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 2015

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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 *(Chairperson)*
Ms. Liu Talin
Mr. Enhe Bayaer

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

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

COMPANY SECRETARY
Ms. Shen Tianwei (MAPAIS, HKICPA, CICPA)
Flat A, 11/F, Two Chinachem Plaza
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COMPLIANCE OFFICER
Ms. Qin Chunhong

AUTHORISED REPRESENTATIVES
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Hong Kong

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COMPANY WEBSITE ADDRESS
www.pizugroup.com

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Shenzhen
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 2014/2015. 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 2015, the bulk mineral trade business was the main source of the Group's revenue. During the year, the Company had expanded the bulk mineral trade business proactively, the growth of which contributed to the turnaround from loss of the Group for the current financial year. 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 sold the business to an independent third party in August 2014.

The Group is carrying out (1) very substantial acquisition and connected transaction in relation to acquisition of the shares in, and shareholder's loan due by, Ample Ocean Holdings Limited involving issue of convertible bonds (the "Acquisition"); (2) the grant of specific mandate for issue of conversion shares; (3) increase of authorized share capital of the Company; and (4) non-exempt continuing connected transaction. For details, please refer to the circular of the Group dated 28 June 2015.

The Acquisition, if it proceeds to completion, is favourable for the Company's business plan on the existing business of the Group and can bring synergy with the existing business of the Group.

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 also continue to develop all the businesses, and create value for the Shareholders.

Ding Baoshan
Chairman

29 June 2015

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECTS 2014-2015

Business Review

For the year from 1 April 2014 to 31 March 2015 (the "Year"), the primary income source of the Group came from the trading business of mineral products. Our operation on the business has been getting more sophisticated with time and has been bringing in sustainable revenue for the Group. Meanwhile, there were changes in the business environment for the business of school network integration; in particular, market competition has become more intense, contributing to the continuous decline of income from this business area. In order to focus resources on businesses with better return, the Group sold the business of school network integration to an independent third party in August 2014.

During this period, the Group has also carried out corporate restructuring by re-organizing the subsidiaries under the Group and disposed of some dormant companies, so as to streamline the corporate structure of the Group and save expenses that were unnecessary.

Prospect and Outlook

In January 2015, the Group entered into the Acquisition Agreement with the shareholders of Ample Ocean Holdings Limited ("Ample Ocean") (collectively, the "Vendors") and Shiny Ocean Holdings Limited ("Shiny Ocean"), pursuant to which the vendors conditionally agreed to sell and the Group conditionally agreed to purchase all issued shares in, and shareholder's loan due by, Ample Ocean for a total consideration of HK$837 million, by way of issue of convertible bonds. The principal business of which includes the manufacturing and sale of civil explosives and provision of blasting operations and related services. The Board believes the acquisition would allow the Group to diversify into a new line of business with growth potential and to broaden its source of income. An Extraordinary General Meeting will be held on 20 July 2015 for the shareholders to consider and approve the acquisition agreement in due course.

The Group will devote more resources to focus on the development of the mineral products trading business, review the existing operation and consider new business directions. The Group will continue to look for good opportunities and continue to develop the lending business. At the same time, the Group will continue to explore new business directions as well as potential acquisitions and investment opportunities, with an aim to bring substantial and sustainable returns to the shareholders.

FINANCIAL REVIEW

Turnover

The Group achieved a consolidated turnover from the continuing operations of approximately RMB1,191 million, an increase of approximately 99.52% in comparison with year ended 31 March 2014. The following table is the breakdowns of turnover for the year ended 31 March 2015:

	RMB'000	**Approximately % attributable to the turnover of the Group**
Continuing operations		
Sales of commodity goods	1,190,627	99.92%
Discontinued operation		
Provision of school network integration services	835	0.08%
	1,191,462	100%

Cost of goods sold

The consolidate cost of goods sold of the continuing operations for the year ended 31 March 2015 was approximately 1,188 million. It was approximately 99.24% increase as compared to last year. The main reason is that the Group's major turnover derives from the bulk commodity trade business, which is an industry of low gross margin.

Earnings/Loss per share

The earnings/loss per share of the Group is covered in note 16 to the financial statements.

Segment Information

The segment information of the Group is covered in note 17 to the financial statements.

CAPITAL STRUCTURE

Movements in capital structure of the Company during the year are set out in note 35 to the financial statements. The capital of the Company comprises only ordinary shares.

SIGNIFICANT INVESTMENTS

As at 31 March 2015, the Group did not have any significant investments (2014: nil).

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

The disposals of subsidiaries are set out in note 41 to the financial statements (2014: nil).

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The detail of future plans for material investments or capital assets are set out in note 45 to the financial statements.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2015, the shareholders' funds of the Group amounted to approximately RMB7.59 million. Current assets amounted to approximately RMB11.12 million of which approximately RMB5.90 million were cash and cash equivalents, approximately RMB5.22 million were inventories, other receivables, prepayments and deposits and other financial assets. The Group's current liabilities amounted to approximately RMB3.55 million.

CHARGE OF ASSETS

As at 31 March 2015, none of the Group's assets were charged or subject to any encumbrance (2014: RMB81,322,000).

CAPITAL COMMITMENT

As at 31 March 2015, the Group's capital commitment is set out in note 39 to the financial statements (2014: 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 continuing operations are denominated in HK$/USD. As HK$ is pegged to USD, 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 2015, the Group did not have any material contingent liabilities (2014: nil).

DIVIDEND

The Board did not recommend any payment of final dividend for the Year (2014: nil).

HUMAN RESOURCES

As at 31 March 2015, the Group had 5 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 establishing formal and transparent procedure to protect the interests of the shareholders of the Company. The Company had throughout the Year complied with the code provisions set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 15 to the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules"). 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. The Company was not aware of any non-compliance with such code of conduct, nor the required standard of dealings throughout the Year.

BOARD OF DIRECTORS

The Board collectively oversees 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.

The biographical details of the Directors and other senior management are set out on pages 13 to 14 of this report.

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 provided 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 the 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 the executive Directors and the senior management; and
- there are clearly defined authorities and duties for the management, including periodic reporting to the Board, and specified matters that 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 the 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. If the 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.

There are 6 Board meetings and 1 general meeting were held during the Year with an average attendance rate of 76.2% and 100% respectively. Details of the attendance of the Board of Directors for the Year are as follows:

Total number of meetings held	6
Name of directors	**Attended/Eligible to attend**
Executive directors	
Mr. Ding Baoshan *(Chairman)*	5/6
Mr. Xiong Zeke	6/6
Ms. Qin Chunhong	6/6
Non-executive director	
Mr. Ma Qiang (appointed on 2 July 2013)	3/6
Independent non-executive directors	
Ms. Zhang Lin	4/6
Ms. Liu Talin	4/6
Mr. Enhe Bayaer	4/6

CORPORATE GOVERNANCE REPORT

The Company has received, from each of the independent non-executive directors, an annual confirmation of their respective independence pursuant to Rules 5.09 of the GEM Listing Rules. The Company considers that all of the independent non-executive directors remains 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.

Details of the directors' training and the attendance records for the Year are as follows:

Name of Directors	Reading journals, written training materials and/or updates	Attending courses, seminars, conferences and/or forums	Receiving briefings from Chief Financial Officer, Company Secretary and/or other executives
Mr. Ding Baoshan	✓	✓	✓
Mr. Xiong Zeke	✓	✓	✓
Ms. Qin Chunhong	✓	✓	✓
Mr. Ma Qiang	✓	✓	✓
Ms. Zhang Lin	✓	✓	✓
Ms. Liu Talin	✓	✓	✓
Mr. Enhe Bayaer	✓	✓	✓

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

For the year ended 31 March 2015, 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 the strategic 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 of the Company (the "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 one meeting. Details of the attendance of the Remuneration Committee for the year ended 31 March 2015 are as follows:

Total number of meetings held	1
Name of members	**Attended/Eligible to attend**
Ms. Zhang Lin *(Chairperson)*	1/1
Ms. Qin Chunhong	1/1
Ms. Liu Talin	1/1

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 and is of opinion that their respective engagement matters are fair and reasonable.

For the Year, total directors' remuneration amounted to approximately RMB1.52 million (2014: RMB1.41 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 2015, the remuneration in respect of audit services and other reporting services provided by the auditor, BDO Limited, amounted to approximately RMB356,000 and RMB924,000 respectively.

AUDIT COMMITTEE

The Company established an audit committee (the "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 2015 are as follows:

Total number of meetings held	4
Name of members	**Attended/Eligible to attend**
Ms. Zhang Lin *(Chairperson)*	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 comply with applicable accounting standards, GEM Listing Rules and that adequate disclosures have been made.

CORPORATE GOVERNANCE REPORT

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 (the "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 and diversity 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, no director has been nominated by the nomination committee (2014: 6 directors).

Details of the attendance of the Nomination Committee for the year ended 31 March 2015 are as follows:

Total number of meetings held	0
Name of members	**Attended/Eligible to attend**
Mr. Enhe Bayaer *(Chairman)*	0/0
Ms. Zhang Lin	0/0
Ms. Liu Talin	0/0

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. 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 the 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 52, 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 Shaixi Guoxin Energy Corporation Limited (山西省國新能源股份有限公司), a company listed on the Shanghai Stock Exchange (Stock code: 600617). 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 (熊澤科), aged 40, is an executive director and chief executive officer of the Company. Mr. Xiong obtained a bachelor's degree in economics from International Economics of the Peking University in July 1996. From July 1996 to March 2005, Mr. Xiong worked in various departments of the Shenzhen branch of China Construction Bank. Subsequently, he became the deputy general manager of Shengshi Huaxuan from September 2008 to November 2012 during which he was responsible for investment, financing and merger and acquisition of Shengshi Huaxuan. Save that Mr. Xiong is (i) an executive Director of the Company; (ii) an independent director of 華東醫藥股份有限公司 (Huadong Medicine Co., Ltd.*), a company listed on the Shenzhen Stock Exchange, since August 2009; and was (iii) an independent director of 盛屯礦業集團股份有限公司 (Chengtun Mining Group Co. Ltd.*) (formerly known as 廈門雄震礦業集團股份有限公司 (Xiamen Eagle Mining Group Co. Ltd.*)), a company listed on the Shanghai Stock Exchange, from August 2008 to March 2011, he has not at any time during the three years served nor is currently serving as a director of any other publicly listed companies in Hong Kong or overseas.

Ms. Qin Chunhong (秦春紅), aged 42, is an executive director, compliance officer and a member of Remuneration Committee. Ms. Qin obtained a bachelor's degree in economics from Henan Institute of Finance and Economics in June 2003. In July 2009, she obtained a master's degree in business administration from the School of Business Administration in Peking University. She has been a member of the China Certified Tax Agents Association since September 2009 and a member of the Chinese Institute of Certified Public Accountants since December 2009. Ms. Qin was the chief financial officer of 內蒙古雙利資源(集團)有限責任公司 (Inner Mongolia Shuangli Resources Group Co., Limited*) from 2006 to 2009 and the chief financial officer of Western Mining Group (Hong Kong) Company Limited from 2005 to 2006. Since March 2010, Ms. Qin has been the chief financial officer of Shengshi Huaxuan. Save that Ms. Qin is an executive director of the Company, she has not at any time during the three years preceding the Latest Practicable Date served nor is currently serving as a director of any other publicly listed companies in Hong Kong or overseas.

DIRECTORS AND SENIOR MANAGEMENT PROFILE

NON-EXECUTIVE DIRECTOR

Mr. Ma Qiang (馬强), aged 47, is a non-executive director. Mr. Ma graduated from Inner Mongolia Radio and Television University in July 1989 with a speciality in education. Mr. Ma was the chairman of the board of directors of Dongyitai Chemical from August 1993 to February 2006 and 北京盛世華軒投資有限公司 (Beijing Shengshi Huaxuan Investment Co., Ltd*) (a company which was principally engaged in the business of mineral related investment management) ("Shengshi Huaxuan") from April 2008 to May 2013. Save that Mr. Ma is a non-executive director of the Company, he has not at any time during the three years served nor is currently serving as a director of any other publicly listed companies in Hong Kong or overseas.

INDEPENDENT NON-EXECUTIVE DIRECTORS AND AUDIT COMMITTEE

Ms. ZHANG Lin, aged 42, was appointed as an independent non-executive director with effect from 14 December 2012. She is the chairperson of Audit Committee and Remuneration Committee of the Company and a member of Nomination Committee of the Company. She was licensed as a certified public accountant in the the state of California, the United States from June 2002 and the state of Georgia, the United States from October 2006. She has not at any time during the three years served nor is currently serving as a director of any other publicly listed companies in Hong Kong or overseas.

Ms. LIU Talin, aged 47, was appointed as an independent non-executive director with effect from 14 December 2012. She is a member of Audit Committee, Remuneration Committee and Nomination Committee of the Company. She obtained a bachelor's degree from the Department of Chemistry of 內蒙古大學 (Inner Mongolia University) in July 1991. She worked in 內蒙古物資集團有限責任公司 (Inner Mongolia Resources Group Co., Ltd.*) from 1994 to 2003. She has not at any time during the three years served nor is currently serving as a director of any other publicly listed companies in Hong Kong or overseas.

Mr. ENHE Bayaer, aged 62, was appointed as an independent non-executive director with effect from 14 December 2012. He is a member of Audit Committee and the chairman of Nomination Committee. He obtained a bachelor's degree from the Department of Chinese of 內蒙古大學 (Inner Mongolia University*) majoring in Mongolian translation in August 1976. He has not at any time during the three years preceding the Latest Practicable Date served nor is currently serving as a director of any other publicly listed companies in Hong Kong or overseas.

SENIOR MANAGEMENT

Mr. Li Shihua, aged 36, 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, HKICPA, CICPA), aged 42, is the Chief Financial Officer, Company Secretary and Authorized Representative of the Group. Prior to joining the Group in August 2006, she has over 13 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 2015.

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 20 to the financial statements.

An analysis of the Group's turnover and contribution to results by principal activities for the year ended 31 March 2015 are set out in note 17 to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2015 are set out in the consolidated statement of comprehensive income on page 24.

The state of affairs of the Group and the Company as at 31 March 2015 are set out in the consolidated statement of financial position on page 25 and the statement of financial position on page 26, respectively.

The Board does not recommend the payment of any final dividend in respect of the year ended 31 March 2015 (2014: 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 102 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 29 of this annual report and in note 37 to the financial statements, respectively.

DISTRIBUTABLE RESERVES

As at 31 March 2015 and 31 March 2014, 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 35 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 18 to the financial statements.

DIRECTORS' REPORT

CHARITABLE DONATIONS

The Group does not made any charitable donations during the Year (2014: 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

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. Ding Baoshan, Mr. Ma Qiang and Ms. Liu Talin and Mr. Enhe Bayaer will retire from office at the forthcoming annual general meeting, and being eligible, will offer themselves for re-election.

The Company has received from each of the independent non-executive directors an annual confirmation of their respective independence pursuant to GEM Listing Rule 5.09. The Company considers that all of the independent non-executive directors remains 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

During or at the end of the Year, 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.

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 2015, 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 2015, 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 2015, 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 which was required to be kept under section 336 of the SFO concerning persons 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. On 22 July 2014, the Share Option Scheme had been expired. The Company has not adopted new Share Option Scheme.

As at 31 March 2014 and 2015, no share option was outstanding. No share options has been granted or exercised during the years ended 31 March 2015 and 31 March 2014 respectively.

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.

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.

CONNECTED TRANSACTIONS

Pursuant to the sale and purchase agreement dated 19 January 2015, the Company entered into an acquisition of the entire issued share capital in Ample Ocean Holdings Limited of which Mr. Ma Qiang is the controlling shareholder of both companies.

COMPETING INTERESTS

For the year ended 31 March 2015, 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.

DIRECTORS' REPORT

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. The Company was not aware of any non-compliance with such code of conduct, nor the required standard of dealings throughout the Year.

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 is set out in note 17 to the financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

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

Purchases	
– The largest supplier	59.1%
– Five largest suppliers in aggregate	100%
Sales	
– The largest customer	99.7%
– Five largest customers in aggregate	100%

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.

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 comply with applicable accounting standards, GEM Listing Rules and that adequate disclosures have been made.

DIRECTORS' REPORT

AUDITOR

The financial statements for the Year was audited by BDO Limited who will retire and being eligible, offer themselves for re-appointment at the forthcoming annual general meeting of the Company.

On behalf of the Board

Ding Baoshan
Chairman

China, 29 June 2015

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 24 to 101, which comprise the consolidated and company statements of financial position as at 31 March 2015, 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.

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 2015 and of the Group's profit 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, 29 June 2015

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2015

	Notes	2015 RMB'000	2014 RMB'000 (Re-presented)
Continuing operations			
Revenue	6	**1,190,627**	596,743
Cost of goods sold		**(1,188,020)**	(596,257)
Gross profit		**2,607**	486
Other income	7	**121**	10
Administrative and other operating expenses		**(5,628)**	(5,772)
Other (losses)/gains			
Change in fair value of derivative financial instruments		**(3,550)**	5,936
Debt extinguishment gain	31	**–**	53
Gain on disposal of subsidiaries	41	**7,658**	89
Profit from operations	8	**1,208**	802
Finance costs	12	**(755)**	(2,811)
Profit/(Loss) before income tax		**453**	(2,009)
Income tax expense	13	**(3)**	(313)
Profit/(Loss) for the year from continuing operations		**450**	(2,322)
Discontinued operation			
Profit/(Loss) for the year from discontinued operation	14	**2,931**	(30,338)
Profit/(Loss) for the year		**3,381**	(32,660)
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	41	**(4,004)**	90
Other comprehensive income for the year		**(4,004)**	437
Total comprehensive income for the year		**(623)**	(32,223)
		RMB	RMB
Basic and diluted earnings/(loss) per share	16		
– From continuing and discontinued operations		**0.003**	(0.031)
– From continuing operations		**0.001**	(0.002)
– From discontinued operation		**0.002**	(0.029)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2015

	Notes	2015 RMB'000	2014 RMB'000
Non-current assets			
Property, plant and equipment	18	**23**	524
Intangible assets	19	**–**	–
Goodwill	21	**–**	–
		23	524
Current assets			
Inventories	22	**2,614**	–
Trade and bill receivables	23	**–**	82,219
Other receivables, prepayments and deposits	24	**820**	9,082
Derivative financial assets	27	**–**	2,168
Other financial assets	25	**1,780**	–
Cash and cash equivalents	26	**5,902**	14,749
		11,116	108,218
Current liabilities			
Trade payables	28	**–**	1,150
Other payables and accruals	29	**720**	12,391
Borrowings	32	**–**	84,322
Income tax payable		**315**	655
Derivative financial liabilities	27	**2,519**	2,016
		3,554	100,534
Net current assets		**7,562**	7,684
Total assets less current liabilities		**7,585**	8,208
Net assets		**7,585**	8,208
Capital and reserves			
Share capital	35	**21,186**	21,186
Reserves	37	**(13,601)**	(12,978)
Total equity		**7,585**	8,208

On behalf of the Board

DING BAOSHAN
Director

XIONG ZEKE
Director

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2015

	Notes	2015 RMB'000	2014 RMB'000
Non-current assets			
Property, plant and equipment	18	**23**	28
Investments in subsidiaries	20	**1**	5,320
		24	5,348
Current assets			
Prepayments and deposits	24	**1**	1
Amounts due from subsidiaries	30	**8,019**	15,930
Cash and cash equivalents	26	**268**	271
		8,288	16,202
Current liabilities			
Other payables and accruals	29	**718**	500
Amounts due to subsidiaries	30	**1**	17,032
		719	17,532
Net current assets/(liabilities)		**7,569**	(1,330)
Total assets less current liabilities		**7,593**	4,018
Net assets		**7,593**	4,018
Capital and reserves			
Share capital	35	**21,186**	21,186
Reserves	37	**(13,593)**	(17,168)
Total equity		**7,593**	4,018

On behalf of the Board

DING BAOSHAN
Director

XIONG ZEKE
Director

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2015

	2015 RMB'000	2014 RMB'000 (Re-presented)
Cash flows from operating activities		
Profit/(Loss) before income tax		
Continuing operations	**453**	(2,009)
Discontinued operation	**2,931**	(32,124)
	3,384	(34,133)
Adjustments for:		
Amortisation of intangible assets	**–**	4,760
Bad debts written off	**109**	–
Depreciation	**37**	124
Change in fair value of derivative financial instruments	**3,550**	(152)
Finance costs	**828**	2,941
Gain on debt extinguishment	**–**	(53)
Gain on disposal of subsidiaries	**(11,015)**	(89)
Impairment loss on goodwill	**–**	20,761
Impairment loss on intangible assets	**–**	2,382
Impairment loss on property, plant and equipment	**–**	101
Interest income	**(99)**	(16)
Gain on disposal of other financial assets	**(13)**	–
Reversal of impairment for trade receivables	**(56)**	(249)
Net exchange differences	**–**	(258)
Operating loss before working capital changes	**(3,275)**	(3,881)
Increase in inventories	**(2,614)**	–
Increase in trade and bill receivables	**(14)**	(78,731)
Decrease/(Increase) in other receivables, prepayments and deposits	**6,582**	(4,054)
Change in derivative financial instruments	**(879)**	–
Decrease in trade payables	**(308)**	(424)
(Decrease)/Increase in other payables and accruals	**(3,281)**	2,651
Cash used in operations	**(3,789)**	(84,439)
Income tax paid	**–**	(20)
Net cash used in operating activities	**(3,789)**	(84,459)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2015

	2015 RMB'000	2014 RMB'000 (Re-presented)
Cash flows from investing activities		
Interest received	**99**	16
Net proceed from disposal of subsidiaries (note 41)	**(32)**	131
Proceed from disposal of property, plant and equipment	**70**	–
Purchase of property, plant and equipment	**(6)**	(109)
Payment for acquisition of other financial assets	**(4,780)**	–
Proceed from disposal of other financial assets	**3,013**	–
Net cash (used in)/generated from investing activities	**(1,636)**	38
Cash flows from financing activities		
Proceeds from bank loan	**–**	3,000
Repayment of bank loan	**(2,594)**	–
Increase in financing from discounting of bill receivables with full recourse	**–**	81,322
Interest paid for bank borrowings	**(828)**	(1,177)
Net cash (used in)/generated from financing activities	**(3,422)**	83,145
Net decrease in cash and cash equivalents	**(8,847)**	(1,276)
Cash and cash equivalents at beginning of the year	**14,749**	16,135
Effect of exchange rate changes on cash and cash equivalents	**–**	(110)
Cash and cash equivalents at end of the year	**5,902**	14,749

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2015

	Share capital RMB'000	Share premium* RMB'000	Capital distributable reserve* RMB'000	Contributed surplus* RMB'000	Convertible bonds equity 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 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 41)	–	–	–	–	–	90	–	–	90
Total comprehensive income for the year	–	–	–	–	–	437	–	(32,660)	(32,223)
Issue of Capitalisation Shares (note 35(i))	395	6,715	–	–	–	–	–	–	7,110
Recognition of equity component of Convertible Bonds (note 33)	–	–	–	–	7,722	–	–	–	7,722
Interest on loan from a shareholder waived (note 37)	–	–	1,427	–	–	–	–	–	1,427
Issue of shares upon conversion of Convertible Bonds (notes 33 & 35(ii))	1,209	22,447	–	–	(7,722)	–	–	–	15,934
Transactions with owners	1,604	29,162	1,427	–	–	–	–	–	32,193
At 31 March 2014 and 1 April 2014	21,186	72,452	25,141	933	–	(13,486)	1,135	(99,153)	8,208
Profit for the year	–	–	–	–	–	–	–	3,381	3,381
Other comprehensive income:									
Exchange differences from									
– reclassification relating to disposal of subsidiaries (note 41)	–	–	–	–	–	(4,004)	–	–	(4,004)
Total comprehensive income for the year	–	–	–	–	–	(4,004)	–	3,381	(623)
Transfer upon disposal of a subsidiary	–	–	–	–	–	–	(1,135)	1,135	–
At 31 March 2015	21,186	72,452	25,141	933	–	(17,490)	–	(94,637)	7,585

* 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 to be Shiny Ocean Holdings Limited ("Shiny Ocean"), a company incorporated in the British Virgin Islands ("BVI").

The Company and its subsidiaries (collectively, the "Group") is principally engaged in the provision of school network integration services in the People's Republic of China (the "PRC"), and bulk mineral trade.

On 15 August 2014, Dragon Era Investments Limited ("Dragon Era"), a wholly-owned subsidiary of the Group, entered into a sale and purchase agreement with an independent third party for the disposal of its entire equity interests in Jumbo Lucky Limited ("Jumbo Lucky"). Jumbo Lucky holds the entire interest in Superco Development Limited and 北京普華智維科技有限公司 (for identification purpose, Beijing Puhua Zhiwei Technology Company Limited) (collectively known as "Jumbo Lucky Group") for a total cash consideration of HK$7.8 (equivalent to RMB6.16). The principal business of the Jumbo Lucky Group is to provide school network integration services in the PRC. The disposal was completed on 15 August 2014. Since then, those entities within the Jumbo Lucky Group have ceased to be subsidiaries of the Group and the Group has ceased the business of providing school network integration services. Accordingly, the business of providing school network integration services is presented as a discontinued operation in these financial statements. Further details about the disposal are set out in note 14.

The financial statements for the year ended 31 March 2015 were approved for issue by the board of directors on 29 June 2015.

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

2.1 Adoption of new/revised HKFRSs – effective from 1 April 2014

In the current year, the Group has applied for the first time the following new standards, amendments and interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which is relevant to and effective for the Group's financial statements for the annual period beginning on 1 April 2014:

Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
HK (IFRIC) 21	Levies

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

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. The amendments are applied retrospectively.

The adoption of the amendments has no impact on these financial statements as they are consistent with the policies already adopted by the Group.

HK (IFRIC) 21 – Levies

HK (IFRIC) 21 clarifies that an entity recognises a liability to pay a levy imposed by government when the activity that triggers payment, as identified by the relevant legislation, occurs. The interpretation has been applied retrospectively.

The adoption of HK (IFRIC) 21 has no impact on these financial statements as the interpretation is consistent with the Group's previous application of its accounting policies on provisions.

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

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 1	Disclosure Initiative[1]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[1]
HKFRS 9 (2014)	Financial Instruments[3]
HKFRS 15	Revenue from Contracts with Customers[2]

[1] Effective for annual periods beginning on or after 1 January 2016
[2] Effective for annual periods beginning on or after 1 January 2017
[3] Effective for annual periods beginning on or after 1 January 2018

Information on new and amended HKFRSs that are expected to have impact on the Group is explained as follows. Other new or revised HKFRSs that have been issued but are not yet effective are unlikely to have material impact on the Group's results and financial position upon application.

Amendments to HKAS 1 – Disclosure Initiative

The amendments are designed to further encourage companies to apply professional judgement in determining what information to disclose in their financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Furthermore, the amendments clarify that companies should use professional judgement in determining where and in what order information is presented in the financial disclosures.

Amendments to HKAS 27 – Equity Method in Separate Financial Statements

The amendments allow an entity to apply the equity method in accounting for its investments in subsidiaries, joint ventures and associates in its separate financial statements.

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 (2014) – Financial Instruments

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

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

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

HKFRS 15 – Revenue from Contracts with Customers

The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and related interpretations.

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

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

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

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

3. BASIS OF PREPARATION

The consolidated financial statements on pages 24 to 101 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 commodity inventories (note 4.11), derivative financial instruments and other financial assets, 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$"). Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. The consolidated financial statements are presented in Renminbi ("RMB") which in the opinion of the directors is appropriate since the Group has been operating in the RMB environment and the Group has planned to continue to invest in the PRC in the long run.

3. BASIS OF PREPARATION (Continued)

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.

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 4.15).

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 4.15). 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 4.15).

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.

(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 issued by the Group are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss (note 4.16).

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 retained earnings/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.

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 mineral trade

Revenue from the sale of mineral (mainly commodity) 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 commodity, such as copper and zinc, for which there exists an active and freely-traded commodity market such as the London Metals Exchange ("LME") 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.

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, 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 Inventories

Inventories mainly represent the commodities ("commodity inventories") purchased for the purpose of selling them in the near future. As a commodity trader, the Group measures its commodity inventories at fair value less costs to sell. Commodity inventories are initially recognised at cost and subsequently measured at fair value less costs to sell. Changes in fair value are recognised in the profit or loss in the period in which they arise.

4.12 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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.12 Foreign currency (Continued)

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.

In the financial statements of the Company, for translation into presentation currency, assets and liabilities are translated at the rate ruling at the end of the reporting period; income and expenses are translated at the average exchange rates for the year (unless exchange rates fluctuate significantly, in which case the rates approximating to those ruling when the transactions took place are used); and the resulting exchange differences are recognised in other comprehensive income.

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. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.13 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.

(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 4.14.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.14 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.

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 retained earnings/ accumulated losses.

4.15 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;
- 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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.15 Impairment of non-financial assets (Continued)

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 (CGUs) 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.

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.

4.16 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.

4.17 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)

4.18 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.

4.19 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 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.

5.2 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.

The recognition of sale and purchase transactions relating to the bulk mineral trade business, 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 27(iii)).

6. REVENUE

An analysis of the revenue from the Group's principal activities (note 1), which is also the Group's turnover, is as follows:

	Continuing operations		Discontinued operation		Total	
	2015	2014	**2015**	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Sales of commodity goods	**1,190,627**	596,743	**–**	–	**1,190,627**	596,743
Provision of school network integration services	**–**	–	**835**	8,740	**835**	8,740
	1,190,627	596,743	**835**	8,740	**1,191,462**	605,483

7. OTHER INCOME

	Continuing operations		Discontinued operation		Total	
	2015	2014	**2015**	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Bank interest income	**98**	10	**1**	6	**99**	16
Gain on disposal of other financial assets	**13**	–	**–**	–	**13**	–
Sundry income	**10**	–	**–**	–	**10**	–
	121	10	**1**	6	**122**	16

8. PROFIT/LOSS FROM OPERATIONS

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

	Continuing operations		Discontinued operation		Total	
	2015	2014	**2015**	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Amortisation of intangible assets	**–**	–	**–**	4,760	**–**	4,760
Auditor's remuneration:						
– annual audit	**356**	395	**–**	–	**356**	395
– other reporting services	**924**	–	**–**	–	**924**	–
	1,280	395	**–**	–	**1,280**	395
Bad debt written off	**–**	–	**109**	–	**109**	–
Costs of inventories recognised as expenses	**1,188,018**	596,257	**–**	–	**1,188,018**	596,257
Depreciation for property, plant and equipment	**10**	38	**27**	86	**37**	124
Net foreign exchange loss	**115**	603	**–**	–	**115**	603
Operating lease charges on land and buildings	**491**	480	**47**	574	**538**	1,054
Reversal of impairment for trade receivables	**–**	–	**(56)**	(249)	**(56)**	(249)
Staff costs (including directors' emoluments) (note 9)	**2,335**	2,124	**230**	2,998	**2,565**	5,122

9. STAFF COSTS (INCLUDING DIRECTORS' EMOLUMENTS)

	2015 RMB'000	2014 RMB'000 (Re-presented)
Continuing operations		
Salaries, wages and other benefits	**2,312**	2,109
Contributions to defined contribution retirement plans (note)	**23**	15
	2,335	2,124
Discontinued operation		
Salaries, wages and other benefits	**200**	2,735
Contributions to defined contribution retirement plans (note)	**30**	263
	230	2,998
	2,565	5,122

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 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, 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 2015				
Executive directors				
Ding Baoshan	284	–	–	284
Qin Chunhong	190	–	–	190
Xiong Zeke	427	237	–	664
Non-executive director				
Ma Qiang	95	–	–	95
Independent non-executive directors				
Enhe Bayaer	95	–	–	95
Liu Talin	95	–	–	95
Zhang Lin	95	–	–	95
	1,281	237	–	1,518

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 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 director				
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

Notes:

(i) Resigned on 7 October 2013
(ii) Appointed on 2 July 2013
(iii) Resigned on 15 April 2013

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 2015 (2014: nil).

11. FIVE HIGHEST PAID INDIVIDUALS

During the year ended 31 March 2015, three (2014: three) of the directors whose emoluments are disclosed in note 10 were among the five individuals of the Group with the highest emoluments. The emoluments of the remaining two (2014: two) highest paid non-director individuals for the current year are as follows:

	2015 **RMB'000**	2014 RMB'000
Salaries, allowances and other benefits in kind	**777**	807
Contributions to defined contribution retirement plans	**23**	12
	800	819

The emoluments of each of the two (2014: two) highest paid non-director individuals are within the following band:

	2015 **No. of individuals**	2014 No. of individuals
Nil to HK$1,000,000	**2**	2

The emoluments paid or payable to members of senior management who are not directors were within the following bands:

	2015 **No. of individuals**	2014 No. of individuals
Nil to HK$1,000,000	**2**	3

12. FINANCE COSTS

	Continuing operations		Discontinued operation		Total	
	2015	2014	**2015**	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Imputed interest on convertible bonds (note 33)	**–**	1,150	**–**	–	**–**	1,150
Interest charge on:						
– loans from a shareholder wholly repayable within five years	**–**	614	**–**	–	**–**	614
– bank borrowings wholly repayable within one year	**–**	–	**73**	130	**73**	130
– discounted bill receivables	**755**	1,047	**–**	–	**755**	1,047
Total interest expense for financial liabilities not at fair value through profit or loss	**755**	2,811	**73**	130	**828**	2,941

13. INCOME TAX (EXPENSE)/CREDIT

Income tax (expense)/credit comprises:

	Continuing operations		Discontinued operation		Total	
	2015	2014	**2015**	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Current tax for the year						
– Hong Kong profits tax	**–**	(313)	**–**	–	**–**	(313)
– PRC Enterprise Income Tax ("PRC EIT")	**(3)**	–	**–**	–	**(3)**	–
Deferred tax (note 34)	**–**	–	**–**	1,786	**–**	1,786
Income tax (expense)/credit	**(3)**	(313)	**–**	1,786	**(3)**	1,473

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

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

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

	Continuing operations		Discontinued operation		Total	
	2015	2014	**2015**	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Profit/(Loss) before income tax	**453**	(2,009)	**2,931**	(32,124)	**3,384**	(34,133)
Tax calculated at the rates applicable to the tax jurisdictions concerned	**(77)**	3,670	**(447)**	2,841	**(524)**	6,511
Tax effect of non-deductible expenses	**(1,493)**	(4,020)	**(234)**	(12)	**(1,727)**	(4,032)
Tax effect of non-taxable income	**1,853**	362	**681**	63	**2,534**	425
Tax loss not recognised	**(286)**	(325)	**–**	(1,106)	**(286)**	(1,431)
Income tax (expense)/credit	**(3)**	(313)	**–**	1,786	**(3)**	1,473

14. DISCONTINUED OPERATION

As detailed in note 1, the Group disposed of Jumbo Lucky Group during the year. Jumbo Lucky Group is principally engaged in the provision of school network integration services in the PRC which is reported under the segment of School network integration services. The disposal was completed on 15 August 2014. Since then, the Group has ceased to carry out the business of providing school network integration services.

The revenue and results of Jumbo Lucky Group which constitutes a discontinued operation and the net cash flows incurred by Jumbo Lucky Group for the period from 1 April 2014 to 15 August 2014 and for last year are as follows:

	Notes	**2015** **RMB'000**	2014 RMB'000
Revenue	6	**835**	8,740
Cost of goods sold and services provided		**(703)**	(8,337)
Gross profit		**132**	403
Other income	7	**1**	6
Administrative and other operating expenses		**(486)**	(9,159)
Other losses			
Impairment loss on goodwill	21	**–**	(20,761)
Impairment loss on intangible assets	21	**–**	(2,382)
Impairment loss on property, plant and equipment	21	**–**	(101)
Loss from operations	8	**(353)**	(31,994)
Finance costs	12	**(73)**	(130)
Loss before income tax		**(426)**	(32,124)
Income tax credit	13	**–**	1,786
Loss from discontinued operation		**(426)**	(30,338)
Gain on disposal of Jumbo Lucky Group	41	**3,357**	–
Profit/(Loss) for the year from discontinued operation		**2,931**	(30,338)
Cash inflow/(outflow) of Jumbo Lucky Group			
Cash flows from operating activities		**2,483**	(3,052)
Cash flows from investing activities		**104**	(100)
Cash flows from financing activities		**(2,667)**	3,000
		(80)	(152)

14. DISCONTINUED OPERATION (Continued)

The carrying amounts of the assets and liabilities of Jumbo Lucky Group at the date of disposal are described in note 41.

For the purpose of presenting the discontinued operation of Jumbo Lucky Group, the consolidated statement of comprehensive income for the year ended 31 March 2014 and the related notes have been re-presented.

15. PROFIT FOR THE YEAR

Among the consolidated profit attributable to owners of the Company of RMB3,381,000 (2014: loss of RMB32,660,000), a profit of RMB3,575,000 (2014: a loss of RMB22,164,000) (note 37) has been dealt with in the financial statements of the Company.

16. EARNINGS/(LOSS) PER SHARE

Basic earnings/(loss) per share

The calculation of the basic earnings/(loss) per share is based on the following data:

	2015	2014
	RMB'000	RMB'000
Profit/(Loss)		
Profit/(Loss) for the year from continuing operations	**450**	(2,322)
Profit/(Loss) for the year from discontinued operation	**2,931**	(30,338)
Profit/(Loss) for the year from continuing and discontinued operations	**3,381**	(32,660)
	2015	2014
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings/loss per share	**1,233,725**	1,067,025

16. EARNINGS/(LOSS) PER SHARE (Continued)

For the year ended 31 March 2014, in calculating the diluted loss per share, the potential issue of shares arising from the conversion of the Company's convertible bonds (note 33) 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 the same as the basic loss per share.

For the year ended 31 March 2015, there is no potentially dilutive share in issue during the year and thus the diluted earnings per share is also the same as the basic earnings per share.

17. 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 identified and presented the segment information for the following reportable operating segments. These segments are managed separately.

Continuing operations

- Bulk mineral trade: trading of non-ferrous metals and minerals in Hong Kong and the PRC (previously named as bulk commodity trade)
- Money lending service: provision and arrangement of credit facilities in Hong Kong (no revenue has been divided from this segment during the year and in last financial year)

Discontinued operation

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

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, other gain/losses, 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.

17. 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 borrowings which are managed on group basis and unallocated corporate liabilities.

Segment revenue and segment results

	Segment revenue		Segment profit/(loss)	
	2015	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000
Continuing operations				
Bulk mineral trade	**1,190,627**	596,743	**(1,698)**	5,375
Discontinued operation				
School network integration services	**835**	8,740	**60**	(27,632)
	1,191,462	605,483	**(1,638)**	(22,257)
Other income			**122**	16
Administrative and other operating expenses			**(6,115)**	(10,270)
Gain on disposal of subsidiaries			**11,015**	89
Debt extinguishment gain			**–**	53
Finance costs			**–**	(1,764)
Profit/(Loss) before income tax			**3,384**	(34,133)

17. SEGMENT INFORMATION (Continued)

Segment revenue, results, assets and liabilities (Continued)

Segment assets and segment liabilities

	2015 RMB'000	2014 RMB'000
Segment assets		
Continuing operations		
Bulk mineral trade	**10,651**	101,808
Discontinued operation		
School network integration services	**–**	6,448
Total segment assets	**10,651**	108,256
Unallocated assets	**488**	486
Consolidated assets	**11,139**	108,742
Segment liabilities		
Continuing operations		
Bulk mineral trade	**2,836**	86,986
Discontinued operation		
School network integration services	**–**	7,244
Total segment liabilities	**2,836**	94,230
Unallocated liabilities	**718**	6,304
Consolidated liabilities	**3,554**	100,534

17. SEGMENT INFORMATION (Continued)

Other segment information

	Additions to specified non-current assets		Depreciation and amortisation		Impairment loss recognised in profit or loss		Finance costs	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Continuing operations								
Bulk mineral trade	**–**	–	**–**	–	**–**	–	**755**	1,047
Discontinued operation								
School network integration services	**–**	100	**27**	4,846	**53**	22,995	**73**	130
	–	100	**27**	4,846	**53**	22,995	**828**	1,177
Unallocated	**6**	9	**10**	38	**–**	–	**–**	1,764
Total	**6**	109	**37**	4,884	**53**	22,995	**828**	2,941

17. SEGMENT INFORMATION (Continued)

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	
	2015	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000
The PRC (country of domicile)	**835**	8,740	**–**	496
Hong Kong	**1,190,627**	596,743	**23**	28
	1,191,462	605,483	**23**	524

Information about major customers

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

	2015	2014
	RMB'000	RMB'000
Bulk mineral trade		
– Customer A	**–**	90,668
– Customer B	**1,185,885**	–

18. 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 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 41)	–	–	(1)	–	(1)
Depreciation	(37)	(7)	(27)	(53)	(124)
Impairment (note 21)	(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
Year ended 31 March 2015					
Opening net carrying amount	–	–	51	473	524
Additions	–	–	6	–	6
Disposal	–	–	–	(70)	(70)
Disposal of subsidiaries (note 41)	–	–	(17)	(383)	(400)
Depreciation	–	–	(17)	(20)	(37)
Closing net carrying amount	–	–	23	–	23
At 31 March 2015					
Cost	167	–	87	–	254
Accumulated depreciation	(167)	–	(64)	–	(231)
Net carrying amount	–	–	23	–	23

18. PROPERTY, PLANT AND EQUIPMENT (Continued)

The Company	Leasehold improvements RMB'000	Furniture and equipment RMB'000	Total RMB'000
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
Year ended 31 March 2015			
Opening net carrying amount	–	28	28
Additions	–	5	5
Depreciation	–	(10)	(10)
Closing net carrying amount	–	23	23
At 31 March 2015			
Cost	167	87	254
Accumulated depreciation	(167)	(64)	(231)
Net carrying amount	–	23	23

19. 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 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 21)	–	–	–	(2,382)	–	(2,382)
Closing net carrying amount	–	–	–	–	–	–
At 31 March 2014						
Cost	–	–	–	23,805	–	23,805
Accumulated amortisation and impairment	–	–	–	(23,805)	–	(23,805)
Net carrying amount	–	–	–	–	–	–
At 31 March 2015						
Cost	–	–	–	–	–	–
Accumulated amortisation and impairment	–	–	–	–	–	–
Net carrying amount	–	–	–	–	–	–

All intangible assets have finite useful lives as detailed in note 4.5. Amortisation charge is included in administrative expenses.

For the year ended 31 March 2014, the intangible asset of customer base relating to school network integration services was combined with other assets under the cash generating unit ("CGU") of school network integration services and was assessed for impairment at that CGU level (note 21).

20. INVESTMENTS IN SUBSIDIARIES – COMPANY

	2015 RMB'000	2014 RMB'000
Unlisted shares, at cost	**324**	85,278
Less: Impairment	**(323)**	(79,958)
	1	5,320

Details of the subsidiaries as at 31 March 2015 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	BVI	10 ordinary shares of U.S. Dollars ("US$")1 each	100%	–	Investment holding
Perfect Start Development Limited	BVI	50,000 ordinary shares of US$1 each	100%	–	Investment holding
Pizu International Limited	Hong Kong	HK$10,000	–	100%	Investment holding
Pizu Group Limited	Hong Kong	HK$10,000	–	100%	Trading of non-ferrous metals in Hong Kong
比優(深圳)礦業有限公司 ("Pizu Shenzhen") (note)	PRC	Registered capital: RMB10,000,000 Paid up capital: RMB5,050,000	–	100%	Trading of non-ferrous metals, mineral and related products in the PRC

Note: Pizu Shenzhen is a wholly-foreign-owned enterprise established in the PRC to operate for 20 years up to 27 November 2034.

Certain subsidiaries were disposed of during the year as disclosed in note 41.

21. GOODWILL – GROUP

	2015 RMB'000	2014 RMB'000
Cost		
At beginning and end of the year	**53,841**	53,841
Disposal of subsidiaries (note 41)	**(53,841)**	–
At end of the year	**–**	53,841
Accumulated impairment		
At beginning of the year	**53,841**	33,080
Impairment loss recognised in the year	**–**	20,761
Disposal of subsidiaries (note 41)	**(53,841)**	–
At end of the year	**–**	53,841
Net carrying amount	**–**	–

Goodwill together with the intangible asset – customer base (note 19) 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 reviewed the operations of this CGU continuously so as to adapt to the changing environment. At 31 March 2014, the directors 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 determined that the recoverable amount of the CGU for school network integration services as at 31 March 2014, using value in use basis or fair value less costs to sell basis, to be insignificant. As a result of the above assessment, the carrying amounts of the assets allocated to this CGU including goodwill of HK$20,761,000, intangible asset – customer base of HK$2,382,000 and property, plant and equipment of HK$101,000 were fully impaired during the year ended 31 March 2014.

22. INVENTORIES – GROUP

	2015 RMB'000	2014 RMB'000
Zinc	**2,614**	–

The fair values of the Group's commodity inventories were determined by the directors of the Company with reference to the price available in active markets including the LME.

The fair value of commodity inventories is a level 2 recurring fair value measurement. The fair value measurement is based on the inventories' highest and best use, which does not differ from their actual use.

23. TRADE AND BILL RECEIVABLES – GROUP

	2015 RMB'000	2014 RMB'000
Trade receivables	**–**	2,432
Less: Impairment of trade receivables (note (iii))	**–**	(1,535)
Trade receivables, net	**–**	897
Bill receivables (note (i))	**–**	81,322
	–	82,219

23. TRADE AND BILL RECEIVABLES – GROUP (Continued)

Notes:

(i) As at 31 March 2014, some customers of bulk commodity trade settled by letter of credit resulting in outstanding bill receivables recorded by the Group at that date and 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 was charged by the financial institutions 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 was therefore exposed to the risks of credit losses and late payment in respect of its discounted bills outstanding as at 31 March 2014.

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 continue to be recognised in the Group's financial statements although they had been legally transferred to the financial institutions. The proceeds of the discounting transactions are included in borrowings as asset-backed financing (note 32) 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. As the bill receivables had been legally transferred to the financial institutions, the Group did 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 mineral trade are usually required to pay deposit or even make provisional payment ranging from 95% to 105% (2014: 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 ageing analysis of net trade and bill receivables, based on invoice date, as of the end of the reporting period is as follows:

	2015	2014
	RMB'000	RMB'000
0-30 days	**–**	441
91-365 days	**–**	81,496
Over 1 year	**–**	282
	–	82,219

No bill receivables as at 31 March 2014 were past due.

23. TRADE AND BILL RECEIVABLES – GROUP (Continued)

Notes: (Continued)

(ii) (Continued)

In general, the management regards trade receivables relating to school network integration service which are aged over one month are 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:

	2015 RMB'000	2014 RMB'000
Neither past due nor impaired	–	81,763
Past due but not impaired		
– 3 months to 1 year past due	–	174
– over 1 year past due	–	282
	–	82,219

Trade and bill receivables that were neither past due nor impaired as at 31 March 2014 related to a range of customers for whom there was no recent history of default.

Trade receivables that were past due but not impaired as at 31 March 2014 related to a number of independent customers that had a good track record of credit with the Group. Based on past credit history, management believed that no impairment allowance was necessary in respect of these balances as there has not been a significant change in credit quality and the balances were 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.

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

	2015 RMB'000	2014 RMB'000
At beginning of the year	1,535	1,784
Reversal of impairment	(56)	(249)
Disposal of a subsidiary	(1,479)	–
At end of the year	–	1,535

As at 31 March 2014, trade receivables of the Group amounting to RMB1,535,000 were individually determined to be impaired and 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 assessed that the entire amount of the respective receivable balances was unlikely to be recovered.

24. OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	The Group		The Company	
	2015	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000
Other receivables (note (i))	**–**	4,446	**–**	–
Prepayments	**10**	1,792	**–**	–
Deposits (note (ii))	**810**	2,844	**1**	1
	820	9,082	**1**	1

Notes:

(i) Included in other receivables as at 31 March 2014 was an advance of RMB3,617,000 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 32(i)). The balance due was unsecured, interest-free and repayable within one year.

(ii) Included in deposits as at 31 March 2015 is an amount of RMB810,000 (2014: RMB2,411,000) which represents margin deposits placed with commodity brokers for engaging in futures trading transactions.

25. OTHER FINANCIAL ASSETS – GROUP

	2015	2014
	RMB'000	RMB'000
Commercial bank wealth management products, at fair value	**1,780**	–

As at 31 March 2015, the Group's investments in commercial bank wealth management products mainly comprise financial products purchased from banks with good credit rating which are measured at fair value with expected annual rates of return of 2.5% to 4.6% depending on the period of holding and subject to the performance of the underlying investments. These investments were acquired with no maturity date and can be redeemed anytime.

26. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2015	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000
Deposits placed with commodity brokers	**3,473**	5,189	**–**	–
Cash at banks and on hand	**2,429**	9,560	**268**	271
	5,902	14,749	**268**	271

The deposits with brokers as at 31 March 2015 and 31 March 2014 was non-interest bearing. Cash at banks earns interest at floating rates based on daily bank deposit rates.

27. DERIVATIVE FINANCIAL INSTRUMENTS – GROUP

	2015	2014
	RMB'000	RMB'000
Derivative financial assets		
Commodity futures contracts (note (i))	**–**	550
Provisionally priced sale and purchase contracts (note (iii))	**–**	1,618
	–	2,168
Derivative financial liabilities		
Commodity futures contracts (note (i))	**2,411**	–
Foreign currency forward contracts (note (ii))	**108**	–
Provisionally priced sale and purchase contracts (note (iii))	**–**	2,016
	2,519	2,016

27. DERIVATIVE FINANCIAL INSTRUMENTS – GROUP (Continued)

Notes:

(i) The Group entered into commodity futures contracts traded on the LME to hedge commodity price exposure arising from sales and purchase of commodity. Such commodity futures contracts, comprising futures contracts for lead, zinc, coppers 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 42.

Details of the commodity futures contracts outstanding at 31 March 2015 are as follows:

Type of contract	Notional amount RMB'000	Maturity date	Exercise price US$	Financial assets/ (liabilities) RMB'000
Lead futures contracts	4,390	14 Apr 2015	1,780-1,781	112
Lead futures contracts	8,900	7 Apr – 14 Apr 2015	1,779-1,831	(200)
Zinc futures contracts	20,302	8 Apr – 12 Jun 2015	2,019-2,104	320
Zinc futures contracts	112,408	8 Apr – 17 Jun 2015	2,006-2,150	(2,643)
				(2,411)

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

27. DERIVATIVE FINANCIAL INSTRUMENTS – GROUP (Continued)

Notes: (Continued)

(ii) During the year, the Group entered into over-the-counter foreign currency forward contracts to hedge currency risk exposure arising from translation of monetary items denominated in RMB.

The fair values of the foreign currency forward contracts are determined based on quoted market prices as further detailed in note 42.

Details of the foreign currency forward contracts outstanding at 31 March 2015 are as follows:

Type of contract	Notional amount	Maturity date	Forward exchange rate	Financial assets/ (liabilities)
	RMB'000		Per US$	RMB'000
RMB forward contracts	16,113	21 Apr – 15 Jun 2015	6.19-6.22	(138)
RMB forward contracts	16,223	15 Jun 2015	6.24	30
				(108)

(iii) As is customary in the industry, some 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 42.

28. TRADE PAYABLES – GROUP

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

	2015	2014
	RMB'000	RMB'000
0-30 days	**–**	184
91-365 days	**–**	222
Over 1 year	**–**	744
	–	1,150

29. OTHER PAYABLES AND ACCRUALS

	The Group		**The Company**	
	2015	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000
Other payables and accruals	**720**	6,064	**718**	500
Receipt in advance	**–**	534	**–**	–
Amount due to former shareholders of subsidiaries (note)	**–**	5,793	**–**	–
	720	12,391	**718**	500

Note:

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

30. AMOUNTS DUE FROM/(TO) SUBSIDIARIES – COMPANY

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

31. LOAN FROM A SHAREHOLDER – GROUP AND COMPANY

As at 31 March 2013, from the Group was indebted to Shiny Ocean, a substantial shareholder of the Company, in the amount of approximately RMB30 million. The loan 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.

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 35(i)); and (ii) Shiny Ocean has conditionally agreed to subscribe for and the Company has conditionally agreed to issue convertible bonds ("Convertible Bonds") in the principal amount of HK$28,306,000 (equivalent to RMB22,928,000) (note 33), which represents the outstanding amount of the shareholder's loan immediately after the completion of Capitalisation.

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 33), resulting to the fair value of the consideration of HK$37,489,000 (equivalent to RMB30,368,000) 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).

32. BORROWINGS – GROUP

	2015 RMB'000	2014 RMB'000
Bank loan (note (i))	–	3,000
Asset-backed financing (note (ii))	–	81,322
	–	84,322

Notes:

(i) The bank loan as at 31 March 2014 was repayable within one year, interest-bearing at 7.50% per annum and was co-guaranteed by a director of one of the Group's subsidiaries and the sole shareholder of a third-party company which was indebted to the Group in the amount of RMB3,617,000 as at 31 March 2014 (note 24(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 23).

33. CONVERTIBLE BONDS – GROUP AND COMPANY

Pursuant to the Capitalisation and Settlement Agreement (note 31), 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. 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.

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.

33. CONVERTIBLE BONDS – GROUP AND COMPANY (Continued)

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.

34. DEFERRED TAX – GROUP

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

	Intangible assets
	RMB'000
At 1 April 2013	1,786
Credited to profit or loss (note 13)	(1,786)
At 31 March 2014 and 2015	–

The Group has tax losses arising in Hong Kong of approximately RMB8.2 million (2014: RMB6.5 million). Such tax losses have no expiry date under the current tax legislation. As at 31 March 2014, tax losses amounted to approximately RMB5.2 million was incurred by a subsidiary in the PRC, which will expire after 5 years from the year in which the losses were incurred. Deferred tax assets have not been recognised in respect of these losses due to unpredictability of future profits. The abovementioned subsidiary was disposed of during the year.

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. No deferred tax liabilities have been recognised in this regard as the Group's PRC subsidiary suffered an accumulated loss as at 31 March 2014 and unremitted earnings was not significant as at 31 March 2015.

35. SHARE CAPITAL – COMPANY

	2015		2014	
	Number of shares	**Nominal value RMB'000**	Number of shares	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	**1,233,724,860**	**21,186**	1,030,719,455	19,582
Issue of Capitalisation Shares (note (i))	**–**	**–**	50,000,000	395
Issue of shares upon conversion of Convertible Bonds (note (ii))	**–**	**–**	153,005,405	1,209
At end of the year	**1,233,724,860**	**21,186**	1,233,724,860	21,186

Notes:

(i) On 29 August 2013, 50,000,000 ordinary shares were issued to Shiny Ocean pursuant to the Capitalisation and Settlement Agreement (note 31). 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.

(ii) As mentioned in note 33, 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.

36. 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. On 22 July 2014, the Share Option Scheme had been expired. The Company has not adopted new share option scheme.

As at 31 March 2014 and 2015, no share option was outstanding. No share option has been granted or exercised during the years ended 31 March 2014 and 2015.

37. 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. 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 losses 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 represented 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 31).

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).

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 4.12.

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.

37. RESERVES (Continued)

The Company

	Share premium RMB'000	Capital distributable reserve RMB'000	Contributed surplus RMB'000	Convertible bonds equity reserve RMB'000	Foreign currency translation reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 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 from translation to presentation currency	–	–	–	–	(8,250)	–	(8,250)
Issue of Capitalisation Shares (note 35(i))	6,715	–	–	–	–	–	6,715
Interest on loan from a shareholder waived	–	1,427	–	–	–	–	1,427
Recognition of equity component of Convertible Bonds (note 33)	–	–	–	7,722	–	–	7,722
Issue of shares upon conversion of Convertible Bonds (notes 33 & 35(ii))	22,447	–	–	(7,722)	–	–	14,725
At 31 March 2014 and 1 April 2014	72,452	25,141	(18,702)	–	(17,531)	(78,528)	(17,168)
Profit for the year	–	–	–	–	–	3,575	3,575
At 31 March 2015	72,452	25,141	(18,702)	–	(17,531)	(74,953)	(13,593)

38. OPERATING LEASE COMMITMENT

At 31 March 2015, the total future minimum lease payments payable by the Group under non-cancellable operating lease are as follows:

	2015 RMB'000	2014 RMB'000
Within one year	286	593
In the second to fifth year inclusive	–	286
	286	879

The Group leases certain of its office premises under operating lease arrangements. Lease runs for a lease term of 2 years (2014: 2 years to 5 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 2015 (2014: nil).

39. CAPITAL COMMITMENTS

	2015 RMB'000	2014 RMB'000
Acquisition of equity interest in a company	661,000	–

As detailed in note 45, the Company entered into an agreement in January 2015 for the acquisition of the entire equity interest in a company. As at 31 March 2015, the Group and the Company had commitment in relation to the acquisition which is contracted but not provided for in the amount of HK$837 million (equivalent to approximately RMB661 million).

40. 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:

	2015 RMB'000	2014 RMB'000
Interest charge on loan from Shiny Ocean	–	614
Interest expense waived by Shiny Ocean (note 37)	–	1,427

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

(b) Key management personnel compensation:

	2015 RMB'000	2014 RMB'000
Salaries, allowances and benefits in kind	**1,138**	1,249

41. DISPOSAL OF SUBSIDIARIES

For the year ended 31 March 2014

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 gain on disposal of RMB89,000 was recognised in last year's consolidate statement of comprehensive income.

For the year ended 31 March 2015

On 26 June 2014, the Company entered into a sale and purchase agreement with an independent third party to dispose of its entire equity interests in Topsheen Limited for a total cash consideration of HK$7.8 (equivalent to RMB6.16). Topsheen Limited was inactive at the time of disposal. The disposal was completed on 26 June 2014.

In addition, as mentioned in notes 1 and 14, the Group disposed of Jumbo Lucky Group during the year. The disposal was completed on 15 August 2014.

41. DISPOSAL OF SUBSIDIARIES (Continued)

The gain on disposals of the above subsidiaries is calculated as follows:

	2015 RMB'000	2014 RMB'000
Consideration	–	181
Net liabilities/(assets) disposed of (note)	7,011	(2)
Reclassification from translation reserve upon disposal of subsidiaries	4,004	(90)
Gain on disposal	11,015	89
Included in:		
Continuing operations	7,658	89
Discontinued operation (note 14)	3,357	–
	11,015	89
Consideration satisfied by:		
Cash	–	181
Net cash (outflow)/inflow arising on disposals:		
Cash consideration	–	181
Cash and bank balances disposed of	(32)	(50)
	(32)	131

Note:

Net (liabilities)/assets of the above subsidiaries disposed of are set out as follows:

	2015 RMB'000	2014 RMB'000
Property, plant and equipment (note 18)	400	1
Trade receivables	858	–
Other receivables, prepayments and deposits	1,680	–
Cash and cash equivalents	32	50
Trade payables	(842)	–
Borrowings	(406)	–
Other payables and accruals	(8,390)	(38)
Tax payable	(343)	(11)
	(7,011)	2

42. 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	
	2015	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000
Financial assets				
Financial assets at fair value through profit or loss – held for trading	**1,780**	2,168	**–**	–
Loans and receivables				
– cash and cash equivalents	**5,902**	14,749	**268**	271
– trade and bill receivables	**–**	82,219	**–**	–
– other receivables and deposits	**810**	7,290	**1**	1
– amounts due from subsidiaries	**–**	–	**8,019**	15,930
	8,492	106,426	**8,288**	16,202
Financial liabilities				
Financial liabilities at fair value through profit or loss – held for trading	**2,519**	2,016	**–**	–
Financial liabilities at amortised cost				
– trade payables	**–**	1,150	**–**	–
– other payables and accruals	**720**	11,857	**718**	500
– borrowings	**–**	84,322	**–**	–
– amounts due to subsidiaries	**–**	–	**1**	17,032
	3,239	99,345	**719**	17,532

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, and borrowings. Due to their short term nature, the carrying value of these financial instruments approximates fair value.

42. 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 including OTC 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.

Derivative financial instruments (note 27) and other financial assets (note 25) measured at fair value in the statement of financial position were grouped into the fair value hierarchy as follows:

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
As at 31 March 2015				
Assets				
Other financial assets	–	1,780	–	1,780
Liabilities				
Commodity futures contracts	–	2,411	–	2,411
Foreign currency forward contracts	–	108	–	108
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

42. 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
		2015	2014		
		RMB'000	RMB'000		
Lead futures contracts	Assets	**112**	–	Level 2	With reference to quoted prices in an active market, LME
	Liabilities	**200**	–	Level 2	With reference to quoted prices in an active market, LME
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
	Assets	**320**	–	Level 2	With reference to quoted prices in an active market, LME
	Liabilities	**2,643**	–	Level 2	With reference to quoted prices in an active market, LME
Aluminum futures 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

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

		Fair value as at 31 March		Fair value hierarchy	Valuation technique
		2015	2014		
		RMB'000	RMB'000		
Foreign currency forward contracts	Assets	**30**	–	Level 2	With reference to observable forward exchange rates at reporting date
	Liabilities	**138**	–	Level 2	With reference to observable forward exchange rates at reporting date
Other financial assets – commercial bank wealth management products	Assets	**1,780**	–	Level 2	With reference to actual transaction price near the end of the reporting period
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.

43. 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 trading of non-ferrous metals and minerals 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.

43.1 Credit risk

The Group's credit risk is primarily attributable to granting credit to customers. The Group is also exposed to credit risk on bulk mineral trade 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 bulk mineral trade, some customers are required to payment deposit or make provisionally payment before goods delivery (note 23(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. As at 31 March 2014, the Group had a certain concentration of credit risk as 71% of the total trade and bill receivables was due from the Group's largest customer. As at 31 March 2015, the Group did not have balance due from trade customer.

To minimise credit risk on trading commodity contracts, the Group would engage in those transactions through London Metal Exchange where transactions are conducted with recognised 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.

43. FINANCIAL RISK MANAGEMENT (Continued)

43.2 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 2015			
	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				
Other payables and accruals	720	–	720	720
Derivative financial liabilities				
Net settled contracts				
– Commodity futures contracts	2,411	–	2,411	2,411
– Foreign currency forward contracts	108	–	108	108
	2,519	–	2,519	2,519

43. FINANCIAL RISK MANAGEMENT (Continued)

43.2 Liquidity risk (Continued)

The Group (Continued)

	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

43. FINANCIAL RISK MANAGEMENT (Continued)

43.2 Liquidity risk (Continued)

The Company

	As at 31 March 2015			
	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	**718**	**–**	**718**	**718**
Amounts due to subsidiaries	**1**	**–**	**1**	**1**
	719	**–**	**719**	**719**

	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

43.3 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 26 and 32 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.

43. FINANCIAL RISK MANAGEMENT (Continued)

43.4 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, which are mainly denominated in currencies other than the functional currency of the respective group entities. The currencies give rise to this risk mainly include HK$, USD and RMB. As HK$ is pegged to USD, exposure in respect of these currencies is considered insignificant. The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities in net position (excluding HK$ and USD) at the reporting date are as follows:

	2015 **RMB'000**	2014 RMB'000
Net monetary assets		
RMB	**27**	8,654

The following table details the Group's sensitivity to a 2% (2014: 2%) increase and decrease in RMB against HK$. 2% (2014: 2%) 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% (2014: 2%) change in foreign currency rates.

	Increase in profit for the year and decrease in accumulated losses **2015** **RMB'000**	Decrease in loss for the year and accumulated losses 2014 RMB'000
RMB appreciated against HK$ by 2% (2014: 2%)	**1**	145

43. FINANCIAL RISK MANAGEMENT (Continued)

43.4 Currency risk (Continued)

A 2% (2014: 2%) 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.

43.5 Commodity price risk

The Group engages in the trading of non-ferrous metals including mainly copper cathodes, lead 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 result 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. Occasionally, the Group also enters into commodity derivative contracts for speculative purposes.

Financial assets and liabilities of the Group that expose to the commodity price risk, 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.

43. FINANCIAL RISK MANAGEMENT (Continued)

43.5 Commodity price risk (Continued)

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 increase/decrease by a reasonable possible change, with all other variables were held constant, the Group's result would have been affected as set out below:

	Increase/ (Decrease) in profit for the year and decrease/ (increase) in accumulated losses 2015 RMB'000	(Increase)/ Decrease in loss for the year and accumulated losses 2014 RMB000
If underlying commodity price		
– Increase by 10%	**201**	(13)
– Decrease by 10%	**(201)**	13

44. 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.

Capital structure of the Group comprises equity plus debts raised by the Group net with cash and cash equivalents. 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 2015 and 2014. As at 31 March 2015, the Group had no external borrowing.

45. EVENTS AFTER THE REPORTING PERIOD

On 19 January 2015, the Company entered into a sale and purchase agreement (the "SPA") with vendors (the "Vendors"), comprising 26 individuals, in relation to the acquisition of the entire issued share capital in Ample Ocean Holdings Limited ("Ample Ocean"); and with Shiny Ocean in relation to the acquisition of the loan owing by Ample Ocean to Shiny Ocean. Ample Ocean indirectly owns 60% equity interest in 內蒙古盛安化工有限責任公司(for identification purpose, Inner Mongolia Shengan Chemical Limited)("Shengan Chemical (Inner Mongolia)"), a company together with its subsidiaries engage in explosives manufacturing and sale and provision of blasting operation in the PRC. The aggregate consideration in the amount of HK$837 million (equivalent to approximately RMB661 million), will be satisfied in full by the issuance of convertible bonds to the Vendors and Shiny Ocean. The completion of the acquisition is subject to the approval by the shareholders of the Company.

In order to accommodate the allotment and issue of the Conversion Shares upon exercise of the conversion rights under the Convertible Bonds and the future expansion and growth of the Group, the board of the directors proposes to increase the authorised share capital of the Company to HK$50,000,000 divided into 5,000,000,000 ordinary shares of HK$0.01 each, by the creation of an additional 3,500,000,000 ordinary shares of HK$0.01. The increase in the authorised share capital of the Company is conditional upon the approval by the shareholders of the Company.

The acquisition upon completion is to be accounted for as a business combination under common control in accordance with Accounting Guideline 5 *Merger Accounting for Common Control Combinations*. Further details of the acquisition and the increase in authorised share capital of the Company have been set out in the Company's announcement and circular dated 11 May 2015 and 28 June 2015 respectively.

FIVE YEARS FINANCIAL SUMMARY

The consolidated statement of comprehensive income of the Group for the financial years 2011 to 2015 and the consolidated statement of financial position of the Group as at 31 March 2011, 2012, 2013, 2014 and 2015 are as follows:

	Year ended 31 March				
	2015	2014	2013	2012	2011
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					(Restated)
Results					
Turnover	**1,191,462**	605,483	32,381	58,334	85,971
Profit/(Loss) before income tax	**3,384**	(34,133)	(23,300)	(50,498)	(169,014)
Income tax (expense)/credit	**(3)**	1,473	(119)	45	(289)
Profit/(Loss) for the year	**3,381**	(32,660)	(23,419)	(50,453)	(169,303)

	As at 31 March				
	2015	2014	2013	2012	2011
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					(Restated)
Assets and liabilities					
Total assets	**11,139**	108,742	52,950	100,738	155,219
Total liabilities	**(3,554)**	(100,534)	(44,712)	(63,535)	(144,329)
Total equity	**7,585**	8,208	8,238	37,203	10,890