中國置業投資控股有限公司*

CHINA PROPERTIES INVESTMENT HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

Stock Code: 736

ANNUAL REPORT 2013

* For identification purposes only

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CORPORATE INFORMATION

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Xu Dong *(Chairman)*
Au Tat On

NON-EXECUTIVE DIRECTOR

Yu Wai Fong

INDEPENDENT NON-EXECUTIVE DIRECTORS

Lai Wai Yin, Wilson
Cao Jie Min
Tse Kwong Wah

COMPANY SECRETARY

Yip Yuk Sing

AUTHORISED REPRESENTATIVES

Yu Wai Fong
Yip Yuk Sing

AUDITOR

CCIF CPA Limited

LEGAL ADVISER

Li, Wong, Lam & W.I. Cheung

PRINCIPAL BANKER

ICBC (Asia)
Wing Lung Bank

REGISTERED OFFICE

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2 Church Street
Hamilton HM11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

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BERMUDA SHARE REGISTRAR AND TRANSFER AGENT

HSBC Securities Services (Bermuda) Limited
6 Front Street, Hamilton, HM11,
Bermuda

HONG KONG SHARE REGISTRAR

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Hong Kong

WEBSITE

http://www.736.com.hk

STOCK CODE

736

CHAIRMAN'S STATEMENT

I am pleased to present the annual results of China Properties Investment Holdings Limited (the "Company") and its subsidiaries (together the "Group") for the year ended 31 March 2013 to the shareholders of the Company (the "Shareholders").

FINANCIAL RESULTS

For the year under review, the Group's turnover was approximately RMB9.4 million. The audited net loss for the year was approximately RMB128.0 million, representing a decrease of approximately 61.1% compared with last year. The basic loss per share was RMB0.29 dollars. The decrease in loss was mainly due to the decrease in impairment loss of the mining rights for the copper and molybdenum in Inner Mongolia which was caused by the decline in both the copper and molybdenum price resulting from the slowdown in global economic growth. It was also attributable to the non-recurrent impairment loss of the loan receivable last year.

BUSINESS AND OPERATION REVIEW

During the year under review, the Group continued to engage in its principal business activities, including the properties investment business and the exploitation of copper and molybdenum in a mine (the "Mine") located in the Inner Mongolia, the People's Republic of China ("PRC").

As at 31 March 2013, the aggregate gross floor area of the investment properties being held by the Group was approximately 7,004 square meters, of which approximately 100% of the properties were leased to third parties under operating leases with lease terms ranging up to twelve years.

For the mining business, the Mine is still in the development stage and thus has not yet contributed any operational turnover to the Group during the year under review. Progress of the mine development was further discussed under the Management Discussion and Analysis session.

For the money lending business, the Group has successfully provided loans up to HK$15 million as at the date of this annual report. We consider that the demand for money lending in Hong Kong is significant and this business can provide an attractive opportunity to broaden the income base of the Group.

CHAIRMAN'S STATEMENT

PROSPECTS

In light of the global economic turmoil and slowdown in economic growth in the PRC, the business environment in 2013 will remain complicated and full of challenges. The Group expects that such impacts are short terms and remains relatively optimistic on the long-term prospects of the global economy.

Going ahead, the Group will continue to look for other investment opportunities in any other streams in the long run so as to broaden the source of income of the Group and diversify the Group's business portfolio.

GRATITUDE

Taking this opportunity, I would like to thank all Shareholders and business partners for their continuous supports. I also thank for my fellow Directors and staff members for their dedication and contribution to the Group during the year.

Xu Dong
Chairman

Hong Kong, 27 June 2013

BIOGRAPHICAL DETAILS OF DIRECTORS SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Xu Dong, aged 35, was appointed as an executive director of the Company in May 2010 and was re-designated as the chairman and chief executive officer of the Company in August 2010. Mr. Xu holds a Bachelor's degree in Japanese from the Shanghai International Studies University. Mr. Xu has extensive experience in business investment and management of mineral corporations. He is responsible for the overall management, strategic planning and business development and management of the mineral business of the Company.

Mr. Au Tat On, aged 57, was appointed as an executive director of the Company in May 2006. Mr. Au received a bachelor's degree in business administration from Chu Hai College in 1989 and has nearly 28-year experience in banking operations and financing. He is responsible for the general management and business development of the Group.

NON-EXECUTIVE DIRECTOR

Ms. Yu Wai Fong, aged 50, was appointed as the chairman, executive director and chief executive officer of the Company in March 2009 and was re-designated as non-executive director of the Company in August 2010. Ms. Yu has extensive experience in corporate management, corporate finance, mergers and acquisitions. She is responsible for strategic planning and business development of the Company.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lai Wai Yin, Wilson, aged 48, was appointed as an independent non-executive director, member of audit committee and member of remuneration and nomination committee of the Company in April 2009. Mr. Lai is a fellow member of the Association of International Accountants, United Kingdom and a practising member of the Hong Kong Institute of Certified Public Accountants. He graduated from Hong Kong Shue Yan University majoring in accounting. During the 20 years in the audit profession, Mr. Lai gained extensive experience in the audits of Hong Kong listed companies and multi-national companies engaged in manufacturing, construction, property investment and software development businesses as well as audits of US Securities and Future Commission regulated clients. In addition, he had involved in many initial public offering projects and due diligence works in the PRC, Hong Kong SAR, Singapore and the United States. He is currently the sole proprietor of Wilson W.Y. Lai & Co., Certified Public Accountants.

Ms. Cao Jie Min, aged 28, was appointed as an independent non-executive director, member of audit committee and member of remuneration and nomination committee of the Company in May 2009. Ms. Cao holds a bachelor of laws degree in international economy from the Shanghai Institute of Foreign Trade. Ms. Cao currently holds a practicing certificate issued by the Ministry of Justice P.R.C. She is currently working in the international settlement department of the Bank of Tokyo – Mitsubishi UFJ (China) Limited.

BIOGRAPHICAL DETAILS OF DIRECTORS SENIOR MANAGEMENT

Mr. Tse Kwong Wah, aged 40, was appointed as an independent non-executive director, member of audit committee and member of remuneration and nomination committee of the Company in March 2011. Mr. Tse graduated from Concordia University, Canada with a Bachelor of Arts degree majoring in applied mathematics in 1998. He also obtained certificate on business management and import/export & logistics practices from Hong Kong Baptist University and The Hong Kong Management Association respectively in 2001 and 2010. Mr. Tse has over 10 years of working experience in the area of marketing, merchandising and management.

SENIOR MANAGEMENT

Mr. Han Wei, aged 42, was appointed as the director and authorised representative of Shanghai Xiang Chen Hang Place The Industry Co. Limited, a wholly-owned subsidiary of the Company, in December 2008. He is also the director and legal representative of certain indirect wholly owned subsidiaries of the Company in the PRC. Mr. Han has extensive experience in banking and business management. Prior to his appointment, Mr. Han served as the general manager of an investment company in Shanghai for about five years and served as a manager of Bank of Shanghai.

Mr. Zhou Hong Tao, aged 35, is currently a project manager of Keshi Ketengqi Great Land Mine Industries Company Limited, a non-wholly owned subsidiary of the Company. He is also the director and legal representatives of certain indirect wholly owned subsidiaries of the Company in the PRC. Mr. Zhou obtained a Bachelor's degree in Engineering from the Dalian University of Technology and a Master degree in Business Administration from the Beijing Jiaotong University. He also obtained the IFM certificate from U.S.A. in 2005 and has over ten years of experience in management and merger and acquisition of resource related projects. Prior to joining the Company, Mr. Zhou served (i) at the office of Yanshan District Committee, Beijing City as deputy general manager; (ii) at PKU Resource Group as director of the project operation centre; (iii) at Shanghai Xiang Chen Hang Place The Industry Co. Limited as deputy general manager.

OPERATING RESULTS

For the year under review, the Group's turnover was approximately RMB9.4 million (2012: approximately RMB7.2 million), representing an increase of approximately 30.0% compared with last year. The increase in turnover was mainly due to rearrangement of certain operating lease last year.

The audited net loss for the year was approximately RMB128.0 million (2012: approximately RMB329.0 million) and the loss per share was RMB0.29 dollars (2012: RMB1.17 dollars (restated)). The decrease in loss was mainly due to the decrease in impairment loss of the mining rights for the copper and molybdenum mine in Inner Mongolia which was caused by the decline in both the copper and molybdenum price resulting from the slowdown in global economic growth. It was also attributable to the non-recurrent impairment loss of the loan receivable last year.

The administrative and selling expenses of the Group for the year amounted to approximately RMB44.2 million (2012: approximately RMB37.9 million), representing an increase of approximately 16.5% compared with last year. The finance cost of the Group amounted to approximately RMB3.8 million (2012: approximately RMB4.3 million) which was incurred for the bank loans under the security of investment properties in Shanghai and the unconvertible bonds issued by the Company during the year.

BUSINESS REVIEW

During the year under review, the Group continued to engage in its principal business activities, including the properties investment business and the exploitation of the Mine located in the Inner Mongolia, the PRC.

As at 31 March 2013, the aggregate gross floor area of the investment properties being held by the Group was approximately 7,004 square meters, of which approximately 100% of the properties were leased to third parties under operating leases with lease terms ranging up to twelve years.

Regarding the mining business, with an aim to provide a basis for the mine construction so as to reduce the risk of development and maximize economic benefits, the Keshi Ketengqi Great Land Mine Industries Company Limited* (克什克騰旗大地礦業有限責任公司 the "Mining Company") has entrusted The Seventh Team of the Non-Ferrous Metal Geological Exploration Bureau of Inner Mongolia* (內蒙古有色金屬勘查局七隊) in May 2012 to perform a geological survey, high-precision magnetic survey, drilling, network layout and design for geophysical prospecting, deep engineering reveal, systematic sampling and rock testing along the third and fifth prospecting lines of Yong Sheng Mining Zone* (永勝礦區). Detailed survey on the basic geological characteristics of the deposit, including stratigraphy, igneous rocks and geological structure, and the size, type, occurrence and thickness of the ore body and the grade changes in the mine has been conducted.

In September 2012, the Mining Company conducted trial mining with the sub-contractor in the Mine with 20 workers, which included mining workers, electricians, slag workers, improvement workers and safety supervisors, focusing on excavation along the third and fifth prospecting lines in the mine, construction of mining tunnel of 120 meters and extraction part of the ore. For the development and expansion of the enterprise and in order to maximize the economic benefits, part of the ore has been transported to other mine enterprises for processing experiments. Currently, the Mine is actively going through related approval formalities. During the trial mining phase, some equipments have been equipped in the Mine, including generators, air compressors, fans, rock drills, horizontal drills and mine transportation machinery. Temporary tents have been established outside the mining site, and a 3.5 kilometer gravel road has been completed and commenced operation on the mining site to ensure the production and construction therein.

* For identification purpose only

Pursuant to the requirements of the government and relevant authorities of the PRC, the approval documents to be obtained from relevant authorities before commencement of the official mining include project application proposal, land survey, soil and water conservation solution, environmental assessment, water resources assessment, site selection of the construction project, pre-assessment of the land and land using approval, proof of no illegal incident on land, assessment on the mineral resources overlaid by construction projects and safety evaluation. The Mining Company has obtained certain approval documents and is actively going through formalities with relevant government authorities. It is expected that the mining phase will commence by April 2014.

The expenditure incurred on the mining development for the year ended 31 March 2013 was approximately RMB1.3 million. There is no material change in the estimated mineral resources of the Mine for the year ended 31 March 2013.

For the money-lending business, the Group has obtained the a Money Lender's License and established the money-lending business in April 2012. During the year under review, the Group has successfully provided loans up to HK$15 million with the average interest rate of 20% per annum. For the sake of the recoverability and the quality of the loan, the Board has adopted prudence approach that all the loans have been secured by collaterals. In view of the substantial demand for money lending in Hong Kong, we believe that the Group's money-lending business has a potential to grow. Going ahead, the Directors wishes to develop this new business by providing loans to high net-worth customers so as to generate further revenue for the Group. As the money-lending business is still at the early stage of operation, it has not been classified as a principle business activity of the group for the year under review.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2013, the Group's net current assets were approximately RMB21.6 million (2012: approximately RMB40.9 million), including cash and bank balances of approximately RMB21.3 million (2012: approximately RMB64.8 million).

The Group had bank borrowings of approximately RMB48 million as at 31 March 2013 (2012: approximately RMB52 million), of which 9.4% were due within one year from the end of reporting date, 10.4% were due more than one year but not exceeding two years and 80.2% were due more than two years but not exceeding five years. As at 31 March 2013, the company also had an unconvertible bond in the principal amount of the HK$10,000,000 which was due in 2020. The gearing ratio, defined as the percentage of net debts to the total equity of the Company, was approximately 7.7% (2012: Nil).

INVESTMENT POSITION

The Group did not have any significant investment position in stocks, bonds and other financial derivatives as at 31 March 2013.

FOREIGN EXCHANGE EXPOSURE

As most of the Group's assets and liabilities are denominated in Renminbi and the liabilities of the Group are well covered by its assets, the Group does not have any significant exposure to foreign exchange fluctuation. During the year under review, the Group did not use any financial instruments for hedging purposes.

CAPITAL STRUCTURE

On 24 September 2012, the Company issued 147,305,164 new shares under the rights issue exercise on the basis of one rights share for every two existing issued shares at the subscription price of HK$0.068 per rights share.

On 7 February 2013, the Company issued a 7 years unconvertible bond in the principal amount of HK$10,000,000 to an independent third party at the interest rate of 5% per annum. Details of the unconvertible bonds are set out in note 28 to the financial statements.

Save as disclosed above, there was no change in the capital structure of the Company for the year ended 31 March 2013.

CHARGES ON GROUP'S ASSETS

As at 31 March 2013, the Group's investment properties with a value of approximately RMB139.9 million were pledged to secure general banking facilities granted to Shanghai Xiang Chen Hang Place The Industry Co. Limited, a wholly-owned subsidiary of the Group.

CONTINGENT LIABILITIES

As at 31 March 2013, the Group did not have any material contingent liability (2012: Nil).

ACQUISITION AND DISPOSAL OF SUBSIDIARIES

The Company did not have any acquisition or disposal of subsidiaries for the year ended 31 March 2013.

EMPLOYEES

As at 31 March 2013, the Group had 41 employees (2012: 41). The remuneration of employees was determined with reference to statutory minimum wages, market terms and the performance, qualification and experience of individual employees. The Group provides mandatory provident fund and insurance scheme to the employees. Share option scheme and incentive schemes are adopted to encourage personal commitment of employees.

REPORT OF THE DIRECTORS

The directors (the "Directors") of the Company herein present their report and the audited financial statements of the Company and the Group for the year ended 31 March 2013.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are set out in note 18 to the financial statements.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 March 2013 are set out in the consolidated income statement on page 26.

The Directors do not recommend payment of any dividends in respect of the year ended 31 March 2013.

SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets and liabilities of the Group for the last five financial years, as extracted from the audited financial statements and reclassified as appropriate, is set out on page 103. This summary does not form part of the audited financial statements.

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of movements in the property, plant and equipment of the Company and property, plant and equipment, and investment properties of the Group during the year are set out in notes 16 and 17 to the financial statements.

SHARE CAPITAL AND SHARE OPTIONS

Details of movements in the Company's share capital and share options during the year, together with the reasons therefor, are set out in notes 29 and 30 to the financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's bye-laws ("Bye-laws") or the laws of Bermuda, which would oblige the Company to offer new shares on a pro rata basis to existing Shareholders.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities for the year ended 31 March 2013.

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 31 to the financial statements and in the consolidated statement of changes in equity respectively.

DISTRIBUTABLE RESERVES

As at 31 March 2013, the aggregate amount of reserves available for distribution to equity holders of the Company was approximately RMB441,292,000 (2012: approximately RMB532,803,000) subject to the restriction on the share premium account.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, turnover attributable to the Group's five largest customers accounted for approximately 100% of the total turnover for the year and turnover attributable to the largest customer included therein amounted to approximately 70%. Purchases from the Group's five largest suppliers accounted for 100% of the total purchases for the year and purchases from the largest supplier included therein amounted to approximately 51%.

None of the Directors of the Company or any of their associates or any Shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers and in the Group's five largest suppliers.

REPORT OF THE DIRECTORS

DIRECTORS

The Directors during the year under review and up to the date of this report were:

EXECUTIVE DIRECTORS:

Xu Dong *(Chairman)*
Au Tat On

NON-EXECUTIVE DIRECTOR:

Yu Wai Fong

INDEPENDENT NON-EXECUTIVE DIRECTORS:

Lai Wai Yin, Wilson
Cao Jie Min
Tse Kwong Wah

The Directors have no financial, business, family or other material relationships with each other.

According to Bye-law 87(1), one-third of the Directors for the time being, or if their number is not three or a multiple of three, then the number nearest to but not less than one-third shall retire from office by rotation at every annual general meeting. A retiring director shall be eligible for re-election. Mr. Xu Dong and Mr. Tse Kwong Wah will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

There were no service contracts entered into between the Company and the Directors. They will be subject to the general requirement of retirement by rotation and re-election at the annual general meeting of the Company under the Bye-laws.

The Company has received the annual written confirmation from each of the independent non-executive Directors of their independence to the Company. The Company considers that all of the independent non-executive Directors are independent in accordance with the guidelines set out in Rule 3.13 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules").

DIRECTORS' BIOGRAPHIES

Biographical details of the Directors are set out on page 5 and 6 of the annual report.

DIRECTORS' REMUNERATION

The Directors' fees are subject to Shareholders' approval at general meetings. Other emoluments are determined by the Company's remuneration committee with reference to the Directors' duties, responsibilities and performance and the results of the Group.

DIRECTORS' SERVICE CONTRACTS

None of the Directors who are proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN COMPETING BUSINESS

For the year ended 31 March 2013, none of the Directors or their associates (if any, as defined under the Listing Rules) was interested in any business which competes or is likely to compete with the businesses of the Group.

DIRECTORS' INTERESTS IN CONTRACTS

None of the Directors had interests in any contract of significance subsisting during or at the financial year ended 31 March 2013 in relation to the business of the Group taken as a whole.

DIRECTORS' INTEREST AND SHORT POSITIONS IN SHARES

As at 31 March 2013, the interests and short positions of the Directors of the Company in the share capital (the "Shares") of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules, were as follows:

LONG POSITIONS IN SHARES OF THE COMPANY

Name of Director	Capacity of Shares held	No. of Shares held	Percentage of issued Share
Yu Wai Fong	Beneficial owner	2,118,871	0.48%

The interests of Directors in the share options of the Company are separately disclosed in the note 30 to the financial statements.

Save as disclosed above, as at 31 March 2013, no Directors has registered an interest or short position in the Shares or any shares of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the share option scheme in note 30 to the financial statements, at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES

As at 31 March 2013, so far as was known to the Directors of the Company, no person being directly or indirectly interested or deemed to be interested in 5% or more of the Share of the Company, were recorded in the register kept by the Company under section 336 of the SFO.

CONNECTED TRANSACTIONS

Significant related party transactions entered into by the Group during the year ended 31 March 2013, which do not constitute connected transactions under the Listing Rules, are disclosed in note 33 to the financial statements.

NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

There was no significant non-adjusting event of the Group after the reporting period.

PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of Directors, the Company maintained a sufficient public float throughout the year ended 31 March 2013.

AUDITOR

The consolidated financial statements of the Company for the year ended 31 March 2013 were audited by CCIF CPA Limited ("CCIF"). CCIF will retire as auditor at the conclusion of the forthcoming annual general meeting and will not offer themselves for re-appointment. A resolution will be submitted to the forthcoming annual general meeting of the Company for the appointment of Crowe Horwath (HK) CPA Limited as auditor of the Company, which was established by the merger of businesses of CCIF and PCP CPA Limited, and is a member firm in Hong Kong of Crowe Horwath International.

ON BEHALF OF THE BOARD

Xu Dong
Chairman

Hong Kong, 27 June 2013

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICE

In view of the corporate governance practices, the Company has adopted a set of clear guidelines to explain its policies, practices and procedures which aim at meeting our Shareholders' expectations. The Company has committed to maintain a high standard of corporate governance based on the principles of the code provisions set out in the Corporate Governance Code and Corporate Governance Report (the "CG Code") in Appendix 14 to the Listing Rules. The Company recognizes the maintenance of good corporate governance practices is essential to the growth of the Company. In the opinion of the directors, the Company had complied with the CG Code throughout the year ended 31 March 2013, except for the code provision A.2.1, A.6.7 and E.1.2. Detail of the deviation is set out in the relevant section below.

DIRECTORS' SECURITIES TRANSACTION

The Company has adopted the Model Code for Securities Transactions by Directors of the Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors.

The Company had also made specific enquiry of all Directors and the Company was not aware of any non-compliance with the required standard as set out in the Model Code.

BOARD OF DIRECTORS

The Board comprises six Directors, including two executive Directors, one non-executive Director and three independent non-executive Directors. Details of the Board composition are set out in the Report of Directors on page 12.

The Board formulates overall strategies and policies of the Group. It also ensures the availability of adequate capital and managerial resources to implement the strategies adopted, the adequacy of systems of financial and internal controls and the conduct of business in conformity with applicable laws and regulations. Decisions requiring the Board's approval include, among others, all matters of objective and strategic importance, corporate governance practices, changes in Board members, major transactions and investment commitments, annual budget, all policy matters etc. The day-to-day management, administration and operation of the Company are delegated to senior management which is accountable to the Board for the implementation of the Group's overall strategies and coordination of overall business operations.

The Board members are fully committed to their roles and have always acted, individually and collectively, in the best interests of the Company and its shareholders at all times. To the best knowledge of the Company, there is no financial, business, family or other relevant relationship amongst Directors. Biographical details of the Directors are set out on page 5 and 6 under the section headed "Biographical details of the Directors and Senior Management" of this annual report.

The number of full Board meetings and general meetings held during the year ended 31 March 2013 and the Directors' respective attendance record are summarised as follows:

	Number of general meeting Attended/Held	Number of Board meeting Attended/Held
Executive Directors		
Xu Dong *(Chairman)*	0/2	20/20
Au Tat On	2/2	20/20
Non-executive Director		
Yu Wai Fong	0/2	20/20
Independent Non-executive Directors		
Lai Wai Yin, Wilson	1/2	20/20
Cao Jie Min	0/2	20/20
Tse Kwong Wah	0/2	20/20

According to the code provision A.6.7 of the CG Code, the independent non-executive directors and the non-executive director should attend the general meetings of the Company and develop a balanced understanding of the views of shareholders. According to the code provision E.1.2 of the CG Code, the chairman of the Board should attend the annual general meeting of the Company.

The Chairman, the non-executive director and certain independent non-executive Directors were unable to attend the annual general meeting of the Company held on 31 August 2012 and the general meeting held on 21 August 2012 due to their other work commitments.

The Board will continue to improve its corporate governance practices appropriate to the conduct and development of its business and to review such practices from time to time to ensure that they are in line with latest developments and statutory standards.

CHAIRMAN AND CHIEF EXECUTIVE

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. Mr. Xu Dong, the chairman of the Company, also acted as chief executive officer of the Company during the year under review, which was deviated from the requirement of the code provision A.2.1. The Board considered that this structure was conductive with strong and consistent leadership, enabling the Company to make and implement decisions promptly and efficiently.

The chairman of the Company takes the lead in formulating overall strategies and policies of the Group which include compliance with good corporate governance practices and to facilitate active contribution of Directors in Board activities. He also ensures that all Directors are properly briefed on issues arising at Board meetings and have received adequate, complete and reliable information in a timely manner with the assistance of the company secretary.

EXECUTIVE DIRECTORS

The executive Directors are responsible for management of the Group and executing the strategies adopted by the Board. They lead the Group's management team in accordance with the directions set by the Board and are responsible for ensuring that proper internal control system is in place and the Group's business conforms to applicable laws and regulations.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The independent non-executive Directors serve the important function of ensuring and monitoring the basis for an effective corporate governance framework. Their participations provide adequate checks and balances to safeguard the interests of the Group and its shareholders. The Board consists of three independent non-executive Directors and one of them has appropriate professional qualifications or accounting or related financial management expertise. The Company has received from each of the independent non-executive Directors a confirmation of independence for the year pursuant to the Listing Rules. On this basis, the Company considers all such directors to be independent.

CONTINUING PROFESSIONAL DEVELOPMENT OF DIRECTORS

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their understanding of the business and operations of the Company and full awareness of director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

During the year, all Directors were provided with regular updates on corporate governance and regulatory requirements in which the Group conducts its business. Directors are encouraged to attend relevant training courses at the Company's expenses. All Directors confirmed that they have participated in continuous professional development by attending seminars or studying relevant materials on the topics related to corporate governance and regulations.

CORPORATE GOVERNANCE FUNCTIONS AND BOARD COMMITTEES

The Board is collectively responsible for the management and control of the Company and for promoting the Company's success by directing and supervising its affairs. It is also the responsibility of the Board to determine the appropriate corporate governance policies and practices applicable to the Company's circumstances and to ensure processes and procedures are in place to achieve the Company's corporate governance objectives. During the year, the Board has reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Listing Rules, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

AUDIT COMMITTEE

The Company has established an audit committee ("Audit Committee") which currently comprises three independent non-executive directors. The duties of the Audit Committee include the following:

- To act as the key representative body for overseeing the Company's relations with the external auditor, and to be primarily responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and to consider any questions of its resignation or dismissal.

- To review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards, and to discuss with the auditor the nature and scope of the audit and reporting obligations before the audit commences.

- To develop and implement policy on engaging an external auditor to supply non-audit services.

- To monitor integrity of the Company's financial statements and annual report and accounts, half-year report and to review significant financial reporting judgments contained therein.

- To review the Company's financial controls, internal control and risk management systems.

- To discuss the internal control system with management to ensure that management has performed its duty to have an effective internal control system.

- To consider major investigation findings on internal control matters as delegated by the Board or on its own initiative and management's response to these findings.

- To review the Group's financial and accounting policies and practices.

- To review the external auditor's management letter, any material queries raised by the auditor to management about accounting records, financial accounts or systems of control and management's response.

- To ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter.

- To consider other topics, as defined by the Board.

- To review arrangements employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters, and to ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action.

- To perform the duties as set out in Code Provision C.3.3 of the CG Code.

During the year, the Audit Committee held 2 meetings, details of attendance are set out below:–

Members	Number of meetings Attendance/Held
Lai Wai Yin, Wilson (Chairman of the Audit Committee)	2/2
Cao Jie Min	2/2
Tse Kwong Wah	2/2

The Audit Committee during the year in conjunction with the auditor has reviewed the internal controls, interim and annual results of the Group and its other duties (if relevant) in the CG Code.

The Board has not taken any different view from that of the Audit Committee regarding selection, appointment, resignation or dismissal of external auditor.

REMUNERATION COMMITTEE AND NOMINATION COMMITTEE

The remuneration committee (the "Remuneration Committee") and the nomination committee (the "Nomination Committee") of the Company have been established by the Board. The both committees currently comprise three independent non-executive Directors. The duties of the Remuneration Committee include the following:

- To make recommendations to the Board on the Company's policy and structure for all Directors' and senior management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy.

- To review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives.

- To review and determine the remuneration packages of the Directors with reference to their duties and responsibilities with the Company.

- To consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group.

- To review and approve compensation payable to executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive.

- To review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate.

- To ensure that no Director or any of his/her associates is involved in deciding his/her own remuneration.

The duties of the Nomination Committee include the following:

- To review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy.
- To identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships.
- To assess the independence of independent non-executive Directors.
- To make recommendations to the Board on the appointment or reappointment of Directors and succession planning for Directors, in particular the chairman of the Board and the chief executive officer.

In addition, the Nomination Committee as a whole is responsible for reviewing the Board composition, developing and formulating the relevant procedures for nomination and appointment of Directors, monitoring the appointment and succession planning of Directors and assessing the independence of independent non-executive Directors. Where vacancies exist, the Nomination Committee will carry out the selection process by making reference to the skills, experience, professional knowledge, personal integrity and time commitments of the proposed candidates, the Company's needs and other relevant statutory requirements and regulations.

For the avoidance of doubt, the Directors and their associates do not participate in decisions making relating to their own remuneration.

During the year, the Remuneration Committee held 2 meetings, details of attendance are set out below:–

Members	Number of meetings Attendance/Held
Lai Wai Yin, Wilson	2/2
Cao Jie Min	2/2
Tse Kwong Wah	2/2

ACCOUNTABILITY AND AUDIT

FINANCIAL REPORTING

The Directors acknowledge their responsibility for preparing all information and representations contained in the financial statements of the Group for the year. The Directors consider that the financial statements have been prepared in conformity with the generally accepted accounting standards in Hong Kong and reflect amounts that are based on the best estimates and reasonable, informed and prudent judgment of the Board and management with an appropriate consideration to materiality. The Directors, having made appropriate enquiries, are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern. Accordingly, the Directors have prepared the financial statements of the Company on a going concern basis.

The statement of the auditor of the Company regarding their responsibilities on the financial statements is set out in the Independent Auditor's Report on pages 24 and 25 of this annual report.

INTERNAL CONTROLS

It is the responsibility of the Board to ensure that the Group maintains sound and effective internal controls to safeguard the Shareholders' investments and the Group's assets. The Group's system of internal control includes a defined management structure with limits of authority, safeguard its assets against unauthorized use or disposition, ensure the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication, and ensure compliance with relevant laws and regulations. The system is designed to provide reasonable assurance against material misstatement or loss, and to oversee the Group's operational systems for the achievement of the Group's business objectives. These have all been in place throughout the year under review and up to the date of this report and are reviewed regularly by the Board.

AUDITOR'S REMUNERATION

An analysis of the remuneration of the Company's auditor, CCIF CPA Limited, for the year is set out as follows:

Services rendered	Fee paid/payable Approximately RMB'000
Audit services (2012: approximately RMB795,000)	804
Non-audit services (2012: approximately RMB622,000)	582
Total:	1,386

SHAREHOLDERS' RIGHTS

Pursuant to Article 58 of the By-Laws and the Companies Act 1981 of Bermuda (the "Companies Act"), the Board may whenever it thinks fit call special general meetings, and 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 a special general meeting to be called by the Board and such meeting shall be held within two (2) months after the deposit of such requisition. The requisition must state the purposes of the meeting and the matter referred to in any proposed resolution or the business to be dealt with at that meeting, and must be signed by the requisitionists and deposited at the registered office of the Company. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionists themselves may do so in accordance with the provisions of Section 74(3) of the Companies Act.

Shareholders may send written enquiries to the Company, for the attention of the Board or the secretary of the company, by post to Room 2001, 20/F, Lippo Centre, Tower Two, 89 Queensway, Hong Kong. Shareholders may also direct their questions about their shareholdings to Tricor Secretaries Limited, the Company's Hong Kong share registrar, at 26/F, Tesbury Centre, 28 Queen's Road East, Wan Chai, Hong Kong.

COMMUNICATION WITH SHAREHOLDERS

The Company endeavours to develop and maintain continuing relationships and effective communications with its shareholders and investors. To facilitate and enhance the relationships and communication, the Company has established, including but not limited to, the following various channels:

- annual general meeting provides a forum for shareholders of the Company to raise comments and exchange views with the Board. The chairman and the Directors are available at annual general meetings to address Shareholders' queries;
- separate resolutions are proposed at general meetings on each substantially separate issue and procedures for demanding a poll in general meetings are included in circulars to the Shareholders to facilitate the enforcement of Shareholders' rights;
- interim and annual results are announced as early as possible so that the Shareholders are kept informed of the Group's performance and operations; and
- corporate website www.736.com.hk contains extensive information and updates on the Company's business developments and operations, financial information and other information.

CONSTITUTIONAL DOCUMENTS

At the annual general meeting held on 31 August 2012, the Company adopted a new set of Bye-laws to reflect the amendments to the Listing Rules which became effective on 1 January 2012 and 1 April 2012 and the Companies Act which came into effect on 18 December 2011. A copy of the latest version of constitutional documents including memorandum of association of the Company and Bye-laws is posted on the websites of the Company and the Stock Exchange respectively.

CCIF CPA LIMITED
9/F Leighton Centre
77 Leighton Road
Causeway Bay Hong Kong

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CHINA PROPERTIES INVESTMENT HOLDINGS LIMITED
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of China Properties Investment Holdings Limited (the "company") and its subsidiaries (together the "group") set out on pages 26 to 102, which comprise the consolidated and company statements of financial position as at 31 March 2013, and the consolidated income statement, 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 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 Section 90 of the Companies Act 1981 of Bermuda, 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 judgment, 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 the affairs of the company and of the group as at 31 March 2013 and of the group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

EMPHASIS OF MATTER

Without qualifying our opinion, we draw attention to note 2(b)(i) and 20 to the consolidated financial statements of the group for the year about the going concern and possible acquisition of Pure Power Holdings Limited. Pursuant to the 2nd supplemental memorandum of understanding dated 20 June 2013, the company shall settle the remaining balance of the consideration in accordance with the terms of the formal agreement for the sale and purchase which are yet to be agreed. As at the date of this report, the company has not yet arranged sufficient financing for the payment. The directors of the company consider they are still in negotiation with the vendors for the terms and conditions of the possible acquisition and will obtain the required funding to settle the remaining balance of the consideration in due course.

CCIF CPA Limited
Certified Public Accountants
Hong Kong, 27 June 2013

Alvin Yeung Sik Hung
Practising Certificate Number P05206

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2013

	Note	2013 RMB'000	2012 RMB'000
Turnover	7	**9,416**	7,243
Cost of sales		**(5,575)**	(3,806)
		3,841	3,437
Valuation loss on investment properties	17	**(18,034)**	(658)
Other revenue	8(a)	**1,677**	1,183
Other net income	8(b)	**8,207**	115
Selling expenses		**(224)**	(1,655)
Administrative expenses		**(43,937)**	(36,253)
Exploration and development expenses of mine		**(1,251)**	(3,843)
Other operating expenses	9(d)	**(79,000)**	(287,250)
Loss from operations		**(128,721)**	(324,924)
Finance costs	9(a)	**(3,825)**	(4,256)
Loss before taxation	9	**(132,546)**	(329,180)
Income tax	12	**4,508**	165
Loss for the year		**(128,038)**	(329,015)
Attributable to:			
Owners of the company		**(120,430)**	(306,607)
Non-controlling interests		**(7,608)**	(22,408)
Loss for the year		**(128,038)**	(329,015)
			(Restated)
Loss per share			
– Basic	15(a)	**(RMB0.29)**	(RMB1.17)
– Diluted	15(b)	**(RMB0.29)**	(RMB1.17)

The notes on pages 33 to 102 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2013

	2013 RMB'000	2012 RMB'000
Loss for the year	**(128,038)**	(329,015)
Other comprehensive loss for the year		
Exchange differences on translation of financial statements of group entities outside the PRC	**(785)**	(8,488)
Total other comprehensive loss for the year, net of nil tax	**(785)**	(8,488)
Total comprehensive loss for the year	**(128,823)**	(337,503)
Attributable to:		
Owners of the company	**(121,215)**	(315,095)
Non-controlling interests	**(7,608)**	(22,408)
Total comprehensive loss for the year	**(128,823)**	(337,503)

The notes on pages 33 to 102 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2013

	Note	2013 RMB'000	2012 RMB'000
Non-current assets			
Plant and equipment	16	**10,097**	14,595
Investment properties	17	**179,622**	197,656
Intangible assets	19	**180,000**	259,000
Deposit for acquisition of subsidiaries	20	**119,615**	120,479
		489,334	591,730
Current assets			
Trade and other receivables	21	**15,480**	4,131
Trading securities	22	**149**	120
Cash and cash equivalents	23	**21,308**	64,819
		36,937	69,070
Current liabilities			
Other payables and accruals	24	**10,872**	24,073
Interest-bearing bank borrowings	25	**4,500**	4,000
Current taxation	26(a)	**–**	–
		15,372	28,073
Net current assets		**21,565**	40,997
Total assets less current liabilities		**510,899**	632,727
Non-current liabilities			
Convertible bonds	27	**–**	–
Unconvertible bonds	28	**8,071**	–
Interest-bearing bank borrowings	25	**43,500**	48,000
Deferred tax liabilities	26(b)	**6,463**	10,971
		58,034	58,971
NET ASSETS		**452,865**	573,756
EQUITY			
Equity attributable to owners of the company			
Share capital	29	**10,941**	7,333
Reserves	31	**425,320**	542,211
		436,261	549,544
Non-controlling interests		**16,604**	24,212
TOTAL EQUITY		**452,865**	573,756

Approved and authorised for issue by the board of directors on 27 June 2013.

On behalf of the board

Xu Dong
Director

Au Tat On
Director

The notes on pages 33 to 102 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2013

	Attributable to owners of the company								
	Share capital RMB'000	Share premium RMB'000	Special reserve RMB'000	Employee share-based compensation reserve RMB'000	Exchange fluctuation reserve RMB'000	Accumulated losses RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 April 2011	2,833	671,776	(56,225)	16,632	28,328	(105,644)	557,700	46,620	604,320
Loss for the year	–	–	–	–	–	(306,607)	(306,607)	(22,408)	(329,015)
Other comprehensive loss									
Exchange differences on translation of financial statements of group entities outside the PRC	–	–	–	–	(8,488)	–	(8,488)	–	(8,488)
Total comprehensive loss for the year	–	–	–	–	(8,488)	(306,607)	(315,095)	(22,408)	(337,503)
Reduction of par value in the shares and realignment of the exchange difference (note 29(ii))	(2,691)	–	–	–	2,691	–	–	–	–
Placing and subscription of new shares (note 29(iv))	844	17,713	–	–	–	–	18,557	–	18,557
Placing and subscription of new shares (note 29(v))	978	4,921	–	–	–	–	5,899	–	5,899
Placing and subscription of new shares (note 29(vi))	1,193	6,561	–	–	–	–	7,754	–	7,754
Rights issue I (note 29(iii))	4,176	279,841	–	–	–	–	284,017	–	284,017
Share issue expenses	–	(9,288)	–	–	–	–	(9,288)	–	(9,288)
Total transactions with owners	4,500	299,748	–	–	2,691	–	306,939	–	306,939
At 31 March 2012	7,333	971,524	(56,225)	16,632	22,531	(412,251)	549,544	24,212	573,756
At 1 April 2012	**7,333**	**971,524**	**(56,225)**	**16,632**	**22,531**	**(412,251)**	**549,544**	**24,212**	**573,756**
Loss for the year	**–**	**–**	**–**	**–**	**–**	**(120,430)**	**(120,430)**	**(7,608)**	**(128,038)**
Other comprehensive loss									
Exchange differences on translation of financial statements of group entities outside the PRC	**–**	**–**	**–**	**–**	**(785)**	**–**	**(785)**	**–**	**(785)**
Total comprehensive loss for the year	**–**	**–**	**–**	**–**	**(785)**	**(120,430)**	**(121,215)**	**(7,608)**	**(128,823)**
Forfeiture of share options	**–**	**–**	**–**	**(16,632)**	**–**	**16,632**	**–**	**–**	**–**
Rights issue II (note 29(viii))	**3,608**	**4,569**	**–**	**–**	**–**	**–**	**8,177**	**–**	**8,177**
Share issue expenses	**–**	**(245)**	**–**	**–**	**–**	**–**	**(245)**	**–**	**(245)**
Total transactions with owners	**3,608**	**4,324**	**–**	**(16,632)**	**–**	**16,632**	**7,932**	**–**	**7,932**
At 31 March 2013	**10,941**	**975,848**	**(56,225)**	**–**	**21,746**	**(516,049)**	**436,261**	**16,604**	**452,865**

The notes on pages 33 to 102 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2013

	Note	2013 RMB'000	2012 RMB'000
Operating activities			
Loss before taxation		**(132,546)**	(329,180)
Adjustments for:			
Finance costs		**3,825**	4,256
Interest income		**(799)**	(578)
Depreciation		**4,696**	4,202
Valuation loss on investment properties	17	**18,034**	658
Fair value loss on convertible bonds	9(d)	**–**	5,448
Fair values (gains)/loss on trading securities	8(b)	**(29)**	26
Impairment loss of loan receivables	9(d)	**–**	41,054
Reversal of impairment loss of prepayment	8(b)	**(8,140)**	–
Impairment loss of intangible assets	9(d)	**79,000**	240,748
Gain on disposal of plant and equipment	8(b)	**(38)**	(91)
Exchange difference, net		**250**	(2,925)
		(35,747)	(36,382)
Changes in working capital			
Increase in trade and other receivables		**(11,349)**	(43,420)
Decrease in other payables and accruals		**(13,201)**	(2,519)
Cash used in operations		**(60,297)**	(82,321)
Tax paid		**–**	–
Net cash used in operating activities		**(60,297)**	(82,321)
Investing activities			
Payment to acquire plant and equipment		**(280)**	(4,008)
Addition of intangible assets		**–**	(350)
Refund of prepayment for acquisition of investment property		**8,140**	–
Proceeds from disposal of plant and equipment		**98**	120
Interest received		**799**	578
Net cash generated from/(used in) investing activities		**8,757**	(3,660)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2013

	Note	2013 RMB'000	2012 RMB'000
Financing activities			
Proceeds from issuance of new shares		**8,177**	316,227
Share issue interest-bearing bank borrowings		**(245)**	(9,288)
Repayment of interest-bearing bank borrowings		**(4,000)**	(3,500)
Early redemption of convertible bond		**–**	(149,572)
Proceeds from issuance of unconvertible bonds		**8,071**	–
Interest paid for interest-bearing bank borrowings		**(3,766)**	(4,143)
Interest paid for convertible bonds		**–**	(1,700)
Interest paid for unconvertible bonds		**(59)**	–
Net cash generated from financing activities		**8,178**	148,024
Net (decrease)/increase in cash and cash equivalents		**(43,362)**	62,043
Cash and cash equivalents at 1 April		**64,819**	5,943
Effect of foreign exchange rate changes, net		**(149)**	(3,167)
Cash and cash equivalents at 31 March	23	**21,308**	64,819

The notes on pages 33 to 102 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

As at 31 March 2013

	Note	2013 RMB'000	2012 RMB'000
Non-current assets			
Plant and equipment	16	**–**	–
Interest in subsidiaries	18	**312,438**	373,729
Deposit for acquisition of subsidiaries	20	**119,615**	120,479
		432,053	494,208
Current assets			
Other receivables	21	**88**	86
Trading securities	22	**149**	120
Cash and cash equivalents	23	**19,623**	55,788
		19,860	55,994
Current liabilities			
Other payables	24	**950**	816
Net current assets		**18,910**	55,178
Total assets less current liabilities		**450,963**	549,386
Non-current liabilities			
Unconvertible bonds	28	**8,071**	–
NET ASSETS		**442,892**	549,386
EQUITY			
Equity attributable to owners of the company			
Share capital	29	**10,941**	7,333
Reserves	31	**431,951**	542,053
TOTAL EQUITY		**442,892**	549,386

Approved and authorised for issue by the board of directors on 27 June 2013.

On behalf of the board

Xu Dong
Director

Au Tat On
Director

The notes on pages 33 to 102 form an integral part of these financial statements.

1. CORPORATE INFORMATION

China Properties Investment Holdings Limited (the "company") is an investment holding company. The principal activities of its subsidiaries are set out in note 18 to the financial statements.

The company was incorporated and domiciled in Bermuda with limited liability under the Companies Act (1981) of Bermuda and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of its principal place of business is Room 2001, 20/F., Lippo Centre, Tower Two, 89 Queensway, Hong Kong.

2. SIGNIFICANT ACCOUNTING POLICIES

a) STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). A summary of the significant accounting policies adopted by the group is set out below.

The HKICPA has issued certain new and revised HKFRSs which are first effective or available for early adoption for the current accounting period of the group and the company. Note 3 provides information on any change in accounting policies resulting from initial application of these developments to the extent that they are relevant to the group for the current and prior accounting periods reflected in these financial statements.

b) BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

i) Going Concern

The group incurred a loss attributable to owners of the company of RMB120,430,000 (2012: RMB306,607,000) and negative operating cash flows of RMB60,297,000 (2012: RMB82,321,000) for the year ended 31 March 2013.

In preparing these financial statements, the directors of the company have given careful consideration to the impact of the current and anticipated future liquidity of the group and the ability of the group to attain positive cash flow operations in the immediate and longer term.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (Continued)

i) Going Concern (Continued)

In order to strengthen the capital base of the group and to improve the group's financial position, liquidity and cash flows in the immediate foreseeable future, and to sustain the group as a going concern, the group has adopted the following measures.

On 9 May 2013, the Company and the placing agent had entered into the placing agreement pursuant to which the placing agent has agreed conditionally to procure, on a best-effort basis, new placees to subscribe in cash for new unconvertible bonds up to an aggregate principal amount of HK$50 million. As at the date of this report, the placing agent is still in negotiation with target placees.

For the mining business, the group entered into a co-operation agreement in 2011 with an independent third party to operate the mine such that the group will not be required to incur further capital expenditure and can still generate positive cash flows and enhance the profitability of the group in future periods.

For the acquisition of Pure Power Holdings Limited ("Pure Power") (Note 20), pursuant to the 2nd supplemental memorandum of understanding dated 20 June 2013, the company shall settle the remaining balance of the consideration in accordance with the terms of the formal agreement for the sale and purchase which are yet to be agreed. The exclusivity period has been extended to 20 September 2013. As at the date of this report, the company has not yet arranged financing for the payment of the balance of the consideration. The directors of the company considered that as they are still in negotiation with the vendors for the terms and condition of the possible acquisition and will consider to obtain the required funding to settle the remaining balance of the consideration in due course.

In the opinion of the directors of the company, in light of the measures taken to date, together with the expected results of other measures in progress, the group will have sufficient working capital for its current requirements. Accordingly, the directors of the company consider that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Should the group be unable to continue as a going concern, adjustments would have to be made to restate the values of assets to their recoverable amounts, to provide for any further liabilities which might arise and to classify non-current assets and liabilities as current assets and liabilities, respectively. The effects of these potential adjustments have not been reflected in the consolidated financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (Continued)

ii) *Basis of measurement*

The consolidated financial statements for the year ended 31 March 2013 comprise the company and its subsidiaries.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that investment in equity securities and investment properties are stated at their fair value as explained in the accounting policies set out in notes 2(d) and 2(f) respectively below.

Items included in the financial statements of each entity in the group are measured using the currency of the primacy economic environment in which the entity operates (the "functional currency"). These financial statements are presented in Renminbi ("RMB"), and it is also the functional currency of the company and the group's presentation currency. All amounts are rounded to the nearest thousand except where otherwise indicated.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amount of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

Judgements made by management in the application of HKFRSs that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 5.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) SUBSIDIARIES AND NON-CONTROLLING INTERESTS

Subsidiaries are entities controlled by the group. Control exists when the group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the company, and in respect of which the group has not agreed any additional terms with the holders of those interests which would result in the group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the owners of the company. Non-controlling interests in the results of the group are presented on the face of the consolidated income statement and the consolidated statement of comprehensive income as an allocation of the total profit or loss and the total comprehensive loss for the year between non-controlling interests and the owners of the company. Total comprehensive income of subsidiaries is attributed to the owners of the company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance (effective from 1 January 2010 onwards). Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position.

Changes in the group's ownership interests in existing subsidiaries

Changes in the group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, where appropriate, the cost on initial recognition of an investment in an associate.

In the company's statement of financial position, an investment in subsidiary is stated at cost less impairment losses (see note 2(i)) unless the investment is classified as held for sale.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) OTHER INVESTMENTS IN EQUITY SECURITIES

The group's and the company's policies for investments in equity securities, other than investments in subsidiaries, are as follows:

Investments in equity securities are initially stated at fair value, which is their transaction price unless fair value can be more reliably estimated using valuation techniques whose variables include only data from observable markets. Cost includes attributable transaction costs, except where indicated otherwise below. These investments are subsequently accounted for as follows, depending on their classification:

Investments in securities held for trading are classified as current assets. Any attributable transaction costs are recognised in profit or loss as incurred. At the end of each reporting period the fair value is remeasured, with any resultant gain or loss being recognised in profit or loss. The net gain or loss recognised in profit or loss does not include any dividends or interest earned on these investments as these are recognised in accordance with the policies set out in note 2(p)(ii) and (iii).

Investments are recognised/derecognised on the date the group and/or the company commits to purchase/sell the investments or when they expire.

e) PLANT AND EQUIPMENT

Plant and equipment are stated in the statement of financial position at cost less accumulated depreciation and impairment losses (see note 2(i)).

Gains or losses arising from the retirement or disposal of an item of plant and equipment are determined as the difference between the net proceeds on disposal and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

Leasehold improvements	5 years
Furniture and equipment	5 years
Motor vehicles	4 to 5 years

Where parts of an item of plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of plant and equipment.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) PLANT AND EQUIPMENT (Continued)

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 in profit or loss during the financial period in which they are incurred.

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

f) INVESTMENT PROPERTIES

Investment properties are land and/or buildings which are owned or held under a leasehold interest (see note 2(h)) to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use.

Investment properties are stated in the statement of financial position at fair value. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in profit or loss. Rental income from investment properties is accounted for as described in note 2(p)(i).

When the group holds a property interest under an operating lease to earn rental income and/or for capital appreciation, the interest is classified and accounted for as an investment property on a property-by-property basis. Any such property interest which has been classified as an investment property is accounted for as if it were held under a finance lease (see note 2(h)), and the same accounting policies are applied to that interest as are applied to other investment properties leased under finance leases. Lease payments are accounted for as described in note 2(h).

g) INTANGIBLE ASSETS (OTHER THAN GOODWILL)

Mining rights with finite useful lives are carried at cost less accumulated amortisation and impairment losses recognised (see note 2(i)). The mining rights are amortised using the units of production method based on the proven and probable mineral reserves.

h) LEASED ASSETS

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) LEASED ASSETS (Continued)

i) Classification of assets leased to the group

Assets held by the group under leases which transfer to the group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the group are classified as operating leases, with the following exceptions:

– property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease (see note 2(f)).

ii) Operating lease charges

Where the group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged as expenses in the accounting period in which they are incurred.

i) IMPAIRMENT OF ASSETS

i) Impairment of investments in equity securities and other receivables

Investments in equity securities (other than investments in subsidiaries – see note 2(d)) and other current and non-current receivables that are stated at cost or amortised cost are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the group about one or more of the following loss events:

– significant financial difficulty of the debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and

– a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) IMPAIRMENT OF ASSETS (Continued)

i) Impairment of investments in equity securities and other receivables (Continued)

If any such evidence exists, any impairment loss is determined and recognised as follows:

– For investments in subsidiaries, the impairment loss is measured by comparing the receivable amount of the investment with its carrying amount in accordance with note 2(i)(ii). The impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount in accordance with note 2(i)(ii).

– For unlisted equity securities carried at cost, impairment loss is measured as the difference between the carrying amount of the financial assets and the estimated future cash flows, discounted at the current market rate of return for a similar financial asset where the effect of discounting is material. Impairment losses for equity securities are not reversed.

– For trade receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. The assessment is made collectively where these financial assets share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

  If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

  Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade debtors included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade debtors directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) IMPAIRMENT OF ASSETS (Continued)

ii) Impairment of other assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, an impairment loss previously recognised no longer exists or may have decreased:

– plant and equipment;

– investments in subsidiaries (except for those classified as being held for sale); and

– intangible assets

If any such indication exists, the asset's recoverable amount is estimated. In addition, for intangible assets that are not yet available for use, the recoverable amount is estimated annually whether or not there is any indication of impairment.

– Calculation of recoverable amount

  The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e., a cash-generating unit).

– Recognition of impairment losses

  An impairment loss is recognised in profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying amount of an assets will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) IMPAIRMENT OF ASSETS (Continued)

ii) Impairment of other assets (Continued)

– Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

iii) Interim financial reporting and impairment

Under the Rules Governing the Listing of Securities on the Stock Exchange, the group is required to prepare an interim financial report in compliance with HKAS 34, Interim Financial Reporting, in respect of the first six months of the financial year. At the end of the interim period, the group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year. (see note 2(i)).

Impairment losses recognised in an interim period in respect of available-for-sale equity securities carried at cost are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates.

j) TRADE AND OTHER RECEIVABLES

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for impairment for doubtful debts, except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts (see note 2(i)).

k) CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

l) OTHER PAYABLES

Other payables are initially recognised at fair value and subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

m) INTEREST-BEARING BORROWINGS

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit and loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

Convertible bonds of the company consisted of the liability component and embedded derivatives, (such as embedded conversion option, and early redemption option). Conversion options that were not settled by the exchange of a fixed amount for a fixed number of the company's equity instrument was considered as embedded derivatives not closely related to the host contract (the liability component).

The group elected to designate its convertible bonds with embedded derivatives as financial liabilities at fair value through profit or loss on initial recognition. At the end of such reporting period subsequent to initial recognition, the entire convertible bonds were measured at fair value, with changes in fair value recognised directly in profit or loss in the year in which they arise.

Transaction costs that were directly attributable to the issue of the convertible bonds designated as financial liabilities at fair value through profit or loss were recognised immediately in profit or loss.

n) CONVERTIBLE BONDS

Convertible bonds of the company consisted of the liability component and embedded derivatives, (such as embedded conversion option, and early redemption option). Conversion options that were not settled by the exchange of a fixed amount for a fixed number of the company's equity instrument was considered as embedded derivatives not closely related to the host contract (the liability component).

The group elected to designate its convertible bonds with embedded derivatives as financial liabilities at fair value through profit or loss on initial recognition. At the end of such reporting period subsequent to initial recognition, the entire convertible bonds were measured at fair value, with changes in fair value recognised directly in profit or loss in the year in which they arise.

Transaction costs that were directly attributable to the issue of the convertible bonds designated as financial liabilities at fair value through profit or loss were recognised immediately in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

o) INCOME TAX

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amount of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the assets can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided that those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary differences or in periods into which a tax loss arising from the deferred tax assets can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be recognised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

Where investment properties are carried at their fair value in accordance with the accounting policy set out in note 2(f), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rater than through sale.

In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

o) INCOME TAX (Continued)

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be recognised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the company or the group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

– in the case of current tax assets and liabilities, the company or the group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

– in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

    – the same taxable entity; or

    – different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

p) REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

i) Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the period covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) REVENUE RECOGNITION (Continued)

ii) Dividends income from listed investments

Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

iii) Interest income

Interest income is recognised as it accrues using the effective interest method.

iv) Government grant

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the group will comply with the conditions attaching to them.

v) Agency income

Agency income is recognised when the agency service provided.

q) TRANSLATION OF FOREIGN CURRENCIES

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss, except those arising from foreign currency borrowings used to hedge a net investment in a foreign operation which are recognised directly in other comprehensive income.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

The results of foreign operations are translated into Renminbi at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into Renminbi at the closing foreign exchange rates ruling at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange fluctuation reserve.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

q) TRANSLATION OF FOREIGN CURRENCIES (Continued)

On the disposal of a foreign operation (i.e., a disposal of the group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the company are reclassified to profit or loss.

In the case of a partial disposal of a subsidiary that does not result in the group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e., partial disposals of associates that do not result in the group losing significant influence), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

r) BORROWING COSTS

Borrowing costs are expensed in profit or loss in the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale.

s) 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 the key management personnel of the group or the group's parent.

(b) An entity is related to the group if any of the following conditions applies:

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).

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

s) RELATED PARTIES (Continued)

(b) An entity is related to the group if any of the following conditions applies: (Continued)

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 employees of either 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 the 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.

t) EMPLOYEE BENEFITS

i) Short-term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

ii) Share-based payments

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in a capital reserve within equity. The fair value is measured at grant date using the Black-Scholes Pricing Model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the share options, the total estimated fair value of the share options is spread over the vesting period, taking into account the probability that the options will vest.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

t) EMPLOYEE BENEFITS (Continued)

ii) Share-based payments (Continued)

During the vesting period, the number of share options expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to profit or loss for the year under review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of share options that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the company's shares. The equity amount is recognised in the capital reserve until either the option is exercised (when it is transferred to the share premium account) or the option expires (when it is released directly to retained earnings).

iii) Termination benefits

Termination benefits are recognised when, and only when, the group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

u) 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 board of directors, chief operating decision maker ("CODM") for the purposes of allocating resources to, and assessing the performance of, the group's various lines of business.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

v) PROVISIONS AND CONTINGENT LIABILITIES

Provisions are recognised for other liabilities of uncertain timing or amount when the group or the company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

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, whose existence 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.

w) GOVERNMENT GRANTS

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching condition will be complied with. When the grant relates to an expenses item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the group has applied the following new and revised HKFRSs issued by the HKICPA.

Amendments to HKFRS 1	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
Amendments to HKFRS 7	Disclosures – Transfers of Financial Assets
Amendments to HKAS 12	Deferred Tax: Recovery of Underlying Assets

The application of the amendments to HKFRSs in the current year has had no material effect on the group's financial performance and positions for the current and prior years and/or the disclosures set out in these consolidated financial statements.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The group's major financial instruments include trade and other receivables, trading securities, cash and cash equivalents, interest-bearing borrowings, other payables and unconvertible bonds. The Company's major financial instruments include trading securities, cash and cash equivalents and unconvertible bonds.

Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include credit risk, liquidity risk, currency risk, interest rate risk and equity price risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

I) CREDIT RISK

The Group

a) As at 31 March 2013 and 2012, the maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position after deducting any impairment allowance.

b) *Deposits with financial institutions*

The group limits its exposure to credit risk by placing deposits with financial institutions that meet the established credit rating or other criteria. Given their high credit ratings, management does not expect any counterparty to fail to meet its obligations.

As at 31 March 2013, the group has certain concentration of credit risk as 84% (2012: 95%) of total cash and cash equivalents were deposited at one financial institution in the Hong Kong with high credit ratings.

c) In respect of trade receivables, in order to minimize risk, the management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. Credit evaluations of its tenants' financial position and condition is performed on each and every major tenant periodically. These evaluations focus on the tenant's past history of making payments when due and current ability to pay, and take into account information specific to the tenant as well as pertaining to the economic environment in which the tenant operates. The group has received rental deposits amounting to RMB1,765,000 (2012: RMB1,765,000) from the tenants as collateral. Rents are usually due upon presentation of billing.

d) In respect of trade receivables, the group's exposure to credit risk is influenced mainly by the individual characteristics of each tenant. The default risk of the industry in which tenants operate also has an influence on credit risk but to a lesser extent. At the end of the reporting period, the group has a certain concentration of credit risk as 65% (2012: 72%) of the total rental receivables was due from the group's largest tenant.

Further quantitative disclosures in respect of the group's exposure to credit risk arising from trade and other receivables are set out in note 21.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

I) CREDIT RISK (Continued)

The Company

The company limits its exposure to credit risk by placing deposits with financial institutions that meet the established credit rating or other criteria. Given their high credit ratings, management does not expect any counter party to fail to meet its obligations.

As at 31 March 2013, the company has certain concentration of credit risk as 91% (2012: 99%) of total cash and cash equivalents were deposited at one financial institution in the Hong Kong with high credit ratings.

II) LIQUIDITY RISK

Individual operating entities within the group are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to board approval. The group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants to ensure that it maintains sufficient amount of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term. The group relies on bank borrowings as a significant source of liquidity.

The following liquidity table set out the remaining contractual maturities at the end of the reporting period of the group's and the company's non-derivative financial liabilities based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of reporting period) and the earliest date the group and the company are required to pay:

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

II) LIQUIDITY RISK (Continued)

The group

	2013							2012						
	Weighted average effective interest rate	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total contractual undiscounted cash flow RMB'000	Carrying amount RMB'000	Weighted average effective interest rate	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total contractual undiscounted cash flow RMB'000	Carrying amount RMB'000
Non-derivative financial liabilities														
Other payables	–	10,872	–	–	–	10,872	10,872	–	24,073	–	–	–	24,073	24,073
Interest-bearing bank borrowings	7.21%	6,939	8,044	43,168	–	58,151	48,000	7.76%	7,955	8,145	24,410	28,745	69,255	52,000
Unconvertible bonds	5%	404	404	1,210	10,807	12,825	8,071	–	–	–	–	–	–	–
		18,215	8,448	44,378	10,807	81,848	66,943		32,028	8,145	24,410	28,745	93,328	76,073

The company

	2013							2012						
	Weighted average effective interest rate	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total contractual undiscounted cash flow RMB'000	Carrying amount RMB'000	Weighted average effective interest rate	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total contractual undiscounted cash flow RMB'000	Carrying amount RMB'000
Non-derivative financial liabilities														
Other payable	–	950	–	–	–	950	950	–	816	–	–	–	816	816
Unconvertible bonds	5%	404	404	1,210	10,807	12,825	8,071	–	–	–	–	–	–	–
		1,354	404	1,210	10,807	13,775	9,021		816	–	–	–	816	816

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

III) CURRENCY RISK

The group's exposure to foreign currency risk related primarily to deposits for acquisition of subsidiaries, cash and cash equivalents, other receivables, loan receivables, other payables, trading securities and unconvertible bonds that are denominated in currencies other than the functional currency of the relevant group entities.

Most of the group's and the company's transactions, assets and liabilities are denominated in RMB, which is the same as the functional currency of the entity to which they related.

The following table details the group's and the company's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they related. For presentation purposes, the amounts of the exposure are shown in RMB, translated using the spot rate at the year end date.

The group

	2013		2012	
	United States Dollars RMB'000	**Hong Kong Dollars RMB'000**	United States Dollars RMB'000	Hong Kong Dollars RMB'000
Deposits for acquisition of subsidiaries	**119,615**	**–**	120,479	–
Other receivables	**–**	**1,208**	–	758
Cash and cash equivalents	**–**	**20,471**	–	63,872
Trading securities	**–**	**149**	–	120
Other payables	**–**	**(1,098)**	–	(832)
Loan receivables	**–**	**6,457**	–	–
Unconvertible bonds	**–**	**(8,071)**	–	–
Overall exposure to currency risk	**119,615**	**19,116**	120,479	63,918

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

III) CURRENCY RISK (Continued)

The company

	2013		2012	
	United States Dollars RMB'000	Hong Kong Dollars RMB'000	United States Dollars RMB'000	Hong Kong Dollars RMB'000
Deposits for acquisition of subsidiaries	119,615	–	120,479	–
Other receivables	–	88	–	86
Cash and cash equivalents	–	19,623	–	55,788
Trading securities	–	149	–	120
Other payables	–	(950)	–	(816)
Unconvertible bonds	–	(8,071)	–	–
Overall exposure to currency risk	119,615	10,839	120,479	55,178

An analysis of the estimated change in the group's and the company's loss after tax and accumulated losses in response to reasonably possible changes in the foreign exchange rates to which the group has significant exposure at the end of the reporting period is presented in the following table.

The group

	2013			2012		
	Increase/ (decrease) in foreign exchange rates	Effect on loss after tax RMB'000	Effect on equity RMB'000	Increase/ (decrease) in foreign exchange rates	Effect on loss after tax RMB'000	Effect on equity RMB'000
United States Dollars	1%	(999)	999	1%	(1,006)	1,006
	(1%)	999	(999)	(1%)	1,006	(1,006)
Hong Kong Dollars	5%	(798)	798	5%	(2,669)	2,669
	(5%)	798	(798)	(5%)	2,669	(2,669)

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the end of the reporting period and had been applied to each of the group entities' exposure to currency risk for non-derivative financial instruments in existence at that date while all other variables remains constant. The stated changes also represent management's assessment of a reasonably possible change in foreign exchange rates until the end of the next annual reporting period. The analysis is performed on the same basis for 2012.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

III) CURRENCY RISK (Continued)

The company

	2013			2012		
	Increase/ (decrease) in foreign exchange rates	Effect on loss after tax RMB'000	Effect on equity RMB'000	Increase/ (decrease) in foreign exchange rates	Effect on loss after tax RMB'000	Effect on equity RMB'000
United States Dollars	1%	(999)	999	1%	(1,006)	1,006
	(1%)	999	(999)	(1%)	1,006	(1,006)
Hong Kong Dollars	5%	(452)	452	5%	(2,303)	2,303
	(5%)	452	(452)	(5%)	2,303	(2,303)

IV) INTEREST RATE RISK

The group's exposure to market risk for changes in interest rates related primarily to the group's variable rate interest-bearing borrowings. The group currently does not have an interest rate hedging policy. However, management monitors interest rate exposure and will consider to hedge significant interest rate exposures when the need is anticipated.

At 31 March 2013, it is estimated that a general increase/decrease of 1% in interest rates, with all other variables held constant, would increase/decrease the group's loss after tax and accumulated losses attributable to variable rate bank borrowings by approximately RMB480,000 (2012: RMB520,000).

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of reporting period and had been applied to the exposure to interest rate risk for both derivative and non-derivative financial instruments in existence at that date. The 1% increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the end of the next annual reporting period. The analysis is performed on the same basis for 2012.

The interest rate profile of the group's bank borrowings at the end of the reporting period is as follows:

The Group

	Effective interest rate (%)	2013 RMB'000	Effective interest rate (%)	2012 RMB'000
Fixed rate borrowings:				
Unconvertible bonds	5%	8,071	–	–
Variable rate borrowings:				
Interest-bearing bank borrowings	7.21%	48,000	7.76%	52,000
		56,071		52,000

The Company

	Effective interest rate (%)	2013 RMB'000	Effective interest rate (%)	2012 RMB'000
Fixed rate borrowings:				
Unconvertible bonds	5%	8,071	–	–

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

V) EQUITY PRICE RISK

The group is exposed to equity price risk arising from trading of listed securities classified as trading securities in the consolidated statement of financial position. The sensitivity analysis has been determined based on the exposure to equity price risk.

At the end of the reporting period, if the quoted market prices of the trading securities had been 10% higher or lower while all other variables were held constant, the group's net loss would decrease or increase by approximately RMB15,000 (2012: RMB12,000) as a result of changes in fair value of investments. The group's and the company's sensitivity to equity price has not changed significantly from the prior year.

The sensitivity analysis has been determined assuming that the reasonably possible changes in the stock market index or other relevant risk variables had occurred at the end of the reporting period and had been applied to the exposure to equity price in existence at that date. It also assumed that the fair values of the group's and the company's trading securities would change in accordance with the historical correlation with the relevant stock market index or the relevant risk variables, that none of the group's and the company's securities investments would be considered impaired as a result of a reasonably possible decrease in the relevant stock market index or other relevant risk variable, and that all other variables remain constant. The stated changes represent management's assessment of reasonably possible changes in the relevant stock market index or the relevant risk variables over the period until the end of the next annual reporting period. The analysis is performed on the same basis for 2012.

VI) FAIR VALUE MEASUREMENTS RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION

The following table provides an analysis of financial instruments that are measured at fair value at the end of the reporting period, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from 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).
- Level 3 fair value measurements are those derived from valuation techniques that include 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 fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in this entirety.

	The group and the company							
	2013				2012			
	Level 1 RMB'000	**Level 2 RMB'000**	**Level 3 RMB'000**	**Total RMB'000**	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets at fair value through profit or loss								
Trading securities	**149**	**–**	**–**	**149**	120	–	–	120

There were no transfers between instruments in Level 1 and Level 2 during the year.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

VII) ESTIMATION OF FAIR VALUES

The following summarises the major methods and assumptions used in estimating the fair values of the following financial instruments.

a) *Interest-bearing bank borrowings and unconvertible bonds*

The fair value is estimated at the present value of future cash flows, discounted at the current market interest rates for similar financial instruments.

b) *Trading securities*

Fair value for quoted equity investments are based on the closing bid prices at the end of the reporting period.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate to their fair values. The carrying amounts of the non-current portions of interest-bearing bank borrowings approximate to their fair values.

5. ACCOUNTING ESTIMATES AND JUDGEMENTS

a) KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the group's accounting policies which are described in note 2, management has made certain key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, as discussed below.

i) *Impairment of receivables*

The group maintains impairment allowance for doubtful accounts based on the evaluation of the recoverability of the trade receivable and other receivables at the end of each reporting period. The estimates are based on the ageing of the trade receivable and other receivables balances and the historical write-off experience, net of recoveries. If the financial conditions of the debtors were to deteriorate, additional impairment allowance might be required.

The carrying amount of loan and receivables net of impairment allowance as at 31 March 2013 was RMB11,570,000 (2012: RMB2,783,000).

5. ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

a) KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

ii) Depreciation of plant and equipment

Plant and equipment are depreciated on a straight-line basis over the estimated useful lives, after taking into account the estimated residual value. The group reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation expense to be recovered during the year. The useful lives are based on the group's historical experience with similar assets and taking into account anticipated obsolescence and technological changes. The depreciation expense for future periods is adjusted if there are significant changes from previous estimates.

The carrying amount of plant and equipment as at 31 March 2013 was RMB10,097,000 (2012: RMB14,595,000).

iii) Fair value of investment properties

Investment properties are carried in the consolidated statement of financial position at 31 March 2013 at their fair value. The fair value was based on a valuation on these properties conducted by an independent firm of professional valuers using property valuation techniques which involve certain assumptions of market conditions. Favourable or unfavourable changes to these assumptions would result in changes in the fair value of the group's investment properties and corresponding adjustments to the amount of gain or loss reported in the consolidated income statement.

The carrying amount of investment properties as at 31 March 2013 was RMB179,622,000 (2012: RMB197,656,000).

iv) Impairment of intangible assets

The Group assess whether there are any indicators of impairment for intangible assets. An impairment exists when the carrying amount of an asset or a cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The calculation of the fair value less costs to sell is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management estimates the expected future cash flows from the asset or cash generating unit and chooses a suitable discount rate in order to calculate the present value of those cash flows.

The carrying amount of intangible assets as at 31 March 2013 was RMB180,000,000 (2012: RMB259,000,000).

5. ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

b) CRITICAL ACCOUNTING JUDGEMENTS IN APPLYING THE GROUP'S ACCOUNTING POLICIES

In determining the carrying amounts of some assets and liabilities, the group makes assumptions for the effects of uncertain future events on those assets and liabilities at the end of the reporting period. These estimates involve assumptions about such items as cash flows and discount rates used. The group's estimates and assumptions are based on historical experience and expectations of future events and are reviewed periodically. In addition to assumptions and estimations of future events, judgements are also made during the process of applying the group's accounting policies.

i) Going concern

As mentioned in note 2(b)(i) to the financial statements, the directors are satisfied that the group will be able to meet its financial obligations in full as and when they fall due in the foreseeable future. As the directors are confident that the group will be able to continue in operational existence in the foreseeable future, the financial statements have been prepared on a going concern basis.

Should the group be unable to continue as a going concern, adjustment would have to be made to restate the values of assets to their immediate recoverable amounts, provide for any further liabilities which might arise and to classify non-current assets and liabilities as current assets and liabilities, respectively. The effects of these potential adjustments have not been reflected in the consolidated financial statements.

ii) Mining right

As disclosed in note 19 to the financial statements, the group's mining right for the copper and molybdenum will expire in November 2014. The company's directors have considered, after having obtained a PRC legal opinion, that in accordance with the relevant PRC laws and regulations, the group is entitled to renew the mining rights when it expires. The company's directors are of the opinion that there is no foreseeable circumstances which will preclude the group from obtaining a renewal of the mining right when it expires.

iii) Income taxes

Determining income tax provisions involves judgement on the future tax treatment of certain transactions. The group carefully evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislations.

6. SEGMENT REPORTING

Operating segments are identified on the basis of internal reports which provides information about components of the group. These information are reported to and reviewed by the board of directors, chief operating decision maker ("CODM") for the purposes of resource allocation and performance assessment.

The CODM considers the business from both geographic and product perspectives. Geographically, management considers the performance of the segments in Hong Kong and mainland China. The group has presented the following two reportable segments. These segments are managed separately. The properties investment segment and the investing in mining activities segment offer very different products and services.

PROPERTIES INVESTMENT: The properties investment reportable operating segment derives its revenue primarily from leasing of investment properties.

INVESTING IN MINING ACTIVITIES: The investing in mining activities reportable segment derives its revenue from the cooperation of the exploitation of copper and molybdenum mines with a third party.

No reportable operating segment has been aggregated.

a) *Segment results, assets and liabilities*

For the purposes of assessing segment performance and allocating resources between segments, the group's CODM monitors the results, assets and attributable to each reportable segment on the following bases:

The accounting policies of the reportable segments are the same as the group's accounting policies. Segment profit/(loss) represents the profit earned by/(loss) from each segment without allocation of central administration costs such as directors' salaries, investment income and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

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

The revenue from external parties reported to the CODM is measured in a manner consistent with that in the income statement.

All assets are allocated to reportable segments other than trading securities and corporate assets. All liabilities are allocated to reportable segments other than current tax liabilities and corporate liabilities.

Information regarding the group's reportable segments as provided to the group's CODM for the purposes of resources allocation and assessment of segment performance for the year ended 31 March 2013 and 2012 is set out below.

6. SEGMENT REPORTING (Continued)

a) *Segment results, assets and liabilities*

	2013			2012		
	Properties investment RMB'000	Investing in mining activities RMB'000	Total RMB'000	Properties investment RMB'000	Investing in mining activities RMB'000	Total RMB'000
Revenue from external customers	9,416	–	9,416	7,243	–	7,243
Reportable segment revenue	9,416	–	9,416	7,243	–	7,243
Reportable segment loss before taxation	(16,129)	(85,617)	(101,746)	(7,069)	(250,268)	(257,337)
Interest income of bank deposits	2	1	3	4	1	5
Exploration and development expenses of mine	–	(1,251)	(1,251)	–	(3,843)	(3,843)
Depreciation	(661)	(3,232)	(3,893)	(581)	(3,204)	(3,785)
Reversal of impairment loss of prepayment	8,140	–	8,140	–	–	–
Valuation loss on investment properties	(18,034)	–	(18,034)	(658)	–	(658)
Impairment loss of intangible assets	–	(79,000)	(79,000)	–	(240,748)	(240,748)
Income tax credit	4,508	–	4,508	165	–	165
Finance costs	(3,763)	–	(3,763)	(4,143)	–	(4,143)
Reportable segment assets	186,253	186,564	372,817	203,456	268,525	471,981
Additions to non-current assets during the year	259	4	263	842	368	1,210
Reportable segment liabilities	54,504	3,245	57,749	55,408	19,832	75,240
Deferred tax liabilities	6,463	–	6,463	10,971	–	10,971
Total liabilities	60,967	3,245	64,212	66,379	19,832	86,211

6. SEGMENT REPORTING (Continued)

b) Reconciliations of reportable segment revenues, profit or loss, assets and liabilities and other items:

		2013 RMB'000	2012 RMB'000
(i)	**Revenue**		
	Total reportable segment revenue	**9,416**	7,243
	Elimination of inter-segment revenue	**–**	–
	Consolidated turnover	**9,416**	7,243
(ii)	**Profit/(loss)**		
	Total reportable segments' loss	**(101,746)**	(257,337)
	Unallocated corporate income	**164**	6
	Depreciation	**(803)**	(417)
	Interest income	**796**	573
	Finance costs	**(62)**	(113)
	Unallocated corporate expenses	**(30,895)**	(71,892)
	Consolidated loss before taxation	**(132,546)**	(329,180)
(iii)	**Assets**		
	Total reportable segments' assets	**372,817**	471,981
	Unallocated corporate assets	**153,454**	188,819
	Consolidated total assets	**526,271**	660,800
(iv)	**Liabilities**		
	Total reportable segments' liabilities	**(64,212)**	(86,211)
	Unallocated corporate liabilities	**(9,194)**	(833)
	Consolidated total liabilities	**(73,406)**	(87,044)

6. SEGMENT REPORTING (Continued)

b) Reconciliations of reportable segment revenues, profit or loss, assets and liabilities and other items: (Continued)

(v) Other items

	2013			
	Properties investment RMB'000	**Investing in mining activities RMB'000**	**Unallocated RMB'000**	**Total RMB'000**
Interest income				
– loan receivable	**–**	**–**	**762**	**762**
– bank deposits	**2**	**1**	**34**	**37**
Depreciation	**(661)**	**(3,232)**	**(803)**	**(4,696)**
Finance cost	**(3,763)**	**–**	**(62)**	**(3,825)**

	2012			
	Properties investment RMB'000	Investing in mining activities RMB'000	Unallocated RMB'000	Total RMB'000
Interest income				
– loan receivable	–	–	554	554
– bank deposits	4	1	19	24
Depreciation	(581)	(3,204)	(417)	(4,202)
Finance cost	(4,143)	–	(113)	(4,256)

c) Revenue from major services

The following is an analysis of the group's revenue from its major services:

	2013 RMB'000	2012 RMB'000
Properties investment	**9,416**	7,243

6. SEGMENT REPORTING (Continued)

d) *Geographical information*

The following is an analysis of geographical location of (i) the group's revenue from external customers and (ii) the group's non-current assets. The geographical location of customers refers to the location at which the services were provided or the goods delivered. The group's non-current assets include plant and equipment, investment properties, intangible assets and deposit for acquisition of subsidiaries. The geographical location of plant and equipment and investment properties are based on the physical location of the asset. In the case of intangible assets, it is based on the location of operation to which these intangibles are allocated.

	Revenues from external customers		**Non-current assets**	
	2013	2012	**2013**	2012
	RMB'000	RMB'000	**RMB'000**	RMB'000
Hong Kong (place of domicile)	**–**	–	**122,386**	124,179
PRC	**9,416**	7,243	**366,948**	467,551
	9,416	7,243	**489,334**	591,730

e) *Information about major customers*

Revenues from customers contributed 10% or more of the total revenue of the group are as follows:

	2013	2012
	RMB'000	RMB'000
Customer A – revenue from properties investment – the PRC	**6,704**	5,262
Customer B – revenue from properties investment – the PRC	**–**	1,068
Customer C – revenue from properties investment – the PRC	**–**	913
Customer D – revenue from properties investment – the PRC	**2,712**	–
	9,416	7,243

7. TURNOVER

The principal activities of the group are property investment and investing in mining activities.

Turnover represents rental income from investment properties. The amount of each significant category of revenue recognised in turnover during the year is as follows:

	2013 RMB'000	2012 RMB'000
Rental income from investment properties	**9,416**	7,243

8. OTHER REVENUE AND OTHER NET INCOME

	2013 RMB'000	2012 RMB'000
a) Other revenue		
Interest income on loan receivables	**762**	554
Interest income on bank deposits	**37**	24
Total interest income on financial assets not at fair value through profit or loss	**799**	578
Agency income	**128**	–
Sundry income	**750**	605
	1,677	1,183
b) Other net income		
Reversal of impairment loss of prepayment #	**8,140**	–
Fair value gain/(loss) on trading securities	**29**	(26)
Gain on disposal of plant and equipment	**38**	91
Government subsidy *	**–**	50
	8,207	115
	9,884	1,298

* Subsidy income from government mainly relates to cash subsidies in respect of property industry which are unconditional grants.

\# The amount represents the deposits of amount approximately RMB15,000,000 paid for acquisition of investment properties during the year 2008 and was fully written off during the year 2009 as the amount is long outstanding and the recoverability of the amount is low. Part of the deposits was recovered in this year, therefore the impairment loss was reversed.

9. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging/(crediting) the following:

	2013 RMB'000	2012 RMB'000
a) Finance costs		
Interest expenses on bank borrowings not wholly repayable within five years	**3,766**	4,143
Total interest expenses on financial liabilities not at fair value through profit or loss	**3,766**	4,143
Interest on convertible bonds	**–**	113
Interest on unconvertible bonds	**59**	–
Total interest expense	**3,825**	4,256
b) Staff costs (including directors' remuneration)		
Salaries, wages and other benefits	**14,622**	11,829
Contribution to defined contribution retirement plans	**644**	607
	15,266	12,436
c) Other items		
Auditor's remuneration		
– audit services	**804**	795
– other services	**582**	622
Depreciation	**4,696**	4,202
Gross rental income from investment properties less direct outgoings of RMB5,575,000 (2012: RMB3,806,000)	**(3,841)**	(3,437)
Operating lease charges: minimum lease payments (including directors' quarters)	**3,829**	3,029
Gain on disposal of plant and equipment	**(38)**	(91)
Exploration and development expenses of mine	**1,251**	3,843
d) Other operating expenses		
Impairment loss of loan receivables	**–**	41,054
Fair value loss on convertible bonds	**–**	5,448
Impairment loss of intangible assets	**79,000**	240,748
	79,000	287,250

10. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

The aggregate amounts of the directors' emoluments, disclosed pursuant to Section 161 of the Hong Kong Companies Ordinance and the chief executive's remuneration are as follows:

	2013						
	Fees	Salaries and other benefits in kind	Discretionary bonuses	Retirement scheme contribution	Sub-total	Share-based payments	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors							
Au Tat On	–	428	195	12	635	–	635
Xu Dong *(Chief executive)*	–	4,034	974	12	5,020	–	5,020
	–	4,462	1,169	24	5,655	–	5,655
Independent non-executive directors							
Lai Wai Yin	97	–	–	–	97	–	97
Cao Jie Hin	97	–	–	–	97	–	97
Tse Kwong Wah	97	–	–	–	97	–	97
	291	–	–	–	291	–	291
Non-executive director							
Yu Wai Fong	–	1,838	487	12	2,337	–	2,337
	–	1,838	487	12	2,337	–	2,337
Total	291	6,300	1,656	36	8,283	–	8,283

10. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (Continued)

	2012						
	Fees RMB'000	Salaries and other benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement scheme contribution RMB'000	Sub-total RMB'000	Share-based payments RMB'000	Total RMB'000
Executive directors							
Au Tat On	–	336	164	10	510	–	510
Xu Dong *(Chief executive)*	–	2,908	821	10	3,739	–	3,739
	–	3,244	985	20	4,249	–	4,249
Independent non-executive directors							
Lai Wai Yin	99	–	–	–	99	–	99
Cao Jie Hin	99	–	–	–	99	–	99
Tse Kwong Wah	98	–	–	–	98	–	98
	296	–	–	–	296	–	296
Non-executive director							
Yu Wai Fong	–	1,627	411	10	2,048	–	2,048
	–	1,627	411	10	2,048	–	2,048
Total	296	4,871	1,396	30	6,593	–	6,593

Note:

Mr. Xu Dong is the director and the chief executive of the Company and is responsible for the Company's day to day management and overall activities. The remuneration of Mr. Xu Dong for 2012 and 2013 is disclosed above.

No emoluments have been paid to the directors as an inducement to join or upon joining the group or as compensation for loss of office during the years ended 31 March 2013 and 2012. No director waived or agreed to waive any emoluments during the years ended 31 March 2013 and 2012.

11. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments in the group, three (2012: three) are directors of the company whose emoluments are included in the disclosure in note 10 above. The emoluments of the remaining two (2012: two) individuals are as follows:

	2013	2012
	RMB'000	RMB'000
Salaries, allowances and benefits in kind	**2,143**	1,679
Retirement scheme contributions	**49**	49
	2,192	1,728

The emoluments of the two (2012: two) individuals with the highest emoluments are within the following bands:

	Number of individuals	
	2013	2012
HK$Nil – HK$1,000,000 (equivalent to RMBNil – RMB812,000)	**1**	1
HK$1,000,001 – HK$1,500,000 (equivalent to RMB812,001 – RMB1,218,000)	**–**	–
HK$1,500,001 – HK$2,000,000 (equivalent to RMB1,218,001 – RMB1,624,000)	**–**	1
HK$2,000,001 – HK$2,500,000 (equivalent to RMB1,624,001 – RMB2,030,000)	**1**	–
	2	2

12. INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

a) Income tax in the consolidated income statement represents:

	2013 RMB'000	2012 RMB'000
Current tax		
Hong Kong profits tax	–	–
Overseas tax calculated at rates prevailing in relevant jurisdiction	–	–
	–	–
Deferred tax (note 26(b))		
Reversal of temporary differences	(4,508)	(165)
Tax credit	(4,508)	(165)

No provision for Hong Kong profits tax has been provided for the year as the group had no estimated assessable profits for the year (2012: Nil).

The PRC enterprise income tax (the "EIT") for the year ended 31 March 2013 is 25% (2012: 25%). EIT has not been provided for as the group has incurred loss for the year.

No deferred tax liabilities have been recognised on the retained profits of subsidiaries as the company controls the dividend policy of these subsidiaries and it has been determined that it is probable that certain profits earned by the group's PRC subsidiaries will not be distributed in the foreseeable future. Particularly, the group's PRC subsidiaries incurred a loss for the year ended 31 March 2013.

b) Reconciliation between tax credit and accounting loss at applicable tax rate:

	2013 RMB'000	2012 RMB'000
Loss before taxation	(132,546)	(329,180)
Notional tax on loss before taxation, calculated at the tax rate applicable to loss in the jurisdictions concerned	(30,559)	(76,181)
Tax effect of non-taxable income	(2,117)	–
Tax effect of non-deductible expenses	25,710	69,037
Tax effect of deductible temporary differences not recognised	(4,729)	(114)
Tax effect of unused tax losses not recognised	7,187	7,093
Tax credit	(4,508)	(165)

13. LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY

The consolidated loss attributable to owners of the company includes a loss of approximately RMB112,467,000 (2012: RMB351,253,000) which has been dealt with in the financial statements of the company.

14. DIVIDENDS

The directors did not propose the payment of any dividend for the year ended 31 March 2013 (2012: Nil) in view of the loss for the year.

15. LOSS PER SHARE

a) BASIC LOSS PER SHARE

The calculation of basic loss per share is based on the loss attributable to owners of the company of RMB120,430,000 (2012: loss of RMB306,607,000) and the weighted average number of 420,626,000 ordinary shares (2012: 261,928,000 ordinary shares) in issue during the year.

Weighted average number of ordinary shares:

	2013	2012
	'000	'000
		(Restated)
Issued ordinary shares at the beginning of the year *	**344,350**	985,928
Effect of rights issue II (note 29(viii))	**76,276**	–
Effect of rights issue I (note 29(iii))	**–**	5,293,951
Effect of issue of new shares by placements (note 29(iv) to (v))	**–**	734,273
Effect of thirty-for-one share consolidation (note 29(i))	**–**	(6,752,224)
Weighted average number of ordinary shares at the end of the year	**420,626**	261,928

* The number of ordinary shares for the year ended 31 March 2013 has been adjusted to take into account the retrospective adjustment to the number of shares outstanding before the rights issue which was completed on 24 September 2012 to reflect the bonus element inherent in the rights issue.

The number of ordinary shares for the year ended 31 March 2012 has been adjusted to take into account the retrospective adjustment to the number of shares outstanding before the rights issue which was completed on 21 April 2011 and 24 September 2012 respectively to reflect the bonus element inherent in the rights issue.

b) DILUTED LOSS PER SHARE

Diluted loss per share equals to basic loss per share because the outstanding share options had an anti-dilutive effect on the basic loss per share for the year ended 31 March 2012 and 2013.

16. PLANT AND EQUIPMENT

The group

	Leasehold improvements RMB'000	Furniture and equipment RMB'000	Motor vehicles RMB'000	Total RMB'000
Cost				
At 1 April 2011	32	971	18,238	19,241
Additions	–	64	3,944	4,008
Disposal	–	–	(354)	(354)
Exchange realignment	(1)	–	(75)	(76)
At 31 March 2012	31	1,035	21,753	22,819
At 1 April 2012	**31**	**1,035**	**21,753**	**22,819**
Additions	**–**	**62**	**218**	**280**
Disposal	**–**	**–**	**(349)**	**(349)**
Exchange realignment	**(1)**	**–**	**(35)**	**(36)**
At 31 March 2013	**30**	**1,097**	**21,587**	**22,714**
Accumulated depreciation				
At 1 April 2011	(5)	(701)	(3,676)	(4,382)
Charge for the year	(1)	(91)	(4,110)	(4,202)
Disposal	–	–	325	325
Exchange realignment	–	–	35	35
At 31 March 2012	(6)	(792)	(7,426)	(8,224)
At 1 April 2012	**(6)**	**(792)**	**(7,426)**	**(8,224)**
Charge for the year	**(1)**	**(71)**	**(4,624)**	**(4,696)**
Disposal	**–**	**–**	**289**	**289**
Exchange realignment	**–**	**–**	**14**	**14**
At 31 March 2013	**(7)**	**(863)**	**(11,747)**	**(12,617)**
Carrying amount				
At 31 March 2013	**23**	**234**	**9,840**	**10,097**
At 31 March 2012	25	243	14,327	14,595

16. PLANT AND EQUIPMENT (Continued)

The company

	Furniture and equipment RMB'000
Cost	
At 1 April 2011, 31 March 2012 and 31 March 2013	118
Accumulated depreciation	
At 1 April 2011,31 March 2012 and 31 March 2013	(118)
Carrying amount	
At 31 March 2013	–
At 31 March 2012	–

17. INVESTMENT PROPERTIES

The group

	RMB'000
Valuation:	
At 1 April 2011	198,314
Loss on revaluation	(658)
At 31 March 2012	197,656
At 1 April 2012	197,656
Loss on revaluation	(18,034)
At 31 March 2013	179,622

17. INVESTMENT PROPERTIES (Continued)

All of the group's investment properties are situated in the PRC and are held under medium-term leases.

All of the group's investment properties were revalued on 31 March 2013 and 31 March 2012 on an open mark basis by Castores Magi (Hong Kong) Limited, an independent professional valuer, who has a recognised and relevant professional qualification and recent experience in the location and category of properties being revalued. The investment properties are leased to third parties under operating leases, further details of which are included in note 32(i) to the financial statements.

All of the group's investment properties were pledged to secure general banking facilities granted to the group (note 25).

18. INTEREST IN SUBSIDIARIES

	The company	
	2013	2012
	RMB'000	RMB'000
Unlisted shares, at cost	**623,466**	623,466
Less: Impairment losses		
At 1 April	**319,753**	32,009
Impairment loss recognised	**98,025**	287,744
At 31 March	**417,778**	319,753
Unlisted shares, net	**205,688**	303,713
Due from subsidiaries	**210,273**	174,286
Less: Impairment losses		
At 1 April	**104,270**	108,009
Impairment loss recognised	**–**	–
Exchange realignment	**(747)**	(3,739)
At 31 March	**103,523**	104,270
Due from subsidiaries, net	**106,750**	70,016
	312,438	373,729

The amounts due from subsidiaries are unsecured, interest-free and are not expected to be recovered within one year. In the opinion of the company's directors, these advances are considered as quasi-equity loans to the subsidiaries. The carrying amounts of these amounts due from subsidiaries approximate to their fair value.

Due to the decrease in the fair value of the mine for the years ended 31 March 2012 and 31 March 2013. The directors of the company are of the opinion that an impairment of RMB98,025,000 (2012: RMB287,744,000) was made.

18. INTEREST IN SUBSIDIARIES (Continued)

The following are the particulars of subsidiaries which principally affected the results, assets and liabilities of the group. The class of shares held are ordinary unless otherwise stated.

All these companies are subsidiaries as defined under note 2(c) and have been included in the consolidated financial statements.

Name	Place of establishment, incorporation and operation	Particulars of issued and paid up share capital/ registered capital	Proportion of ownership interest: Group's effective interest	Held by the company	Held by a subsidiary	Principal activities
Luck Grow Group Limited	The British Virgins Island	US$1	100%	100%	–	Investment holding
Lok Wing Group Limited ("Lok Wing")	Hong Kong	HK$50,000,000	100%	–	100%	Investment holding
上海祥宸行置業有限公司 Shanghai Xiang Chen Hang Place The Industry Co Ltd ("Shanghai Xiang Chen Hang") * (Note (i))	PRC	US$12,571,540	100%	–	100%	Property investment
Main Pacific Group Limited ("Main Pacific")	The British Virgins Island	US$1	100%	100%	–	Investment holding
Citigain Holdings Limited	Hong Kong	HK$1	100%	–	100%	Investment holding
鼎裕投資諮詢(深圳)有限公司 Dingyu Investment Consulting (Shenzhen) Company Limited * (Note (i))	PRC	HK$1,000,000	100%	–	100%	Investment holding
上海卓衡實業有限公司 Shanghai Zhuoheng Shiye Company Limited * (Note (ii))	PRC	RMB500,000	100%	–	100%	Investment holding
克什克騰旗大地礦業有限責任公司 Keshi Ketengqi Great Land Mine Industries Company Limited ("Keshi Ketengqi") (Note (ii)	PRC	RMB10,000,000	91%	–	100%	Mining
上海吉譯實業有限公司 Shanghai Jiyi Shiye Company Limited * (Note (ii))	PRC	RMB20,000,000	85%	–	85%	Investment holding

18. INTEREST IN SUBSIDIARIES (Continued)

Name	Place of establishment, incorporation and operation	Particulars of issued and paid up share capital/	Proportion of ownership interest: Group's effective interest	Held by the company	Held by a subsidiary	Principal activities
Allied China Development Limited ("Allied China')	The British Virgins Island	US$1	100%	100%	–	Investment holding
Main Pacific Holdings Limited ("Main Pacific Holdings")	Hong Kong	HK$1	100%	–	100%	Investment holding
Universe Prosper Limited ("Universe")	The British Virgins Island	US$1	100%	100%	–	Investment holding
Sinowood Holdings Limited ("Sinowood")	Hong Kong	HK$1	100%	–	100%	Investment holding
東匯原科技(深圳)有限公司 Dong Hui Yuan Technology (Shenzhen) Company Limited * (Note (i))	PRC	RMB500,000	100%	–	100%	Investment holding
上海躍寶商貿有限責任公司 Shanghai Yue Bao Trade Company Limited * (Note (ii))	PRC	RMB500,000	100%	–	100%	Investment holding
北京海創天元貿易有限公司 Beijing Hai Chong Tianyuan Trading Company Limited * (Note (ii))	PRC	RMB500,000	100%	–	100%	Investment holding
View Success Holdings Ltd	Hong Kong	HK$10,000	100%	–	100%	Investment holding
北京博思嘉睿商務顧問有限公司(Note (i))	PRC	HK$4,000,000	100%	–	100%	Agency service
Triglory Group Ltd.	The British Virgins Island	US$50,000	100%	100%	–	Investment holding
Triple Glory Holdings Ltd	Hong Kong	HK$10,000	100%	–	100%	Money lending business

Notes:

i) Registered under the laws of the PRC as a wholly-foreign-owned enterprise.

ii) These Companies are registered under the laws of the PRC as limited liability Companies.

* For identification only.

19. INTANGIBLE ASSETS

	The group RMB'000
Cost	
At 1 April 2011	499,398
Additions	350
At 31 March 2012	499,748
At 1 April 2012	499,748
Additions	–
At 31 March 2013	499,748
Accumulated amortisation and impairment losses	
At 1 April 2011	–
Impairment losses recognised in the year	240,748
At 31 March 2012	240,748
At 1 April 2012	240,748
Impairment losses recognised in the year	79,000
At 31 March 2013	319,748
Carrying amount	
At 31 March 2013	180,000
At 31 March 2012	259,000

a) In year 2010, the group acquired the subsidiaries which hold the mining right for the copper and molybdenum in Inner Mongolia in the PRC with a carrying amount of RMB499,398,000.

b) The mining right is stated at cost less accumulated amortisation and any impairment losses.

No amortisation was made during the year as the mine is in a development stage and no mining activities are conducted in the mine.

19. INTANGIBLE ASSETS (Continued)

c) As at 31 March 2013, the group determined the recoverable amounts of cash generate unit for the mining rights based on value in use calculation. That calculation used cash flows projections based on financial budgets as approved by management at pre-tax discount rate of 18.69% (2012: 16.94%) with reference to the valuation performed by Roma Appraisals Limited, who is an independent firm of professionally qualified valuers and has a recognised and relevant professional qualification and experiences in the category of mining, as at 31 March 2013. As a result, the recoverable amount of the cash generate unit for the mining rights were below their carrying amount, impairment losses of approximately RMB79,000,000 (2012: RMB240,748,000) have been recognised to profit and loss and included in other operating expenses in the consolidated income statements. The decrease in the recoverable amounts of cash generate units for the mining rights for the year ended 31 March 2013 was mainly due to the decrease in the recent market price and the growth rate of 11% (2012: 15%) of copper and molybdenum and the income expected to be generated from the mine decreased.

The decreased in the fair value of the mining rights for the year ended 31 March 2012 was mainly due to the decrease in the market price and the growth rate of copper and molybdenum and the income expected to be generated from the mine decreased.

d) The group's mining right at 31 March 2013 is as follows:

Mining right	**Location**	**Expiry date**
永勝礦區	內蒙古自治區赤峰市克什克騰旗三義鄉永勝村經柵鎮	17 November 2014

e) During the year ended 31 March 2012, the group renewed the mining right licence up to 17 November 2014.

In accordance with the relevant laws and regulations of the PRC, the group has the right to apply for further extension upon expiration of the mining license.

20. DEPOSIT FOR ACQUISITION OF SUBSIDIARIES

On 21 June 2010, the company entered into the Memorandum of Understanding ("MOU of Pure Power") with certain independent third parties (the "Vendors") in relation to the possible acquisition of the 100% equity interest in Pure Power Holdings Limited ("Pure Power") which owns a 100% equity interest in Bright Sky Energy & Minerals, INC ("Bright Sky"), a company incorporated in Nevada, USA. Bright Sky is the holder of three leases with exploration and exploitation rights for oil and gas assets in Nevada, USA. The equity interest of the possible acquisition of Pure Power was amended to 71.76% under the letter of confirmation signed on 20 September 2011.

20. DEPOSIT FOR ACQUISITION OF SUBSIDIARIES (Continued)

According to the Supplemental Memorandum of Understanding (the "SMOU") signed on 20 September 2010, the total deposit of the transaction is US$150 million (approximately equivalent to RMB944 million). According to the letter of confirmation signed on 24 December 2012, the group has to settle the balance of the deposit of US$131 million (equivalent to approximately RMB824 million) before 20 March 2013.

In accordance with the terms of the MOU of Pure Power, the MOU of Pure Power shall have a term of three months. The company has requested and the Vendors have agreed to extend the term of the MOU of Pure Power for another one month to until 20 October 2010 by entering into the SMOU. Pursuant to the SMOU, the company shall have the rights to extend the period. The exclusivity period has also been extended for one month to 20 October 2010. On 20 October 2010, the company entered into a letter of confirmation with the sellers whereby, inter alia, the term of the MOU as amended by the SMOU was further extended to 20 December 2010. The letter of confirmation was extended several times to 20 March 2013.

According to the 2nd Supplemental Memorandum of Understanding (the "2nd SMOU") signed on 20 June 2013, the group and the Vendors agree that the balance of the deposit of US$131 million shall not be paid until the formal agreement for the sale and purchase is entered between the group and the Vendors and it shall be paid in accordance with the terms of the formal agreement for the sale and purchase. In addition the exclusivity period has been extended for a further six months to 20 September 2013 (the "New Exclusivity Period"). The Group shall have the right to extend the New Exclusivity Period for a further three months (or any period as agreed by the Group and the Vendors) by notifying the Vendors in writing no later than two days prior to the expiration of the New Exclusivity Period. The company obtained the indemnity letter from the major shareholder of Pure Power, who guarantees to the company to repay the deposit to the company if the transaction defaults.

As at the date of the report, the group has not yet arranged sufficient financing for the payment of the remaining balance of the consideration. The directors of the company considered that as they are still in negotiation with the vendors for the terms and conditions of the possible acquisition, will obtain the required funding to settle the remaining balance of the consideration in due course.

On 31 May 2013, the company announced that it has sought confirmation from The Stock Exchange of Hong Kong Limited ("HKEX") regarding whether the possible acquisition would be classified for the purposes of the Listing Rules as a very substantial acquisition only but not a back door listing or a reverse takeover. The HKEX replied that they considered the possible acquisition is an extreme case and therefore, they would classify it as a reverse takeover under the relevant Listing Rule (the "Ruling").

Nevertheless, the company maintained the view that the possible acquisition should be properly classified as a very substantial acquisition only and is in the process of providing more information for the HKEX re-consideration. Despite of the Ruling, the Company has no intention at this moment to terminate the possible acquisition.

21. TRADE AND OTHER RECEIVABLES

	The group		The company	
	2013	2012	**2013**	2012
	RMB'000	RMB'000	**RMB'000**	RMB'000
Trade receivables	**6,731**	4,824	**–**	–
Less: allowance for doubtful debts	**(2,838)**	(2,838)	**–**	–
Trade receivables (net)	**3,893**	1,986	**–**	–
Loan and interest receivables (note 2)	**47,128**	41,054	**40,356**	41,054
Less: impairment loss (note 2)	**(40,356)**	(41,054)	**(40,356)**	(41,054)
Loan and interest receivables (net)	**6,772**	–	**–**	–
Other receivables	**905**	797	**–**	–
Loans and receivables	**11,570**	2,783	**–**	–
Prepayments and deposits	**3,910**	1,348	**88**	86
	15,480	4,131	**88**	86

Note:

1) All of the trade and other receivables are expected to be recovered within one year.

2) On 27 July 2011, the company entered into a participation deed with Simsen Capital Finance Limited ("Simsen") and the sub-participation agreement with Power Alliance International Limited respectively in relation to the participation of the advancement of the first participation amount of HK$42,000,000 and second participation amount of HK$8,000,000 (together the "Participation Loans"). The interest rate for Participation Loans was 18% per annum. The Participation Loans are in association with a loan agreement (the "Loan Agreement") between Simsen and Make Success Limited ("Borrower"). The Borrower has assigned a promissory note of HK$300,000,000 (the "PN") and a convertible note of HK$90,000,000 (the "CN") as security to Simsen under the Loan Agreement. The PN and CN were issued by Mayer Holdings Limited ("Mayer") to the Borrower.

The repayment date of the loan is the date falling three months from the date of drawdown which may be extended for further three months if so agreed by the parties thereto. The Loan had been draw down by the borrower on 7 June 2011, and the repayment date of the Loan was 6 September 2011. On 7 September 2011, both parties agreed to extend the Loan for further three months to 5 December 2011. The Borrower had defaulted the first and second payments during the year ended 31 March 2012.

Following a litigation between Mayer and the Borrower, Simsen disposed of the PN on 10 February 2012 for an amount of HK$10,000,000 with the consent of the company. The company anticipates that after the payment of all costs and expenses incurred in connection with the disposal, the portion that will be repaid to the company by Simsen is approximately HK$5.7 million which will be applied to settle part of the accrued interest. Due to the uncertain outcome of the litigation, Simsen had not yet confirmed and repaid the disposal amount to the company. Therefore, the company had not yet recognised the amount as income for the year ended 31 March 2013 and 31 March 2012.

As at 31 March 2012, the company engaged an independent valuer to perform a valuation on the loan receivables. The valuation was performed by Castores Magi Asia Limited, an independent professional valuer, who has a recognised and relevant professional qualification and recent experience in this area. Taking into consideration the legal advice on the recoverability and the assessment of the market value of the loan receivables, the directors of the company considered that the loan receivables of RMB41,054,000 (equivalent to HK$50,000,000) was fully impaired.

21. TRADE AND OTHER RECEIVABLES (Continued)

a) AGEING ANALYSIS

Trade receivables are net of allowance for doubtful debts of RMB2,838,000 (2012: RMB2,838,000) with the following ageing analysis presented based on invoice date as of the end of the reporting period:

	The group	
	2013	2012
	RMB'000	RMB'000
Current	**–**	–
1-90 days	**3,893**	1,986
	3,893	1,986

Trade receivables are due after the date of billing. Further details on the group's credit policy are set out in note 4(i).

b) IMPAIRMENT OF TRADE RECEIVABLES, LOAN AND INTEREST RECEIVABLES

i. The movements in the allowance for doubtful debts

Impairment losses in respect 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.

	The group	
	2013	2012
	RMB'000	RMB'000
At 1 April	**2,838**	2,838
Impairment loss recognised (note)	**–**	–
At 31 March	**2,838**	2,838

Note:

1) As at 31 March 2013, trade receivables of the group amounting to approximately RMB2,838,000 (2012: RMB2,838,000) were individually determined to be impaired. These individually impaired receivables were outstanding for over 180 days as at the end of the reporting period and the management considered the recoverability of the amount is low. The group does not hold any collateral over these balances.

21. TRADE AND OTHER RECEIVABLES (Continued)

b) IMPAIRMENT OF TRADE RECEIVABLES, LOAN AND INTEREST RECEIVABLES (CONTINUED)

ii. The movements of impairment loss of loan and interest receivables

	The group and the Company	
	2013	2012
	RMB'000	RMB'000
At 1 April	**41,054**	–
Impairment loss recognised	**–**	41,054
Exchange realignment	**(698)**	–
At 31 March	**40,356**	41,054

c) TRADE RECEIVABLES THAT ARE NOT IMPAIRED

The ageing analysis of trade receivables that are neither individually nor collectively considered to be impaired are as follows:

	The group	
	2013	2012
	RMB'000	RMB'000
Neither past due nor impaired	**–**	–
Past due but not impaired		
– Less than 3 months past due	**3,893**	1,986

Receivables that were past due but not impaired relate to a tenant that have a good track record with the group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The group hold rental deposits of RMB1,765,000 (2012: RMB1,765,000) as collateral over these balances.

22. TRADING SECURITIES

	The group and the company	
	2013	2012
	RMB'000	RMB'000
Listed equity securities, at market value in Hong Kong	**149**	120

The market value of listed equity securities is based on their closing bid prices at the end of the reporting period.

23. CASH AND CASH EQUIVALENTS

	The group		The company	
	2013	2012	**2013**	2012
	RMB'000	RMB'000	**RMB'000**	RMB'000
Cash at bank and on hand	**21,308**	64,819	19,623	55,788
Cash and cash equivalents in the consolidated statement of financial position and consolidated statement of cash flows	**21,308**	64,819		

Deposit with banks carry interest at market rates which ranging from 0.01% to 0.36% (2012: 0.01% to 0.36%) per annum.

24. OTHER PAYABLES AND ACCRUALS

	The group		The company	
	2013	2012	**2013**	2012
	RMB'000	RMB'000	**RMB'000**	RMB'000
Other payables and accruals	**5,187**	16,187	**950**	816
Amounts due to directors (note 33) (note b)	**49**	49	**–**	–
Amounts due to related parties (note 33) (note b)	**3,871**	6,072	**–**	–
Financial liabilities measured at amortised cost	**9,107**	22,308	**950**	816
Rental deposits received	**1,765**	1,765	**–**	–
	10,872	24,073	**950**	816

Notes:

a) All of the other payables (including amounts due to a related parties and amounts due to directors) are expected to be settled or recognised as income within one year or are repayable on demand.

b) The amounts due to directors and amounts due to related parties are unsecured, interest-free and repayable on demand.

25. INTEREST-BEARING BANK BORROWINGS

At 31 March 2013, the secured bank borrowings were repayable as follows:

	The group	
	2013	2012
	RMB'000	RMB'000
Current liabilities		
Within 1 year or on demand	**4,500**	4,000
Non-current liabilities		
After 1 year but within 2 years	**5,000**	4,500
After 2 years but within 5 years	**38,500**	16,500
After 5 years	**–**	27,000
	43,500	48,000
Total	**48,000**	52,000

All of the interest-bearing borrowings were carried at amortised cost. None of the non-current interest bearing borrowings is expected to be settled within one year.

None of the portion of interest-bearing borrowings due for repayment after one year contains a repayment on demand clause.

The range of effective interest-rates (which are also equal to contracted interest rates) on the group's bank borrowings are as follows:

	2013	2012
Effective interest rates:		
Variable-rate borrowings	**7.21%**	7.76%

At 31 March 2013, the bank borrowings were secured by the investment properties of the group with a total carrying amount of approximately RMB139,881,000 (2012: approximately RMB155,197,000) (see note 17).

26. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

a) Current taxation in the consolidated statement of financial position represents:

	2013	2012
	RMB'000	RMB'000
Provision for Hong Kong profits tax	–	–
Provision for PRC enterprise income tax	–	–
	–	–

b) **DEFERRED TAX LIABILITIES RECOGNISED**

The group

The components of deferred tax liabilities recognised in the consolidated statement of financial position and the movements during the year are as follows:

	Revaluation of investment properties
	RMB'000
Deferred tax liabilities arising from:	
At 1 April 2011	11,136
Deferred tax credited to the profit or loss	(165)
At 31 March 2012	10,971
At 1 April 2012	10,971
Deferred tax credited to the profit or loss	(4,508)
At 31 March 2013	6,463

26. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

c) DEFERRED TAX ASSETS NOT RECOGNISED

At the end of the reporting period, the group has unused tax losses arising in Hong Kong of HK$29,869,273 (2012: HK$29,869,273) that are available for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of the tax losses due to the unpredictability of future profits streams.

In addition, the group has unused tax losses of RMB72,797,623 (2012: RMB44,273,035) available for offset against future profits that may be carried forward for a period of up to five years for PRC Enterprise Income tax purposes. No deferred tax asset has been recognised in respect of the tax losses due to the unpredictability of future profit streams.

No deferred tax liabilities have been recognised on the retained profits of subsidiaries as the company controls the dividend policy of these subsidiaries and it has been determined that it is probable that certain profits earned by the group's PRC subsidiaries will not be distributed in the foreseeable future.

27. CONVERTIBLE BONDS

3% COUPON BONDS

On 13 October 2010, the company issued convertible bonds with a total principal amount of HK$210,000,000 (equivalent to approximately RMB179,907,000) which bore interest at 3% per annum payable annually in arrears. The fair value of the 3% coupon bonds was approximately RMB167,612,000 at the completion date. The bondholder has the option to convert the bonds into fully paid shares at HK$0.085 per share at any time within three years from the date of issue.

The conversion price of the convertible bonds was adjusted from HK$0.085 per share to HK$4.25 per share as the capital reorganisation became effective on 11 October 2010. The company redeemed the outstanding convertible bonds amounting to HK$180,000,000 (equivalent to approximately RMB147,680,000) during the year 2012 with the consent of bond holders during the year. There is no conversion of 3% coupon bonds during the year 2012. There is no outstanding 3% coupon bonds as at 31 March 2012 and 2013.

27. CONVERTIBLE BONDS (Continued)

3% COUPON BONDS (Continued)

The carrying amount of convertible bonds was as follows:

	3% coupon bonds
	RMB'000
At 1 April 2011	147,680
Fair value change	5,448
Redemption at par value	(149,572)
Interest	(1,587)
Exchange difference	(1,969)
At 31 March 2012	–
Capitalisation rate	5.55% – 6.13%

Convertible bonds of the company consisted of the liability component and embedded conversion option. The group elected to designate its convertible bonds with embedded derivatives as financial liabilities at fair value through profit or loss on initial recognition.

The fair value of the convertible bonds was determined based on discounted cash flow calculations. The fair value of convertible bonds is affected by market interest rate, the credit spread of the group and the time to maturity.

28. UNCONVERTIBLE BONDS

On 18 January 2013, the company entered into a bond placing agreement (the "UB Placing Agreement") with Delta wealth Securities Limited (the "Placing Agent") pursuant to which the Placing Agent agreed conditionally to procure, on a best-effort basis, placees to subscribe in cash for unconvertible bonds of up to an aggregate principal amount of HK$50,000,000 (equivalent to approximately RMB40,355,000).

On 7 February 2013, the Placing Agent procured a placee to subscribe for one tranche of unconvertible bonds in the aggregate principal amount of HK$10,000,000 (equivalent to approximately RMB8,071,000). The Company issued the aforesaid unconvertible bonds to the placee on 7 February 2013.

The unconvertible bonds bear interest at 5% per annum on the outstanding aggregate principal amount. The interest payable in arrears annually of the first issue date of unconvertible bonds. The Company may redeem principal amounts of outstanding bonds in whole or in part at any time before the maturity date. The maturity date of the unconvertible bond is 7 years from its issue date.

On 9 May 2013, the company and the Placing Agent entered into a termination agreement to terminate the UB Placing Agreement. Pursuant to the termination agreement, the parties thereto shall have no future obligation and liabilities towards each other under the UB Placing Agreement.

29. SHARE CAPITAL

	At 31 March 2013		At 31 March 2012	
	No. of shares	**Amount**	No. of shares	Amount
	'000	**RMB'000**	'000	RMB'000
Authorised				
Ordinary shares of HK$0.03/HK$0.01 each				
At beginning of the year	**333,333**	**8,593**	10,000,000	8,593
Share consolidation (note i)	**–**	**–**	(9,666,667)	–
Increase in authorised share capital (note vii)	**2,666,667**	**65,608**	–	–
Ordinary shares of HK$0.03 each at end of the year	**3,000,000**	**74,201**	333,333	8,593
Issued and fully paid				
At the beginning of year	**294,610**	**7,333**	165,815	2,833
Reduction of par value in the shares (note ii)	**–**	**–**	–	(2,691)
Right issue I (note iii)	**–**	**–**	4,974,493	4,176
Placing and subscription of new shares (note iv)	**–**	**–**	1,028,000	844
Share consolidation (note i)	**–**	**–**	(5,962,698)	–
Placing and subscription of new shares (note v)	**–**	**–**	40,000	978
Placing and subscription of new shares (note vi)	**–**	**–**	49,000	1,193
Rights issue II (note viii)	**147,305**	**3,608**	–	–
At the end of year	**441,915**	**10,941**	294,610	7,333

i) SHARE CONSOLIDATION

On 12 September 2011, the shareholders approved the resolution for the company's share consolidation on the basis that every 30 issued and unissued shares of HK$0.001 each be consolidated into 1 consolidated share of HK$0.03 each. The share consolidation became effective on 14 September 2011.

ii) REDUCTION OF CAPITAL

On 8 October 2010, the shareholders approved a reduction in the par value of the company's shares in a special general meeting from HK$0.05 to HK$0.00002 by canceling the amount of HK$0.04998 on each issued and paid-up share. The reduction of capital became effective on 11 October 2010. Due to the realignment of the exchange rate, the amount of capital was adjusted during the year ended 31 March 2012.

29. SHARE CAPITAL (Continued)

iii) RIGHTS ISSUE I

On 6 April 2011, the company proposed to issue 4,974,493,440 rights shares at the subscription price of HK$0.068 per rights share on the basis of thirty rights shares for every one existing issued share. 4,974,493,440 shares were issued when the rights issue was completed on 4 May 2011 and approximately HK$338,265,000 (equivalent to approximately RMB284,017,000) was raised, before deduction of relevant expenses.

iv) PLACING OF NEW SHARES

On 15 August 2011, the company and United Simsen Securities Limited, (the "Placing Agent") entered into a placing agreement pursuant to which the Placing Agent agreed to place up to 1,028,000,000 new shares at the price of HK$0.027 per placing share to not less than 6 independent placees.

On 23 August 2011, the company entered into a supplemental agreement with the Placing Agent in respect of the placing, pursuant to which the placing price of HK$0.027 per placing share was amended and replaced by the new placing price of HK$0.022 per placing share. Save as and except for the change of the placing price, all the terms and conditions of the placing agreement remained unchanged. The placing of shares were completed on 31 August 2011.

The total proceeds of the above share placement, before deduction of the relevant expenses was approximately HK$22,616,000 (equivalent to approximately RMB18,557,000).

v) PLACING OF NEW SHARES

On 28 September 2011, the company entered into a placing agreement with Pico Zeman Securities (HK) Limited to place up to 40,000,000 new shares at the price of HK$0.181 per placing share to not less than 6 independent placees. The placing of shares was completed on 10 October 2011.

The total proceeds of the above share placement, before deduction of the relevant expenses was approximately HK$7,240,000 (equivalent to approximately RMB5,899,000).

29. SHARE CAPITAL (Continued)

vi) PLACING OF NEW SHARES

On 6 January 2012, the company entered into a placing agreement with Cheong Lee Securities Limited to place up to 49,000,000 new shares at the price of HK$0.195 per placing share to not less than 6 independent placees. The placing of shares were completed on 16 February 2012.

The total proceeds of the above share placement, before deduction of the relevant expenses was approximately HK$9,555,000 (equivalent to approximately RMB7,754,000).

vii) INCREASE IN AUTHORISED SHARE CAPITAL

By an special general meeting on 21 August 2012, the company's authorised share capital was increased to HK$90,000,000 (equivalents to approximately RMB74,201,000) by the creation of an additional 2,666,667,000 ordinary shares of HK$0.03 each.

viii) RIGHTS ISSUE II

On 25 July 2012, the company proposed to issue 147,305,164 rights shares at the subscription price of HK$0.068 per rights share on the basis of one rights share for every two existing issued shares. 147,305,164 shares were issued when the rights issue was completed on 24 September 2012 and approximately HK$10,017,000 (equivalent to approximately RMB8,214,000) was raised before deductible of relevant expenses.

30. SHARE OPTION SCHEME

The company has adopted a share option scheme ("old scheme") on 4 October 2002 whereby the directors of the company are authorised, at their discretion, to invite the company's directors (including independent non-executive directors), other employees of the group, suppliers of goods or services to the group, customers of the group, persons or entities that provided research, development or other technological support to the group and any non-controlling interest in the company's subsidiaries, to take up options at a nominal consideration to subscribe for shares of the company. The exercise price of options should be the highest of the nominal value of the shares, the closing price of the shares on the SEHK on the date of grant and the average closing price of the shares on the SEHK for the five business days immediately preceding the date of grant. The options vest immediately from the date of the grant. The options are exercisable after the vesting date but within the period from 28 November 2007 to 3 October 2012. The options give the holder the right to subscribe for ordinary shares in the company.

30. SHARE OPTION SCHEME (Continued)

a) The terms and conditions of the grants that existed during the years are as follows:

Date of grant	Exercisable period	Exercise price	Number of shares issuable under options
i) Options granted to directors			
30 October 2002	30 October 2002 to 29 October 2012	RMB0.01	214,850,000
28 November 2007	28 November 2007 to 3 October 2012	RMB0.60	91,160,000
			306,010,000
ii) Options grant to employees			
30 October 2002	30 October 2002 to 29 October 2012	RMB0.01	103,500,000
28 November 2007	28 November 2007 to 3 October 2012	RMB0.60	141,080,000
			244,580,000
			550,590,000

30. SHARE OPTION SCHEME (Continued)

a) The terms and conditions of the grants that existed during the years are as follows: (Continued)

For the year ended 31 March 2013

Name or category of participant	Number of shares issuable under options: Outstanding at 1 April 2012	Granted during the year	Exercise during the year	Forfeited during the year	Adjustments during the year#	Expired during the year	Outstanding at 31 March 2013	Date of grant of share options*	Exercisable period of share options	Exercise price of share options** RMB
Directors										
Ms. Yu Wai Fong	12,074	–	–	–	2,601	(14,675)	–	28-11-2007	28-11-2007 to 03-10-2012	720.99
Mr. Au Tat On	12,074	–	–	–	2,601	(14,675)	–	28-11-2007	28-11-2007 to 03-10-2012	720.99
	24,148	–	–	–	5,202	(29,350)	–			
Employees										
Other employees	24,148	–	–	–	5,201	(29,349)	–	28-11-2007	28-11-2007 to 03-10-2012	720.99
	24,148	–	–	–	5,201	(29,349)	–			
Total shares issued under options	48,296	–	–	–	10,403	(58,699)	–			

* The share options vested immediately from the date of the grant.

** The exercise price of the share options is subject to adjustment in the case of rights issues, or other relevant changes in the company's share capital.

As a result of the rights issue became effective on 24 September 2012, the exercise price and the total number of shares to be issued upon exercise of the outstanding options were adjusted to HK$720.99 and 58,699 shares respectively.

30. SHARE OPTION SCHEME (Continued)

a) The terms and conditions of the grants that existed during the years are as follows: (Continued)

For the year ended 31 March 2012

Name or category of participant	Number of shares issuable under options: Outstanding at 1 April 2011	Granted during the year	Exercise during the year	Forfeited during the year	Adjustments during the year#	Expired during the year	Outstanding at 31 March 2012	Date of grant of share options*	Exercisable period of share options	Exercise price of share options** RMB
Directors										
Ms. Yu Wai Fong	70,540	–	–	–	(58,466)	–	12,074	28-11-2007	28-11-2007 to 03-10-2012	876.30
Mr. Au Tat On	70,540	–	–	–	(58,466)	–	12,074	28-11-2007	28-11-2007 to 03-10-2012	876.30
	141,080	–	–	–	(116,932)	–	24,148			
Employees										
Other employees	141,080	–	–	–	(116,932)	–	24,148	28-11-2007	28-11-2007 to 03-10-2012	876.30
	141,080	–	–	–	(116,932)	–	24,148			
Total shares issued under options	282,160	–	–	–	(233,864)	–	48,296			

* The share options vested immediately from the date of the grant.

** The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other relevant changes in the company's share capital.

\# As a result of the rights issue and share consolidation that became effective on 21 April 2011 and 14 September 2011 respectively, the exercise price and the total number of shares to be issued upon exercise of the outstanding options were adjusted to HK$876.30 and 48,296 shares respectively.

30. SHARE OPTION SCHEME (Continued)

b) The number and weighted average exercise price of share options are as follows:

	2013		2012	
	Weighted average exercise price HK$	**Number of shares issuable under options**	Weighted average exercise price HK$	Number of shares issuable under options
Outstanding at 1 April	**876.30**	**48,296**	150	282,160
Effect of rights issue (note (i))	**720.99**	**10,403**	29.21	1,166,732
Expired during the year		**(58,699)**		–
Effect of share consolidation (note (ii))		**–**	876.30	(1,400,596)
Outstanding at 31 March		**–**	876.30	48,296
Issuable at the end of the year		**–**	876.30	48,296
Exercisable at the end of the year		**–**	876.30	48,296

i) The exercise price and the number of shares to be issued under the share option scheme have been adjusted to HK$720.99 and 58.699 new shares after issuing 147,305,164 rights share at the subscription price of HK$0.068 per rights share on the basis of one rights share for two existing issued shares with effect from 22 August 2012.

The exercise price and the number of shares to be issued under the share option scheme have been adjusted to HK$29.21 and 1,448,892 new shares after issuing 4,974,493,440 rights share at the subscription price of HK$0.068 per rights share on the basis of thirty right shares for every one existing issued share with effect from 21 April 2011.

ii) The exercise price and the number of shares to be issued under the share option scheme have been adjusted to HK$876.30 and 48,296 new shares after the consolidation of shares on the basis of every thirty issued and unissued shares of HK$0.001 each consolidated into one consolidated share of HK$0.03 each, with effect from 5 September 2011.

iii) The weighted average share price at the date of exercise of share options during the year was HK$Nil (2012: HK$Nil) since no share options was exercised during the year.

iv) There is no option outstanding at 31 March 2013 as all share options were forfeited upon expiry of exercisable period on 3 October 2012. The options outstanding at 31 March 2012 had an exercise price of HK$876.30 per share and a weighted average remaining contractual life of 0.9 years.

30. SHARE OPTION SCHEME (Continued)

c) The company has passed a resolution at the special general meeting held on 16 December 2011 to terminate the Old Scheme and to approve and adopt a new scheme ("New Scheme"). Save for a few changes that have been made in the New Scheme to conform with the market practices, the terms of the New Scheme and the Old Scheme are broadly similar. The terms of the New Scheme provide that in granting options under the New Scheme, the board may offer to grant any options subject to such terms and conditions in relation to the minimum period of the options to be held and/or the performance criteria to be satisfied before such options can be exercised and/or any other terms as the board may determine in its absolute discretion. The board will also have the discretion in determining the subscription price in respect of any option, provided that the relevant requirements in the Listing Rules are complied with. A summary of the terms of the New Scheme is set out in the appendix to the company's circular published on 30 November 2011.

The New Scheme constitutes a share option scheme governed by chapter 17 of the Listing Rules. No option has been granted under the New Scheme for the year ended 31 March 2012 and 2013.

31. RESERVES

a) THE GROUP

The reconciliation between the opening and closing balances of each component of the group's consolidated equity is set out in the consolidated statement of changes in equity.

31. RESERVES (Continued)

b) THE COMPANY

	Share premium RMB'000	Employee share-based compensation reserve RMB'000	Exchange fluctuation reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 April 2011	671,776	16,632	(1,408)	(87,468)	599,532
Loss for the year	–	–	–	(351,253)	(351,253)
Other comprehensive loss					
Exchange differences on translation of financial statements of group entities outside the PRC	–	–	(3,283)	–	(3,283)
Total comprehensive loss for the year	–	–	(3,283)	(351,253)	(354,536)
Reduction of par value in the shares and realignment of the exchange difference (note 29(ii))	–	–	(2,691)	–	(2,691)
Placing and subscription of new shares (note 29 (iv))	17,713	–	–	–	17,713
Placing and subscription of new shares (note 29 (v))	4,921	–	–	–	4,921
Placing and subscription of new shares (note 29 (vi))	6,561	–	–	–	6,561
Rights issue I (note 29(iii))	279,841	–	–	–	279,841
Share issue expenses	(9,288)	–	–	–	(9,288)
Total transactions with owners	299,748	–	(2,691)	–	297,057
At 31 March 2012	971,524	16,632	(7,382)	(438,721)	542,053
At 1 April 2012	**971,524**	**16,632**	**(7,382)**	**(438,721)**	**542,053**
Loss for the year	**–**	**–**	**–**	**(112,467)**	**(112,467)**
Other comprehensive loss					
Exchange differences on translation of financial statements of group entities outside the PRC	**–**	**–**	**(1,959)**	**–**	**(1,959)**
Total comprehensive loss for the year	**–**	**–**	**(1,959)**	**(112,467)**	**(114,426)**
Rights issue II (note 29(viii))	**4,569**	**–**	**–**	**–**	**4,569**
Share issue expenses	**(245)**	**–**	**–**	**–**	**(245)**
Forfeiture of share option	**–**	**(16,632)**	**–**	**16,632**	**–**
Total transactions with owners	**4,324**	**(16,632)**	**–**	**16,632**	**4,324**
At 31 March 2013	**975,848**	**–**	**(9,341)**	**(534,556)**	**431,951**

31. RESERVES (Continued)

c) NATURE AND PURPOSES OF THE RESERVES

i) Share premium

The application of the share premium account is governed by section 40 of the Bermuda Companies Act 1981. The share premium account of the company is distributable to the owners of the company in the form of fully paid bonus shares.

ii) Special reserve

The group's special reserve represents the difference between the nominal value of the shares and the share premium account of the subsidiaries acquired pursuant to the group reorganisation in prior years, over the nominal value of the company's shares issued in exchange therefor and the difference between the total consideration and the net assets value of the subsidiaries acquired during the year ended 31 March 2011.

iii) Employee share-based compensation reserve

The employee share-based compensation reserve represents the fair value of the actual or estimated number of unexercised share options granted to employees of the company recognised in accordance with the accounting policy adopted for share-based payments in note 2(t)(ii).

iv) Exchange fluctuation reserve

The exchange fluctuation reserve comprises all foreign exchange differences arising from the translation of the financial statements of group entities outside the PRC. The reserve is dealt with in accordance with the accounting policies set out in note 2(q).

d) DISTRIBUTABILITY OF RESERVES

At 31 March 2013, the aggregate amount of reserves available for distribution to owners of the company was approximately RMB441,292,000 (2012: approximately RMB532,803,000) subject to the restriction on the share premium account as stated above.

31. RESERVES (Continued)

e) CAPITAL MANAGEMENT

The group's objectives when managing capital are to ensure that entities in the group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The management reviews the capital structure by considering the cost of capital and the risks associated with each class of capital. In view of this, the group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt as it sees fit and appropriate.

The group monitors its capital structure on the basis of an adjusted net debt-to-capital ratio. For this purpose, adjusted net debt is defined as total debt (which includes interest-bearing bank borrowings and unconvertible bonds) less cash and cash equivalents. Adjusted capital comprises all components of equity plus adjusted net debt.

During the year ended 31 March 2013, the group's strategy, which was unchanged from 2012, was to maintain a gearing ratio as low as feasible. In order to maintain or adjust the ratio, the Group may adjust the amount of dividends paid to the owners, return capital to the owners, issued new shares or sell assets to reduce debt. The gearing ratios at 31 March 2013 and 2012 were as follows:

	2013	2012
	RMB'000	RMB'000
Total borrowings		
Interest-bearing bank borrowings (Note 25)	**48,000**	52,000
Unconvertible bond	**8,071**	–
Less: Cash and cash equivalents (Note 23)	**(21,308)**	(64,819)
Adjusted net debt/(cash)	**34,763**	(12,819)
Total equity	**452,865**	573,756
Total capital	**487,628**	560,937
Gearing ratio	**7.7%**	N/A

Neither the company nor its subsidiaries are subject to externally imposed capital requirements.

32. COMMITMENTS

OPERATING LEASE COMMITMENTS

i) *The group as lessor:*

The group leases its investment properties under operating lease arrangements to tenants, with leases negotiated for terms ranging from two to ten years. The terms of the leases generally require the tenants to pay security deposits. At the end of the reporting period, the group had total future minimum lease payments receivable under non-cancellable operating leases with its tenants falling due as follows:

	2013 RMB'000	2012 RMB'000
Within one year	**9,172**	7,045
In the second to fifth year, inclusive	**42,073**	41,350
Over five years	**48,048**	58,790
	99,293	107,185

ii) *The group as lessee:*

At the end of the reporting period, the group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2013 RMB'000	2012 RMB'000
Within one year	**4,539**	3,926
In the second to fifth years, inclusive	**7,747**	8,916
Over five years	**5,133**	6,966
	17,419	19,808

33. MATERIAL RELATED PARTY TRANSACTIONS

a) KEY MANAGEMENT PERSONNEL EMOLUMENTS

Emoluments for key management personnel, including amounts paid to the company's directors as disclosed in note 10 and certain of the highest paid employees as disclosed in note 11 are as follows:

	2013 RMB'000	2012 RMB'000
Short-term employee benefits	**10,099**	7,946
Post-employment benefits	**94**	79
	10,193	8,025

Total emoluments is included in "staff costs" (see note 9(b)).

33. MATERIAL RELATED PARTY TRANSACTIONS (Continued)

b) OUTSTANDING BALANCES WITH RELATED PARTIES

	2013	2012
	RMB'000	RMB'000
Amounts due to directors (note 24)	49	49
Amounts due to related parties (note 24)	3,871	6,072

The amount due to related parties represented the advance from directors of a subsidiary. The balances with these related parties and the amounts due to directors are unsecured, interest-free and repayable on demand.

34. LITIGATION

In 1998, the company brought legal proceedings against ASG Capital Limited and ASG Brokerage Limited (the "Defendants") for breach of the placing and underwriting agreement dated 9 December 1997 in that the Defendants failed to fulfill their underwriting obligations thereunder and for the recovery of RMB40 million being the economic loss suffered by the company together with interest and legal cost. The proceedings are now in pre-trial stage of discovery of documents of the parties and the date of the trial has not been fixed. The last action of the parties to the proceedings took place in middle of 2005 when solicitors acting for the company in the legal proceedings served a notice to inspect documents to those acting for the Defendants.

35. RETIREMENT BENEFITS SCHEME

The group operates a Mandatory Provident Fund ("MPF") scheme for all Hong Kong eligible employees including executive directors. The assets of the MPF scheme are held separately from those of the group in funds under the control of trustees.

The retirement benefit cost for the MPF scheme charged to the consolidated income statement represents contributions payable to the MPF scheme by the group at 5% of the beneficiaries' basic remuneration specified in the rules of the MPF scheme.

Employees who are employed in the PRC are members of the state-sponsored pension scheme operated by the PRC government. The group is required to contribute a certain percentage of their payroll to the pension scheme to fund the benefits. The only obligation of the group with respect to the pension scheme is to make the required contributions under the scheme.

36. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2013

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 31 March 2013 and which have not been adopted in these financial statements.

The group has not early applied any of the following new and revised Standards, amendments or interpretations that have been issued but are not yet effective.

Amendments to HKFRSs	Annual Improvement to HKFRSs 2009-2011 Cycle[3]
Amendments to HKFRS 7	Disclosure – Offsetting financial assets and financial liabilities[3]
Amendments to HKFRS 9 and HKFRS 7	Mandatory effective date of HKFRS 9 and transition disclosure[4]
Amendment to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in other Entities: Transition Guidance[2]
Amendment to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[2]
HKFRS 9	Financial Instruments[4]
HKFRS 10	Consolidated financial statements[3]
HKFRS 11	Joint arrangement[3]
HKFRS 12	Disclosure of interests in other entities[3]
HKFRS 13	Fair value measurement[3]
Amendments to HKAS 1	Presentation of items of other comprehensive income[1]
HKAS 19 (Revised in 2011)	Employee benefits[3]
HKAS 27 (Revised in 2011)	Separate financial statements[3]
HKAS 28 (Revised in 2011)	Investments in associates and joint ventures[3]
Amendment to HKAS 32	Offsetting financial assets and financial liabilities[2]
Amendment to HKAS 36	Recoverable amount disclosures for non-financial assets[2]
HK(IFRIC) – Int 20	Stripping costs in the production phase of a surface mine[3]
HK(IFRIC) – Int 21	Levies[3]

1 Effective for annual periods beginning on or after 1 July 2012.
2 Effective for annual periods beginning on or after 1 January 2014.
3 Effective for annual periods beginning on or after 1 January 2013.
4 Effective for annual periods beginning on or after 1 January 2015.

The Group is in the process of making an assessment of what the impact of these new and revised HKFRSs is expected to be in the period of initial application. So for it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

FIVE YEAR FINANCIAL SUMMARY

RESULTS

	Year ended 31 March				
	2013	2012	2011	2010	2009
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Turnover	**9,416**	7,243	3,735	7,750	17,254
Loss before tax	**(132,546)**	(329,180)	(35,005)	(10,613)	(245,432)
Income tax	**4,508**	165	(3,049)	(8,688)	54,487
Loss for the year	**(128,038)**	(329,015)	(38,054)	(19,301)	(190,945)

ASSETS AND LIABILITIES

	As at 31 March				
	2013	2012	2011	2010	2009
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Total Assets	**526,271**	660,800	845,228	766,556	212,439
Total Liabilities	**(73,406)**	(87,044)	(240,908)	(148,337)	(94,902)
Net assets	**452,865**	573,756	604,320	618,219	117,537

PROPERTIES HELD BY THE GROUP FOR INVESTMENT

As at 31 March 2013

	Location	Existing Use	Term of Lease
1.	Unit Nos. 201 and 202 on Mezzanine Level, Yun Hai Building, Nos. 1329 and 1331 Huai Hai Zhong Road, Xuhui District, Shanghai, The PRC.	Commercial	Medium term
2.	Whole of Levels 1 and 2, Shimei Mansion, No. 445 Jiangning Road, Jingan District, Shanghai, The PRC.	Commercial	Medium term
3.	Whole of Levels 3 and 4, Shimei Mansion, No. 445 Jiangning Road, Jingan District, Shanghai, The PRC.	Commercial	Medium term