032**	**17,032**
	17,532	**–**	**17,532**	**17,532**

39. FINANCIAL RISK MANAGEMENT (Continued)

39.2 Liquidity risk (Continued)

The Company (Continued)

	As at 31 March 2013			
	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	Total contractual undiscounted cash flow RMB'000	Carrying amount RMB'000
Other payables and accruals	500	833	1,333	1,333
Loan from a shareholder	–	31,941	31,941	30,421
Amounts due to subsidiaries	16,775	–	16,775	16,775
	17,275	32,774	50,049	48,529

39.3 Interest rate risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The Group's fair value interest-rate risk mainly arises from cash and cash equivalents and borrowings as disclosed in notes 23 and 29 respectively. Borrowings were issued at fixed rates which expose the Group to fair value interest-rate risk. The directors consider that interest rate exposure on these borrowings and cash deposits is not significant due to short maturity of these instruments. The Group has no cash flow interest-rate risk as there are no borrowings which bear floating interest rates. The Group has not used any financial instruments to hedge potential fluctuations in interest rates.

39. FINANCIAL RISK MANAGEMENT (Continued)

39.4 Currency risk

Currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Certain bill receivables, cash and cash equivalents, other receivables, derivative financial instruments, other payables and borrowings of the group entities are denominated in currencies other than the functional currency of these group entities which is HK$. The currencies give rise to this risk mainly include USD and RMB. As HK$ is pegged to USD, exposure in respect of these currencies is considered insignificant. The carrying amounts of those group entities' RMB denominated monetary assets and liabilities in net position at the reporting date are as follows:

	RMB'000
Net monetary assets/(liabilities)	
RMB	8,654

The following table details the Group's sensitivity to a 2% (2013: nil) increase and decrease in RMB against HK$. 2% (2013: nil) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 2% (2013: nil) change in foreign currency rates.

	Decrease in loss for the year and accumulated losses RMB'000
RMB appreciated against HK$ by 2% (2013: nil)	145

A 2% (2013: nil) depreciation in RMB against HK$ would have the same magnitude on result and equity but of opposite effect. In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

The Company mainly operated in Hong Kong with most of the transactions settled in Hong Kong dollar and its monetary assets and liabilities are mostly denominated in Hong Kong dollar, therefore the Company did not have significant exposure to risk resulting from changes in foreign currency exchange rates.

39. FINANCIAL RISK MANAGEMENT (Continued)

39.5 Commodity price risk

The Group engages in the trading of non-ferrous metals including mainly copper cathodes and zinc. As the commodity market is influenced by global as well as PRC supply and demand conditions, any unexpected price change in the market might affect the Group's earnings and performance. To mitigate this risk, the Group closely monitors any significant exposures, and may enter into commodity derivative contracts from time to time in accordance with the policies approved by the directors of the Company to manage the exposure with respect to its forecast sell or firm sell commitments mainly includes copper and certain other metal products. Besides, the company also enters into commodity derivative contracts for speculative purposes.

Financial assets and liabilities of the Group that expose to the commodity price risk — the fair value change, primarily with respect to its outstanding derivative financial instruments, mainly the copper and other metal derivative contracts, and the provisional price arrangements in respect of sales of commodities.

The fair value changes of these outstanding commodity futures contracts will be partially offset by the corresponding fair value changes in the provisional price arrangements in respect of sales of commodities.

The following table details the Group's sensitivity to movement in prices in respect of its outstanding commodity derivative contracts and provisionally priced sales agreement for commodities at each reporting date. At each reporting date, if the prices of these commodity derivative contracts and provisional price arrangements in respect of sales of commodities increased/decreased by a reasonable possible change, with all other variables were held constant, the Group's loss would have been affected as set out below:

	(Increase)/Decrease in loss for the year and accumulated losses	
	2014	2013
	RMB'000	RMB'000
If underlying commodity price		
– Increase by 10%	**13**	–
– Decrease by 10%	**(13)**	–

As at 31 March 2013, the Group was not exposed to commodity price risk as no trading of securities or derivatives were held by the Group.

40. CAPITAL RISK MANAGEMENT

The Group's objective of managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

The Group's management reviews the capital structure by considering the cost of capital and the risks associated with each class of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new share as well as issue new debt or redeem its existing debt as it sees fit and appropriate. No change was made in the objectives, policies or processes for managing capital during the years ended 31 March 2014 and 2013.

The gearing ratio at the end of reporting period was as follows:

	2014	2013
	RMB'000	RMB'000
Loan from a shareholder	**–**	30,421
Borrowings*	**3,000**	–
Less: Cash and cash equivalents	**(14,749)**	(16,135)
Net debt	**N/A**	14,286
Equity	**8,208**	8,238
Net debt to equity ratio	**N/A**	173%

* excluding asset-backed financing as detailed in note 29

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

FIVE YEARS FINANCIAL SUMMARY

The consolidated statement of comprehensive income of the Group for the financial years 2010 to 2014 and the consolidated statement of financial position of the Group as at 31 March 2010, 2011, 2012, 2013 and 2014 are as follows:

	Year ended 31 March				
	2014	2013	2012	2011	2010
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
			(Restated)	(Restated)	
Results					
Turnover	**605,483**	32,381	58,334	85,971	89,945
Loss before income tax	**(34,133)**	(23,300)	(50,498)	(169,014)	(252,723)
Taxation credit/(expense)	**1,473**	(119)	45	(289)	1,863
Loss for the year	**(32,660)**	(23,419)	(50,453)	(169,303)	(250,860)

	As at 31 March				
	2014	2013	2012	2011	2010
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
			(Restated)	(Restated)	
Assets and liabilities					
Total assets	**108,742**	52,950	100,738	155,219	306,216
Total liabilities	**100,534**	(44,712)	(63,535)	(144,329)	(143,826)
Total equity	**8,208**	8,238	37,203	10,890	162,390