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

2015 ANNUAL REPORT

* 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

Crowe Horwath (HK) CPA Limited

LEGAL ADVISER

Li, Wong, Lam & W.I. Cheung

PRINCIPAL BANKER

ICBC (Asia)
Wing Lung Bank

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Room 2707-08, 27/F
China Resources Building,
26 Harbour Road, Wanchai
Hong Kong

BERMUDA SHARE REGISTRAR AND TRANSFER AGENT

Codan Services Limited
Clarendon House,
2 Church Street, Hamilton HM11,
Bermuda

HONG KONG SHARE REGISTRAR

Tricor Secretaries Limited
Level 22, Hopewell Centre,
183 Queen's Road East,
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 2015 to the shareholders of the company (the "shareholders").

For the year under review, the group's turnover was approximately RMB$10.58 million. The audited net loss for the year was approximately RMB22.77 million, representing a decrease of approximately 83% compared with last year. The loss per share of the company was RMB0.02 dollars. The substantial decrease in loss of the group for the year was mainly attributable to (i) the decrease in impairment loss of the intangible assets of the group by approximately RMB61.99 million primarily due to steady decrease in the copper and molybdenum price; (ii) the valuation gain on the investment properties of the group in the amount of approximately RMB28.73 million; (iii) interest income on the promissory note receivable in the amount of approximately RMB7.21 million; and (iv) fair value gain on convertible bonds and warrants issued by the company during the year in the amount of approximately RMB17.83 million.

During the year under review, the principal business activities of the group included the properties investment business, the investment in copper and molybdenum mine ("Mine") located in the Inner Mongolia, the PRC and provision of educational support services.

As at 31 March 2015, the aggregate gross floor area of the investment properties being held by the group was approximately 7,004 square meters, of which approximately 100% was leased to third parties under operating leases with lease terms ranging from eight to twelve years. The rental income generated from the investment properties of the group during the year amounted to approximately RMB9.02 million.

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 section headed "Management Discussion and Analysis".

For the educational support business, the company has acquired two subsidiaries, namely Global Education Group Limited and Kotech Educational Limited, during the year which are principally engaged in educational services related business. After due consideration of the current market of the educational services sector and the steady growth of the needs and demands of the provision of educational services in Hong Kong and the PRC, we consider that the prospects of provision of educational services would be promising and believe that the acquisitions provide a prime opportunity for the group to enter the educational services business in Hong Kong and diversify the revenue stream of the group which is expected to increase the value of the shares and benefit the company and the shareholders as a whole.

CHAIRMAN'S STATEMENT

Going forward, it is in the benefit of the company and the shareholders as a whole to introduce strategic investor to the company for the group's future development and expansion. As such, on 4 June 2015 the company entered into a formal subscription agreement with CSR (Hong Kong) Co. Limited (the "Subscriber"), a wholly-owned subsidiary of CRRC Corporation Limited, pursuant to which the Subscriber has conditionally agreed to subscribe for 6,500,000,000 new shares of the company at the subscription price of HK$0.1 per share. It is the current intention of the Subscriber for the group to continue with its existing businesses, and to explore opportunities thereon. Following the completion of the subscription agreement, the Subscriber intends to undertake a detailed strategic review on the group for the purpose of formulating business plans and strategies for the future business development of the group and determining what changes (if any).

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

Xu Dong
Chairman

Hong Kong, 29 June 2015

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Xu Dong, aged 37, 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 59, 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 52, 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 50, 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, 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 30, 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 of the PRC. She is currently working in the international settlement department of the Bank of Tokyo – Mitsubishi UFJ (China) Limited.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Tse Kwong Wah, aged 42, 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 44, 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 37, 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 representative 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.

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATING RESULTS

For the year under review, the group's turnover was approximately RMB10.58 million (2014: approximately RMB4.60 million), representing an increase of approximately 130% compared with last year. The increase in turnover was mainly due to the entering into certain operating leases during the year under review and the contribution from the educational support services.

The audited net loss for the year was approximately RMB22.77 million (2014: approximately RMB131.01 million) and the loss per share was RMB0.02 (2014: RMB0.24). The decrease in loss for the year was mainly attributable to (i) the decrease in impairment loss of the intangible assets of the group by approximately RMB61.99 million primarily due to steady decrease in the copper and molybdenum price; (ii) the valuation gain on the investment properties of the group in the amount of approximately RMB28.73 million (2014: valuation loss approximate RMB1.75 million); (iii) interest income on the promissory note receivable in the amount of approximately RMB7.21 million (2014: Nil); and (iv) fair value gain on convertible bonds and warrants issued by the company during the year in the amount of approximately RMB17.83 million.

The administrative and selling expenses of the group for the year amounted to approximately RMB47.97 million (2014: approximately RMB46.18 million), representing an increase of approximately 3.9% compared with last year. The finance cost of the group amounted to approximately RMB8.61 million (2014: approximately RMB4.07 million) which included interest on the bank loans under the security of investment properties in Shanghai, interest on the promissory note and unconvertible bonds, placing commission and interest on convertible bonds issued by the company during the year.

BUSINESS REVIEW

During the year under review, the principal business activities of the group included the properties investment business, the exploitation of copper and molybdenum in a mine ("Mine") located in the Inner Mongolia, the PRC and provision of educational support services.

PROPERTIES INVESTMENT BUSINESS

As at 31 March 2015, the aggregate gross floor area of the investment properties being held by the Group was approximately 7,004 square meters, of which approximately 100% was leased to third parties under operating leases with lease terms ranging from eight to twelve years. The rental income generated from the investment properties during the year amounted to approximately RMB9.02 million.

MANAGEMENT DISCUSSION AND ANALYSIS

MINING BUSINESS

Regarding the mining business, in order to ensure smooth development of the Mine, 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") underwent the relevant approval formalities and works for the development of the Mine during the year under review. The Mining Company entrusted Chifeng Guancheng Geological Exploration Co., Ltd.*（赤峰市冠誠地質勘查有限責任公司）in the first quarter of this year to prepare the Proposal on the Phased Treatment and Land Reclamation of the Geological Environment of the Copper, Molybdenum, Lead, Zinc and Silver Mines in the Yongsheng Mines of Keshi Ketengqi Great Land Mine Industries Company Limited*（《克什克騰旗大地礦業有限責任公司永勝礦區銅、鉬、鉛、鋅、銀礦地質環境分期治理及土地復墾方案》）which was completed, and the proposal passed the assessment for filing with the Land and Resources Bureau of Chifeng City. In September 2014, the Mining Company submitted the documents required for extension of the mining license to the Land and Resources Bureau of Chifeng City for approval and onward submission to the Department of Land and Resources of Inner Mongolia Autonomous Region. The approval for extension of the mining license was obtained in October of the same year and the validity period of the mining license has been extended to October 2017. In March 2015, the Mining Company obtained the reply document from the Water Resources Bureau of Chifeng City regarding the Report on the Soil and Water Conservation Plan for the Mining and Processing Project with Annual Capacity of 90,000 tonnages related to the Copper, Molybdenum, Lead, Zinc and Silver Mines in the Yongsheng Mines of Keshi Ketengqi Great Land Mine Industries Company Limited*（《關於克什克騰旗大地礦業有限責任公司永勝礦區銅、鉬、鉛、鋅、銀礦9萬噸／年採選專案水土保持方案報告書》）. In April 2015, the Mining Company obtained the reply document from the Department of Land and Resources of Inner Mongolia Autonomous Region regarding the Extension of Land Use Pre-approval for the Mining and Processing Project with Annual Capacity of 90,000 tonnages related to the Copper, Molybdenum, Lead, Zinc and Silver Mines in the Yongsheng Mines of Keshi Ketengqi Great Land Mine Industries Company Limited（《關於克什克騰旗大地礦業有限責任公司永勝礦區銅、鉬、鉛、鋅、銀礦9萬噸／年採選專案用地預審延期》）and the annual verification certificate for mining rights from the Land and Resources Bureau of Keshi Ketengqi.

According to the requirements for project initiation approval, the Mining Company has prepared or obtained the Opinion on Project Site Selection, the Preliminary Design and Safety Plan for the Tailing Reservoirs, the Water Resources Assessment, the Reply on Energy Conservation Assessment Report, the Land Use Pre-approval, the Reply on the Soil and Water Conservation Plan, and the Reply on the Proposal on the Phased Treatment and Land Reclamation of the Geological Environment. In recent years, China has imposed increasingly stringent requirements for environmental protection, such as revising the Environmental Protection Law and introducing the new Environmental Protection Law in 2015. As the revision to the new Environmental Protection Law has affected its normal review process, the Mining Company is currently communicating with report compilers qualified for environment evaluation, so that preparations for compiling the relevant reports can be made in accordance with requirements and provisions under the new Environmental Protection Law of China, with a view to securing the approval on project initiation as soon as possible. After that, the Mining Company will handle the filing formalities including the pre-assessment of mine safety, design of mine exploration, geotechnical investigation report, and formalities for power supply and land use.

In order to ensure a smooth development of the Mine, reduce development risks, maximize economic benefits, and prepare for the commencement of constructions in the future, the Mining Company decided to focus on developing the infrastructures for plant construction and mining operations, while handling other related filing formalities after obtaining the approval on project initiation, so as to commence productions as early as practicable. During the construction, it will endeavour to carry out trial production. In view of the above, the Mining Company expects the Mine to be ready for formal production by the fourth quarter of 2016.

For the period ended 31 March 2015, the expenses incurred for mining development amounted to approximately RMB0.4 million, which was mainly used for the preparation of the soil and water conservation plan for site construction and road maintenance at the mine site. Save for the above, there was no other capital expenditure incurred for the development of the Mine, and there was no exploitation, development or production activities in the Mine during the period under review. As the Mine is still in the development stage and thus has not yet contributed any operational turnover of the group during the year.

As disclosed in Appendix V to the circular of company dated 17 September 2010, the resources of the Mine based on the JORC Code equivalent are as follows:

	Resource Tonnage (t) *Note 1*		**Grade (%)**		**Metal (t)** *Note 2*	
	Molybdenum	**Copper**	**Molybdenum**	**Copper**	**Molybdenum**	**Copper**
Measured	–	–	–	–	–	–
Indicated	4,635,000	962,000	0.12	1.27	5,400	12,200
Inferred	–	603,000	–	1.27	–	7,700

Notes:

1. Resource rounded to nearest thousand tonnes.

2. Metal content rounded to nearest one hundred tonnes.

In presenting the above information on the Mine, Polygonal Resource estimation method is used as the resource estimation method. The parameters used are as follows:

Parameters	**Unit**
Molybdenum Cutoff Grade	0.02%
Copper Cutoff Grade	0.5%
Molybdenum Industrial Grade	0.06%
Copper Industrial Grade	0.7%
Minimum Minable Thickness	1m
Waste Removal Thickness	2m
Bulk density	3.18 t/m^3

There is no material change in the estimated mineral resources of the Mine for the year ended 31 March 2015 since the disclosure above.

MANAGEMENT DISCUSSION AND ANALYSIS

EDUCATIONAL SUPPORT SERVICES

During the year under review, the company has acquired 90% of the equity interest in the Able Up Investment Limited, which in turn own 100% equity in Global Education Group Limited (together referred as "Target Group"). The Target Group is principally engaged in the provision of student referral services, overseas education counselling services and services relating to enrolment on overseas tertiary education institutes.

After due consideration of the current market of the education sector, in particular, the services relating to the business of the Target Group, and the steady growth of the needs and demands of the provision of such services from both local students and students from the PRC, the directors consider that the prospects of the business of the Target Group would be promising and believe that the acquisition of the Target Group provides a prime opportunity for the group to diversify its revenue stream which, in turn, would increase the Shareholders' value and benefit the company and the Shareholders as a whole. For the year ended 31 March 2015, the revenue contribution from the Target Group amounted to approximately RMB1.6 million.

On 16 October 2014, the company entered into the sale and purchase agreement with Wan Cheng Investments Limited (the "Vendor") and Mr. Chu Hong Chuen Raymond, Mr. Chim Man Tung, Mr. Kam Wing Sau (together the "Guarantors"), pursuant to which the company has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the entire issued share capital of Liqun Investments Limited (the "Target Company"), at the consideration of HK$100,000,000, out of which HK$30,000,000 was settled by way of cash and HK$70,000,000 by way of the issue of promissory note by the company.

Each of the Vendor and the Guarantors, on a joint and several basis, irrevocably warrants and guarantees to the company that the Kotech Educational Limited ("Kotech Education" a subsidiary of the Target Company) shall attain the following performance targets (the "Guaranteed Profit") for the periods as indicated in the following as shown in its financial statements prepared in accordance with Hong Kong Financial Reporting Standards (the "Financial Statements"):–

(i) a net profit after tax of not less than HK$1,500,000 for the six months ending 30 September 2015;

(ii) an audited net profit after tax of not less than HK$3,000,000 for the financial year ending 31 March 2016;

(iii) a net profit after tax of not less than HK$9,000,000 for the six months ending 30 September 2016; and

(iv) an audited net profit after tax of not less HK$18,000,000 for the financial year ending 31 March 2017.

In the event that the aggregate of the audited net profit after tax of the Kotech Education for the two financial years ending 31 March 2017 as shown in the Financial Statements shall be less than the aggregate of the Guaranteed Profit for the same period, i.e. HK$21,000,000, the Vendor shall pay to the company such sum in cash equivalent to the Consideration multiplying by the following fraction:

$$\frac{(F - E)}{F}$$

Where:

E = the aggregate of the audited net profit after tax of the Kotech Education for the two financial years ending 31 March 2017 as shown in the Financial Statements

F = the aggregate of the Guaranteed Profit for the two financial years ending 31 March 2017

Kotech Education is an e-Learning and educational service provider, headquartered in Hong Kong for more than 5 years for e-learning platform development. Kotech education comprises of a team of educational experts and experienced IT professionals. The core members have over 15 years' experience in education and IT industries. After the acquisition of Kotech Education by the company, Kotech education has been entered into a new horizon for developing educational business, IT education skills training and education consultation services. The new initiatives of Kotech education focus on two main areas, which is enhancing and consolidating the products development in one hand and expansion its business in the PRC market on the other hand.

Meanwhile, Kotech Education has started collaborations with various partners like IC master, DTSL and RICOH who are well known as 3D printer hardware suppliers, to provide professional 3D printing hardware and training services to local primary and secondary schools. Besides that, Kotech Education has been established collaboration with METAS HK limited to provide the METAS Bits courses and products to various local schools, and they have granted Kotech Education a regional distribution license in Hong Kong, Macau and other Southern China cities. For the PRC market expansion, Kotech Education has already networked with a series of business partners and have successfully developed METAS courses to certain customers like 華語一家, 金鐘藝術 and A+教育.

With the main development in education field in Hong Kong and the PRC, Kotech Education is confident that they can have good contribution to the group through a series of collaboration with their innovative products and potential partners.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2015, the group's net current assets were approximately RMB126.59 million (2014: approximately RMB10.55 million), including cash and bank balances of approximately RMB34.93 million (2014: approximately RMB30.65 million).

The group had bank borrowings of RMB38.5 million as at 31 March 2015 (2014: RMB43.5 million), of which 29.9% were due within one year from balance sheet date, 46.8% were due more than one year but not exceeding two years and 23.3% were due more than two years but not exceeding five years. The gearing ratio, defined as the percentage of net debts (including bank borrowings, warrants and unconvertible bonds) to the total equity of the company, was approximately 8.4% (2014: 11.1%).

MANAGEMENT DISCUSSION AND ANALYSIS

INVESTMENT POSITION

The group did not have any significant investment position in stocks, bonds and other financial derivatives as at 31 March 2015.

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.

FUND RAISINGS THROUGH ISSUE OF EQUITY/CONVERTIBLE SECURITIES AND SUBSCRIPTION RIGHTS

On 19 June 2014, the company issued convertible bonds (the "Convertible Bonds") to not less than six placees in an aggregate principal amount of HK$135,000,000 with an interest rate at 1% per annum due in two years from the date of issue. The company is entitled to redeem the Convertible Bonds in whole or in part at 103% of the face value of the Convertible Bonds prior to the maturity date and at 100% of the face value of the Convertible Bonds on the maturity date. The holders of the Convertible Bonds (the "Bondholders") has option to convert the Convertible Bonds into fully paid 900,000,000 conversion shares of the company at the conversion price of HK$0.15 per share at any time prior to the maturity date. The conversion shares rank pari passu with all the existing shares of the company. In addition, 225,000,000 bonus warrants ("Bonus Warrants") will be issued to the registered holders of the Convertible Bonds on the basis of one Bonus Warrant for every four conversion shares upon the exercise of the conversion rights attaching to the Convertible Bonds. The subscription price per warrant share is HK$0.3 at any time within 24 months commencing from the date of exercise of the conversion right attaching to the Convertible Bonds.

For the year ended 31 March 2015, the Convertible Bond in the principal amount of HK$135,000,000 was converted into 899,999,998 conversion shares of the company. In addition, 224,999,998 Bonus Warrants was issued to the registered holders of the Convertible Bonds, among which, 14,166,666 Bonus Warrants were exercised and 14,166,666 warrant shares of the company were issued. The net proceeds from the issue of Convertible Bonds and warrant shares were approximately HK$130 million and HK$4.2 million respectively. Set out below is the breakdown of the approximate application of such net proceeds up to 31 March 2015:

	Approximate amount
	HK$'million
Loans and related interest repayment	30.50
Acquisition of Liqun Investments Limited	30.00
Professional fees	7.40
General operating expenses	19.00
Total proceeds used	86.90

MANAGEMENT DISCUSSION AND ANALYSIS

CAPITAL STRUCTURE

On 6 April 2014, the company issued a promissory note in the principal amount of HK$9,000,000 at the interest rate of 8% per annum to the Mr. Wong Yat On as the consideration for the acquisition of 90% of the equity interest in Able Up Investment Limited.

On 21 November 2014, the company issued a promissory note in the principal amount of HK$70,000,000 at the interest rate of 8% per annum to Wan Cheng Investments Limited as the consideration for the acquisition of the entire issued share capital of Liqun Investments Limited.

During the year ended 31 March 2015, the company has redeemed the promissory notes which were issued by the company on 11 December 2013 and 6 April 2014 respectively, in the aggregate principal amount of HK$19,000,000.

Save as disclosed above, there was no other change in the share capital and capital structure of the company for the year ended 31 March 2015.

CHARGES ON GROUP'S ASSETS

As at 31 March 2015, the group's investment properties with a value of approximately RMB141 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 2015, the group did not have any material contingent liability (2014: Nil).

ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

On 4 April 2014 the company and Mr. Wong Yat On (the "Vendor") entered into a sale and purchase agreement (the "Agreement") pursuant to which the Vendor conditionally agreed to sell and the company conditionally agreed to acquire 90% of the equity interest in the Able Up Investment Limited ("Able Up"), for a consideration of HK$10,000,000, out of which HK$1,000,000 was settled by way of cash and HK$9,000,000 by way of the issue of promissory note by the company. The Able Up is incorporated under the laws of the British Virgin Islands with limited liability and it owns 100% equity interest in Global Education Group Limited ("Global Education"). Upon completion of the Agreement on 16 April 2014, each of Able Up and Global Education has become a subsidiary of the company. Details of which are set out in the announcement of the company dated 4 April 2014.

MANAGEMENT DISCUSSION AND ANALYSIS

On 16 October 2014, the company entered into a sale and purchase agreement with Wan Cheng Investments Limited (the "Wan Cheng") and Mr. Chu Hong Chuen Raymond, Mr. Chim Man Tung, Mr. Kam Wing Sau (together the "Guarantors"), pursuant to which the company has conditionally agreed to acquire and the Wan Cheng has conditionally agreed to sell the entire issued share capital of Liqun Investments Limited ("Liqun Investment"), at the consideration of HK$100,000,000, out of which HK$30,000,000 was settled by way of cash and HK$70,000,000 by way of the issue of promissory note by the company. Liqun Investment was incorporated under the laws of the British Virgin Islands with limited liability and it owns 90% equity interest in Kotech Educational Limited ("Kotech Education"). Upon completion of the Agreement on 21 November 2014, each of the Liqun Investment and Kotech Education has become a subsidiary of the company. Details of which are set out in the announcement of the company dated 16 October 2014.

Save as disclosed above, the company did not have other acquisition or disposal of subsidiaries or associated companies for the year ended 31 March 2015.

EMPLOYEES

As at 31 March 2015, the group had 52 employees (2014: 37). 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 2015.

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 2015 are set out in the consolidated Statement of Profit or Loss on page 31.

The directors of the company do not recommend the payment of any dividend for the year ended 31 March 2015 (2014: Nil).

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 143. This summary does not form part of the audited financial statements.

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of movements in the plant and equipment, and investment properties of the company and 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 34 and 35 to the financial statements.

REPORT OF THE DIRECTORS

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 during the year ended 31 March 2015.

RESERVES

Details of movements in the reserves of the company and the group during the year are set out in note 36 to the financial statements and in the consolidated statement of changes in equity respectively.

DISTRIBUTABLE RESERVES

As at 31 March 2015, the aggregate amount of reserves available for distribution to equity holders of the company was approximately RMB362,147,000 (2014: approximately RMB307,458,000) 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 95% of the total turnover for the year and turnover attributable to the largest customer included therein amounted to approximately 62%. 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 45%.

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 or 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. Lai Wai Yin, Wilson and Ms. Yu Wai Fong 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. The directors 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.

REPORT OF THE DIRECTORS

DIRECTORS' REMUNERATION

The directors' fees are subject to shareholders' approval at general meetings. Other emoluments are determined by the company's remuneration and nomination 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 2015, 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 2015 in relation to the business of the group taken as a whole.

DIRECTORS' INTEREST AND SHORT POSITIONS IN SHARES

As at 31 March 2015, 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 Shares
Yu Wai Fong	Beneficial owner	2,118,871	0.14%

REPORT OF THE DIRECTORS

The interests of directors in the share options of the company are separately disclosed in the note 35 to the financial statements.

Save as disclosed above, as at 31 March 2015, 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 35 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 2015, so far as the directors are aware, the persons or corporations (not being a director or chief executive of the company) who have interest or short positions in the Shares and underlying Shares as recorded in the register required to be kept under section 336 of the SFO or have otherwise notified to the company were as follows:

Name	**Capacity of shares held**	**No. of shares held**	**Percentage of issued shares (approximately)**
Oriental Development Group (HK) Co., Limited *(Note)*	Beneficial owner	90,000,000	5.98%
Man Yuen *(Note)*	Interest in a controlled corporation	90,000,000	5.98%
Ni Xiaoliang	Beneficial owner	200,000,000	13.30%
Fan Hengfu	Beneficial owner	346,666,666	23.05%
Gao Jian	Beneficial owner	216,666,666	14.41%

Note:

To the best of the directors' knowledge, information and belief having made all reasonable enquiry, Oriental Development Group (HK) Co., Limited is wholly and beneficially owned by Mr. Man Yuen as at the date of this annual report. By virtue of the SFO, Man Yuen is deemed to be interested in the 90,000,000 shares held by Oriental Development Group (HK) Co., Limited.

REPORT OF THE DIRECTORS

Save as disclosed above, as at 31 March 2015, the directors are not aware of any other person or corporation having an interest or short position in the Shares and underlying Shares which fall to be disclosed under the provisions of Division 2 and 3 of Part XV of the SFO.

CONNECTED TRANSACTIONS

During the year under review, the company did not enter into any non-exempted connected transaction within the meaning of the Listing Rules.

Significant related party transactions entered into by the group during the year ended 31 March 2015, which do not constitute connected transactions under the Listing Rules, are disclosed in note 38 to the financial statements.

NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

Details of the significant post balance sheet events of the group are set out in note 43 to the financial statements.

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 2015.

AUDITOR

The financial statements for the year ended 31 March 2015 were audited by Crowe Horwath (HK) CPA Limited. A resolution will be submitted to the forthcoming annual general meeting to re-appoint Crowe Horwath (HK) CPA Limited as auditor of the company.

ON BEHALF OF THE BOARD

Xu Dong
Chairman

Hong Kong, 29 June 2015

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 2015, except for the code provisions A.2.1, A.6.7 and E.1.2.

DIRECTORS' SECURITIES TRANSACTION

The company has adopted the Model Code for Securities Transactions by Directors of 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. Having made specific enquiry of the directors, all directors confirmed that they had complied with the required standards as set out in the Model Code throughout the year ended 31 March 2015.

BOARD OF DIRECTORS

The 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 17.

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 company also recognized and embraced the benefits of having a diverse board to the quality of its performance. The Board will take into account a number of measurable objectives to achieve its diversity, including but not limited to gender, age, cultural and educational background, or professional experience. Such objectives will be reviewed from time to time to ensure their appropriateness in determining the optimum composition of the board.

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 2015 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)*	2/3	20/20
Au Tat On	3/3	20/20
Non-executive Director		
Yu Wai Fong	3/3	20/20
Independent Non-executive Directors		
Lai Wai Yin, Wilson	3/3	20/20
Cao Jie Min	0/3	20/20
Tse Kwong Wah	0/3	20/20

The code provision A.6.7 stipulates that the independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. Two independent non-executive directors, Mr. Tse Kwong Wah and Ms. Cao Jie Min, did not attend the company's special general meeting held on 2 April 2014 and 22 May 2014 respectively and also the company's annual general meeting held on 29 August 2014 due to their other work commitments.

The code provision E.1.2 stipulates that the chairman of the board should attend the annual general meeting. The Chairman was unable to attend the company's annual general meeting held on 29 August 2014 due to his 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 the latest developments and statutory standards.

CHAIRMAN AND CHIEF EXECUTIVE

Code Provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. The Chairman also acted as chief executive officer of the company during the year, 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 making and implementing decisions promptly and efficiently.

The Chairman 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.

CORPORATE GOVERNANCE REPORT

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 with 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 ended 31 March 2015, 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. 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.

CORPORATE GOVERNANCE REPORT

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 ended 31 March 2015, the Remuneration and Nomination Committee held 3 meetings, details of attendance are set out below:–

Members	**Number of meetings Attendance/Held**
Lai Wai Yin, Wilson	3/3
Cao Jie Min	3/3
Tse Kwong Wah	3/3

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 29 and 30 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, Crowe Horwath (HK) CPA Limited, for the year is set out as follows:

Services rendered	**Fee paid/payable Approximately** RMB'000
Audit services (2014: approximately RMB871,000)	967
Non-audit services (2014: approximately RMB666,000)	538
Total:	1,505

SHAREHOLDERS' RIGHTS

Pursuant to Article 58 of the Bye-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 2707-08, 27/F, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong. Shareholders may also direct their questions about their shareholdings to Tricor Secretaries Limited, the Company's Hong Kong share registrar, at Level 22, Hopewell Centre, 183 Queen's Road East, 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 of www.736.com.hk contains extensive information and updates on the company's business developments and operations, financial information and other information.

CONSTITUTIONAL DOCUMENTS

A copy of the latest version of the company's constitutional documents including the memorandum of association of the company and the Bye-laws were posted on the websites of the company and the Stock Exchange respectively.

During the year ended 31 March 2015, there was no significant change in the company's constitutional documents.

INDEPENDENT AUDITOR'S REPORT

國富浩華(香港)會計師事務所有限公司
Crowe Horwath (HK) CPA Limited
Member Crowe Horwath International

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 31 to 142, which comprise the consolidated and company statements of financial position as at 31 March 2015, and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

INDEPENDENT AUDITOR'S REPORT

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's 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 financial position of the group and company as at 31 March 2015 and of the group's financial performance 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.

Crowe Horwath (HK) CPA Limited
Certified Public Accountants
Hong Kong, 29 June 2015

Kwok Cheuk Yuen
Practising Certificate Number P02412

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2015

	Note	2015 RMB'000	2014 RMB'000
Turnover	7	**10,580**	4,596
Cost of sales		**(1,355)**	(2,471)
Gross profit		**9,225**	2,125
Valuation gain/(loss) on investment properties	17	**28,725**	(1,750)
Other revenue	8(a)	**11,858**	1,439
Other net income	8(b)	**18,254**	11
Selling expenses		**(150)**	(195)
Administrative expenses		**(47,818)**	(45,981)
Exploration and development expenses of mine		**(404)**	(244)
Other operating expenses	9(d)	**(26,947)**	(82,793)
Loss from operations		**(7,257)**	(127,388)
Finance costs	9(a)	**(8,607)**	(4,073)
Share of (loss)/profit of an associate		**(42)**	126
Loss before taxation	9	**(15,906)**	(131,335)
Income tax (expense)/credit	12	**(6,860)**	328
Loss for the year		**(22,766)**	(131,007)
Attributable to:			
Owners of the company		**(20,380)**	(123,403)
Non-controlling interests		**(2,386)**	(7,604)
Loss for the year		**(22,766)**	(131,007)
Loss per share			
– Basic	15(a)	**(RMB0.02)**	(RMB0.24)
– Diluted	15(b)	**(RMB0.03)**	(RMB0.24)

The notes on pages 38 to 142 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2015

	2015 RMB'000	2014 RMB'000
Loss for the year	**(22,766)**	(131,007)
Other comprehensive loss for the year		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of:		
– financial statements of group entities outside the PRC	**(2,616)**	(2,418)
– financial statements of an associate	**(18)**	16
Total other comprehensive loss for the year, net of nil tax	**(2,634)**	(2,402)
Total comprehensive loss for the year	**(25,400)**	(133,409)
Attributable to:		
Owners of the company	**(23,014)**	(125,805)
Non-controlling interests	**(2,386)**	(7,604)
Total comprehensive loss for the year	**(25,400)**	(133,409)

The notes on pages 38 to 142 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2015

	Note	2015 RMB'000	2014 RMB'000
Non-current assets			
Plant and equipment	16	**10,218**	7,351
Investment properties	17	**206,597**	177,872
Intangible assets	19	**99,491**	100,000
Goodwill	20	**16,846**	–
Deposit for acquisition of subsidiaries	21	**–**	97,845
Interest in an associate	22	**7,642**	9,119
		340,794	392,187
Current assets			
Trade and other receivables	23	**18,962**	5,561
Trading securities	24	**119**	138
Promissory notes receivables	25	**97,057**	–
Tax recoverable	29(a)	**88**	–
Fixed deposit	26	**7,730**	–
Cash and cash equivalents	26	**27,204**	30,645
		151,160	36,344
Current liabilities			
Other payables and accruals	27	**12,940**	20,753
Interest-bearing bank borrowings	28	**11,500**	5,000
Current taxation	29	**135**	44
		24,575	25,797
Net current assets		**126,585**	10,547
Total assets less current liabilities		**467,379**	402,734
Non-current liabilities			
Other payables and accruals	27	**110**	264
Interest-bearing bank borrowings	28	**27,000**	38,500
Deferred tax liabilities	29	**16,153**	6,025
Warrants	30	**13,764**	–
Unconvertible bonds	31	**15,756**	15,884
Promissory notes	32	**–**	7,862
Purchase consideration payable	33	**916**	–
		73,699	68,535
NET ASSETS		**393,680**	334,199
EQUITY			
Equity attributable to owners of the company			
Share capital	34	**36,260**	14,456
Reserves	36	**349,053**	310,743
		385,313	325,199
Non-controlling interests		**8,367**	9,000
TOTAL EQUITY		**393,680**	334,199

Approved and authorised for issue by the board of directors on 29 June 2015.

On behalf of the board

Xu Dong
Director

Au Tat On
Director

The notes on pages 38 to 142 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2015

	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 2013	10,941	975,848	(56,225)	–	21,746	(516,049)	436,261	16,604	452,865
Reallocation to accumulated losses (note 36)	–	–	–	–	14,216	(14,216)	–	–	–
Changes in equity for 2014:									
Loss for the year	–	–	–	–	–	(123,403)	(123,403)	(7,604)	(131,007)
Other comprehensive loss									
Exchange differences on translation of:									
– financial statements of group entities outside the PRC	–	–	–	–	(2,418)	–	(2,418)	–	(2,418)
– financial statements of an associate	–	–	–	–	16	–	16	–	16
Total comprehensive loss for the year	–	–	–	–	(2,402)	(123,403)	(125,805)	(7,604)	(133,409)
Placing of new shares I (note 34(i))	1,191	4,207	–	–	–	–	5,398	–	5,398
Placing of new shares II (note 34(ii))	1,377	5,048	–	–	–	–	6,425	–	6,425
Placing of new shares III (note 34(iii))	947	2,337	–	–	–	–	3,284	–	3,284
Share issue expenses	–	(364)	–	–	–	–	(364)	–	(364)
Total transactions with owners	3,515	11,228	–	–	–	–	14,743	–	14,743
At 31 March 2014	14,456	987,076	(56,225)	–	33,560	(653,668)	325,199	9,000	334,199
At 1 April 2014	**14,456**	**987,076**	**(56,225)**	**–**	**33,560**	**(653,668)**	**325,199**	**9,000**	**334,199**
Changes in equity for 2015:									
Loss for the year	**–**	**–**	**–**	**–**	**–**	**(20,380)**	**(20,380)**	**(2,386)**	**(22,766)**
Other comprehensive loss									
Exchange differences on translation of:									
– financial statements of group entities outside the PRC	**–**	**–**	**–**	**–**	**(2,616)**	**–**	**(2,616)**	**–**	**(2,616)**
– financial statements of an associate	**–**	**–**	**–**	**–**	**(18)**	**–**	**(18)**	**–**	**(18)**
Total comprehensive loss for the year	**–**	**–**	**–**	**–**	**(2,634)**	**(20,380)**	**(23,014)**	**(2,386)**	**(25,400)**
Equity-settled share-based transactions	**–**	**–**	**–**	**4,191**	**–**	**–**	**4,191**	**–**	**4,191**
Conversion of convertible bonds (note 34(iv))	**21,466**	**51,355**	**–**	**–**	**–**	**–**	**72,821**	**–**	**72,821**
Exercise of warrants (note 34(v))	**338**	**5,778**	**–**	**–**	**–**	**–**	**6,116**	**–**	**6,116**
Acquisition of subsidiaries (note 42)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**1,753**	**1,753**
Total transactions with owners	**21,804**	**57,133**	**–**	**4,191**	**–**	**–**	**83,128**	**1,753**	**84,881**
At 31 March 2015	**36,260**	**1,044,209**	**(56,225)**	**4,191**	**30,926**	**(674,048)**	**385,313**	**8,367**	**393,680**

The notes on pages 38 to 142 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2015

	Note	2015 RMB'000	2014 RMB'000
Operating activities			
Loss before taxation		**(15,906)**	(131,335)
Adjustments for:			
Finance costs	9(a)	**8,607**	4,073
Interest income	8(a)	**(7,244)**	(1,069)
Depreciation	9(c)	**3,143**	4,667
Valuation (gain)/loss on investment properties	17	**(28,725)**	1,750
Expenses of equity-settled share-based payments	9(b)	**4,191**	–
Impairment of interest in an associate	9(d), 22	**1,417**	–
Fair values loss in trading securities	9(d)	**17**	9
Impairment loss of rental receivables	9(d)	**–**	2,302
Compensation for early termination of operating lease	9(d)	**–**	277
Amortisation of intangible asset	9(d), 19	**3,316**	–
Impairment loss of intangible assets	9(d), 19	**18,006**	80,000
Loss on disposal of plant and equipment	9(d)	**–**	205
Fair values gain on convertible bonds and warrants	8(b)	**(17,832)**	–
Share of loss/(profit) of an associate		**42**	(126)
Exchange difference, net		**(775)**	(156)
		(31,743)	(39,403)
Changes in working capital			
(Increase)/decrease in trade and other receivables		**(4,950)**	7,338
(Decrease)/increase in other payables and accruals		**(13,522)**	8,150
Cash used in operations		**(50,215)**	(23,915)
Tax paid		**(259)**	(66)
Net cash used in operating activities		**(50,474)**	(23,981)
Investing activities			
Payment to acquire plant and equipment		**(6,145)**	(958)
Refund of deposit paid for acquisition of subsidiaries	21	**–**	19,803
Acquisition of an associate		**–**	(1,188)
Increase in fixed deposit		**(8,666)**	–
Acquisition of subsidiaries, net of cash acquired		**(21,583)**	–
Payments for acquisition of intangible assets		**(6)**	–
Interest received		**32**	1,069
Net cash (used in)/generated from investing activities		**(36,368)**	18,726

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2015

	Note	2015 RMB'000	2014 RMB'000
Financing activities			
Proceeds from issuance of new shares		**–**	15,107
Share issue expenses		**–**	(364)
Repayment of bank borrowings		**(5,000)**	(4,500)
Repayment of promissory notes		**(15,059)**	–
Proceeds from issuance of convertible bonds	30	**107,298**	–
Proceeds from issuance of unconvertible bonds	31	**–**	7,942
Interest paid for interest-bearing bank borrowings	9(a)	**(2,956)**	(3,352)
Interest paid for other borrowings	9(a)	**(19)**	(4)
Interest paid for unconvertible bonds	9(a)	**(793)**	(338)
Interest paid for promissory notes		**(389)**	–
Placing commission on convertible bonds	9(a)	**(2,675)**	–
(Repayment to)/net advance from a related party	27	**(146)**	403
Proceeds from issuance of new shares upon exercise of warrants		**3,382**	–
Net cash generated from financing activities		**83,643**	14,894
Net (decrease)/increase in cash and cash equivalents		**(3,199)**	9,639
Cash and cash equivalents at 1 April		**30,645**	21,308
Effect of foreign exchange rate changes		**(242)**	(302)
Cash and cash equivalents at 31 March	26	**27,204**	30,645

MAJOR NON-CASH TRANSACTION

As set out in note 21 and note 25 to the financial statements, the deposit for acquisition of subsidiaries of HK$123,200,000 (equivalent to approximately RMB97,648,000) was settled by the promissory note receivables on 29 April 2014, which did not result in any cash flow.

The notes on pages 38 to 142 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

As at 31 March 2015

	Note	2015 RMB'000	2014 RMB'000
Non-current assets			
Plant and equipment	16	**–**	–
Interest in subsidiaries	18	**302,219**	219,088
Deposit for acquisition of subsidiaries	21	**–**	97,845
Interest in an associate	22	**7,560**	8,977
		309,779	325,910
Current assets			
Other receivables	23	**7,295**	104
Trading securities	24	**119**	138
Promissory notes receivables	25	**97,057**	–
Cash and cash equivalents	26	**22,890**	28,194
		127,361	28,436
Current liabilities			
Other payables	27	**3,898**	6,156
		3,898	6,156
Net current assets		**123,463**	22,280
Total assets less current liabilities		**433,242**	348,190
Non-current liabilities			
Unconvertible bonds	31	**15,756**	15,884
Promissory notes	32	**–**	7,862
Warrants	30	**13,764**	–
Purchase consideration payable	33	**916**	–
		30,436	23,746
NET ASSETS		**402,806**	324,444
EQUITY			
Equity attributable to owners of the company			
Share capital	34	**36,260**	14,456
Reserves	36	**366,546**	309,988
TOTAL EQUITY		**402,806**	324,444

Approved and authorised for issue by the board of directors on 29 June 2015.

On behalf of the board

Xu Dong
Director

Au Tat On
Director

The notes on pages 38 to 142 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

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 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 2707-08, 27/F., China Resources Building, 26 Harbour Road, Wanchai, Hong Kong.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) STATEMENT OF COMPLIANCE

These consolidated 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") and accounting principles generally accepted in Hong Kong. These consolidated financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance, which for this financial year and the comparative period, as permitted by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, continue to be those of the predecessor Hong Kong Companies Ordinance (Cap. 32). 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. 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 current accounting period of the group and the company. Note 3 provides information on any changes 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 consolidated financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

Basis of measurement

The consolidated financial statements for the year ended 31 March 2015 comprise the company and its subsidiaries (together referred to as the 'group') and the group's interest in an associate.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that trading securities, investment properties, contingent consideration receivable and warrants are stated at their fair value as explained in the accounting policies set out in notes 2(f), 2(h), 2(e)(i) and 2(p) respectively below.

Items included in the financial statements of each entity in the group are measured using the currency of the primary 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 significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 5.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) SUBSIDIARIES AND NON-CONTROLLING INTERESTS

Subsidiaries are entities controlled by the group. The group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the group has power, only substantive rights are considered.

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, transactions and cash flows 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 equity shareholders of the company. Non-controlling interests in the results of the group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other 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 equity shareholders of the company. 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 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, when appropriate, the cost on initial recognition of an investment in an associate or joint venture.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) ASSOCIATES

An associate is an entity in which the group or company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

An investment in an associate is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale. Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the group's share of the investee's net assets and any impairment loss relating to the investment (see notes 2(e) and (k)). Any acquisition-date excess over cost, the group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated statement of profit or loss, whereas the group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of profit or loss and other comprehensive income.

When the group's share of losses exceeds its interest in the associate, the group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the group's interest is the carrying amount of the investment under the equity method together with the group's long-term interests that in substance form part of the group's net investment in the associate.

Unrealised profits and losses resulting from transactions between the group and its associates are eliminated to the extent of the group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

If an investment in an associate becomes an investment in a joint venture or vice versa, retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method.

In all other cases, when the group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset.

In the company's statement of financial position, investments in associates are stated at cost less impairment losses, unless classified as held for sale (or included in a disposal group that is classified as held for sale).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) i) BUSINESS COMBINATIONS

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the group, liabilities incurred by the group to the former owners of the acquiree and the equity interests issued by the group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair values, except that:

- a deferred tax asset or liability arising from the assets acquired and liabilities assumed in a business combination and the potential tax effects of temporary differences and carryforwards of an acquiree that exist at the acquisition date or arise as a result of the acquisition are recognised and measured in accordance with HKAS 12 Income Taxes;

- assets or liabilities relating to employee benefit arrangements are recognised and measured in accordance with HKAS 19 Employee Benefits;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 Share-based Payment at the acquisition date; and

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or, when applicable, on the basis specified in another HKFRS.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) i) BUSINESS COMBINATIONS (Continued)

Where the consideration transferred by the group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with HKAS 39 Financial Instruments: Recognition and Measurement, or HKAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the group's previously held equity interest in the acquiree is remeasured to its acquisition date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) ii) GOODWILL

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the group's cash-generating units, or groups of cash-generating units, that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently whenever there is indication that the unit may be impaired. If some or all of the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than the carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro–rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

f) OTHER INVESTMENTS IN EQUITY SECURITIES

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

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(s)(ii).

When the investments are derecognised or impaired, the cumulative gain or loss recognised in equity is reclassified to profit or loss. Investments are recognised/derecognised on the date the group commits to purchase/sell the investments or they expire.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) PLANT AND EQUIPMENT

Plant and equipment, other than construction in progress, are stated in the statement of financial position at cost less accumulated depreciation and any accumulated impairment losses (see note 2(k)).

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 or over the remaining term of the lease, if shorter
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.

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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) INVESTMENT PROPERTIES

Investment properties are land and/or buildings which are owned or held under a leasehold interest (see note 2(j)) to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment property.

Investment properties are stated in the statement of financial position at fair value, unless they are still in the course of construction or development at the end of the reporting period and their fair value cannot be reliably measured at that time. 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(s)(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(j)), 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(j).

i) INTANGIBLE ASSETS (OTHER THAN GOODWILL)

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

The following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

–	Agency agreements	6 years
–	Employment contract	2 years
–	Customer relationship	4 years
–	Software	4 years

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) INTANGIBLE ASSETS (OTHER THAN GOODWILL) (CONTINUED)

Intangible assets acquired in a business combination (Continued)

Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

j) 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.

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(h)).

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) 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(f)) 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.

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

– For investment in associates accounted for under the equity method in the consolidated financial statements (see note 2(d)), the impairment loss is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with note 2(k)(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(k)(ii).

– For unquoted equity securities carried at cost, the 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 carried at cost are not reversed.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) IMPAIRMENT OF ASSETS (Continued)

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

– For trade receivables and other current 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.

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, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

– plant and equipment;

– investments in subsidiaries and associates in the company's statement of financial position;

– intangible assets; and

– goodwill

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) IMPAIRMENT OF ASSETS (Continued)

ii) Impairment of other assets (Continued)

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, 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 greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market 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 of disposal (if measurable), or value in use (if determinable).

– 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) IMPAIRMENT OF ASSETS (Continued)

iii) Interim financial reporting and impairment

Under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, 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(k)(i) and (ii)).

Impairment losses recognised in an interim period in respect of goodwill, and unquoted 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.

l) LOAN AND RECEIVABLES

Loan and 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(k)).

m) 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 that are 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.

n) OTHER PAYABLES

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o) INTEREST-BEARING BORROWINGS/PROMISSORY NOTES/UNCONVERTIBLE BONDS

Interest-bearing borrowings, promissory notes and unconvertible bonds 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.

p) CONVERTIBLE BONDS AND WARRANTS

Convertible bonds and warrants 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 and warrants 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 instruments 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 and warrants designated as financial liabilities at fair value through profit or loss were recognised immediately in profit or loss.

q) OFFSETTING FINANCIAL INSTRUMENTS

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

r) 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 utilised.

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(h), 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, rather 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

r) 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 utilised. 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.

s) 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 periods 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 incentive 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

s) 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

Grants and subsidies that compensate the group for expenses incurred are recognised as revenue in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

v) Service income

Service income is recognised when services are rendered.

t) 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 in other comprehensive income.

Non-monetary assets and liabilities 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 stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

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 including goodwill arising on consolidation of foreign operations acquired on or after 1 January 2005, 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 reserve. Goodwill arising on consolidation of a foreign operation acquired before 1 January 2005 is translated at the foreign exchange rate that applied at the date of acquisition of the foreign operation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

t) 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, a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in an associate that includes a foreign operation of which the retained interest becomes a financial asset), 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 includes a foreign operation 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.

u) BORROWING COSTS

Borrowing costs that are 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 are capitalized as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

v) 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).

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

v) RELATED PARTIES (Continued)

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

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.

w) 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

w) 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 of the 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 at the earlier of when the group can no longer withdraw the offer of those benefits and when it recognises restructuring costs involving the payment of termination benefits.

x) 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 accessing the performance, the group's various lines of business and geographical locations.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

y) PROVISIONS AND CONTINGENT LIABILITIES

(i) Contingent liabilities assumed in business combinations

Contingent liabilities assumed in a business combination which are present obligations at the date of acquisition are initially recognised at fair value, provided the fair value can be reliably measured. After their initial recognition at fair value, such contingent liabilities are recognised at the higher of the amount initially recognised, less accumulated amortisation where appropriate, and the amount that would be determined in accordance with note 2(y)(ii). Contingent liabilities assumed in a business combination that cannot be reliably fair valued or were not present obligations at the date of acquisition are disclosed in accordance with note 2(y)(ii).

(ii) Other 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.

Government grants and subsidies are recognised at their fair value where there is reasonable assurance that the grants and subsidies will be received and all attaching conditions will be complied with. When the grants and subsidies relate to an expense item, they are recognised as income or net off against directly related borrowing costs (see note 2(u)), over the periods necessary to match the grants and subsidies on a systematic basis to the costs that they are intended to compensate.

z) GOVERNMENT GRANTS

Government grants and subsidies are recognised at their fair value where there is reasonable assurance that the grants and subsidies will be received and all attaching conditions will be complied with. When the grants and subsidies relate to an expense item, they are recognised as income or net off against directly related borrowing costs (see note 2(u)), over the periods necessary to match the grants and subsidies on a systematic basis to the costs that they are intended to compensate. Where the grants and subsidies relate to an asset, they are presented as deferred revenue and are released to the income statement over their expected useful life of the relevant asset by equal annual instalments.

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 10, HKFRS 12 and HKAS 27 (2011)	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC) – Int 21	Levies

The application of the new and revised HKFRSs and Interpretations in the current year has had no material impact on the group's financial performance and positions for the current and prior years and/or on the disclosures set out in this consolidated financial statements. The group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

The group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

AMENDMENTS TO HKFRS 10, HKFRS 12 AND HKAS 27 (2011) INVESTMENT ENTITIES

The amendments provide consolidation relief to those parents which qualify to be an investment entity as defined in the amended HKFRS 10. Investment entities are required to measure their subsidiaries at fair value through profit or loss. These amendments do not have an impact on these financial statements as the company does not qualify to be an investment entity.

AMENDMENTS TO HKAS 32 OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The amendments to HKAS 32 clarify the offsetting criteria in HKAS 32. The amendments do not have an impact on these financial statements as they are consistent with the policies already adopted by the group.

AMENDMENTS TO HKAS 36 RECOVERABLE AMOUNT DISCLOSURES FOR NON-FINANCIAL ASSETS

The amendments to HKAS 36 modify the disclosure requirements for impaired non-financial assets. Among them, the amendments expand the disclosures required for an impaired asset or CGU whose recoverable amount is based on fair value less costs of disposal. The group early adopted the amendments in the annual financial statements for the year ended 31 March 2014.

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

AMENDMENTS TO HKAS 39 NOVATION OF DERIVATIVES AND CONTINUATION OF HEDGE ACCOUNTING

The amendments to HKAS 39 provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. The amendments do not have an impact on these financial statements as the group has not novated any of its derivatives.

HK(IFRIC) – INT 21 LEVIES

The Interpretation provides guidance on when a liability to pay a levy imposed by a government should be recognised. The amendments do not have an impact on these financial statements as the guidance is consistent with the group's existing accounting policies.

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

The group's major financial instruments include trade and other receivables, trading securities, promissory notes receivables, cash and cash equivalents, deposit for acquisition of subsidiaries, fixed deposit, interest-bearing bank borrowings, other payables, promissory notes, unconvertible bonds, purchase consideration payable and warrants. The company's major financial instruments include other receivables, trading securities, promissory notes receivables, cash and cash equivalents, deposit for acquisition of subsidiaries, other payables, promissory notes, unconvertible bonds, purchase consideration payable and warrants.

Details of these financial instruments are disclosed in respective notes. The group and the company have exposure to the 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 2015 and 2014, 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.

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

i) CREDIT RISK (Continued)

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

As at 31 March 2015, the group has certain concentration of credit risk as 43% (2014: 62%) of total cash and cash equivalents and fixed deposits 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 are performed on each and every major tenant periodically. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Debts are due within 0-30 days from the date of billing. The group has received rental deposits amounting to RMB2,065,000 (2014: RMB565,000) from the tenants as collateral.

d) In respect of trade receivables, the group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry and location in which customer operate also has an influence on credit risk. At the end of the reporting period, the group has concentration of credit risk as 68% (2014: 100%) of the total receivables was due from the group's largest customer.

Further quantitative disclosures in respect of the group's exposure to credit risk arising from trade and other receivables are set out in note 23.

e) In respect of promissory note receivables, the group's exposure to credit risk is represented by the principal amount of the promissory note receivables arising from default of the counterparty. The group reviews regularly the recoverable amount of the promissory note receivables to ensure that adequate impairment losses are made for irrecoverable amounts. At the end of the reporting period, the group has significant concentration of credit risk on one note holder.

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (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 these high credit ratings, management does not expect any counterparty to fail to meet its obligations.

As at 31 March 2015, the company has certain concentration of credit risk as 65% (2014: 68%) of total cash and cash equivalents and fixed deposit were deposited at one financial institution in the Hong Kong with high credit ratings.

Similar to the group level, the company has exposure of credit risk on promissory note receivables arising from default of the counterparty.

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 parent company's 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 interest-bearing bank borrowings, promissory notes, unconvertible bonds and purchase consideration payable as a significant source of liquidity.

The following tables 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 the reporting period) and the earliest date the group and the company can be required to pay.

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

ii) LIQUIDITY RISK (Continued)

The group

	2015							2014						
	Weighted average 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 outflow RMB'000	Carrying amount RMB'000	Weighted average 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 outflow RMB'000	Carrying amount RMB'000
Non-derivative financial liabilities														
Other payables and accruals	–	12,743	–	–	–	12,743	12,743	–	20,614	–	–	–	20,614	20,614
Loan from a related party	6.73%	162	122	–	–	284	257	6.73%	162	162	122	–	446	403
Interest-bearing bank borrowings	6.77%	13,306	19,526	9,337	–	42,169	38,500	7.21%	7,185	14,184	28,913	–	50,282	43,500
Promissory notes	–	–	–	–	–	–	–	8%	635	8,384	–	–	9,019	7,862
Unconvertible bonds	5%	788	788	10,184	8,146	19,906	15,756	5%	794	794	2,383	16,890	20,861	15,884
Purchase consideration payable:														
– promissory note	8%	4,412	4,412	55,762	–	64,586	52,567	–	–	–	–	–	–	–
– contingent consideration receivable*	–	–	–	(59,949)	–	(59,949)	(51,651)	–	–	–	–	–	–	–
		31,411	24,848	15,334	8,146	79,739	68,172		29,390	23,524	31,418	16,890	101,222	88,263

The company

	2015							2014						
	Weighted average 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 outflow RMB'000	Carrying amount RMB'000	Weighted average 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 outflow RMB'000	Carrying amount RMB'000
Non-derivative financial liabilities														
Other payable	–	3,898	–	–	–	3,898	3,898	–	6,156	–	–	–	6,156	6,156
Promissory notes	–	–	–	–	–	–	–	8%	635	8,384	–	–	9,019	7,862
Unconvertible bonds	5%	788	788	10,184	8,146	19,906	15,756	5%	794	794	2,383	16,890	20,861	15,884
Purchase consideration payable:														
– promissory notes	8%	4,412	4,412	55,762	–	64,586	52,567	–	–	–	–	–	–	–
– contingent consideration receivable*	–	–	–	(59,949)	–	(59,949)	(51,651)	–	–	–	–	–	–	–
		9,098	5,200	5,997	8,146	28,441	20,570		7,585	9,178	2,383	16,890	36,036	29,902

* The amounts included above for contingent consideration receivable are the expected amounts the group and the company could receive under the contingent consideration arrangement for the acquisition of subsidiaries. However, this estimate is subject to change as it is depending on the financial performance of the acquiree (note 33 and 42(ii)).

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

iii) CURRENCY RISK

The group is exposure to currency risk related primarily to deposits for acquisition of subsidiaries, cash and cash equivalents, trade and other receivables, other payables, trading securities, promissory notes receivables, promissory notes, unconvertible bonds and purchase consideration payable 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 relate. For presentation purposes, the amounts of the exposure are shown in RMB, translated using the spot rate at the year end date.

The group

Exposure to foreign currencies (expressed in Renminbi)

	2015	2014	
	Hong Kong Dollars RMB'000	United States Dollars RMB'000	Hong Kong Dollars RMB'000
Deposits for acquisition of subsidiaries	**–**	97,845	–
Trade receivables	**229**	–	–
Other receivables	**9,525**	–	1,406
Cash and cash equivalents	**25,576**	–	29,913
Trading securities	**119**	–	138
Other payables	**(3,684)**	–	(5,161)
Promissory notes receivables	**97,057**	–	–
Promissory notes	**–**	–	(7,862)
Unconvertible bonds	**(15,756)**	–	(15,884)
Purchase consideration payable	**(916)**	–	–
Overall exposure to currency risk	**112,150**	97,845	2,550

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

iii) CURRENCY RISK (Continued)

The company

Exposure to foreign currencies (expressed in Renminbi)

	2015	2014	
	Hong Kong Dollars RMB'000	United States Dollars RMB'000	Hong Kong Dollars RMB'000
Deposits for acquisition of subsidiaries	**–**	97,845	–
Other receivables	**7,295**	–	104
Cash and cash equivalents	**22,890**	–	28,194
Trading securities	**119**	–	138
Other payables	**(2,906)**	–	(5,156)
Promissory notes receivables	**97,057**	–	–
Promissory notes	**–**	–	(7,862)
Unconvertible bonds	**(15,756)**	–	(15,884)
Purchase consideration payable	**(916)**	–	–
Overall exposure to currency risk	**107,783**	97,845	(466)

The following table indicates the instantaneous change in the group's and the company's loss after tax (and accumulated losses) that would arise if foreign exchange rates to which the group and the company has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant.

The group

	2015		2014	
	Increase/ (decrease) in foreign exchange rates	**Effect on loss after tax RMB'000**	Increase/ (decrease) in foreign exchange rates	Effect on loss after tax RMB'000
Hong Kong Dollars	**5%**	**(4,594)**	5%	(106)
	(5%)	**4,594**	(5%)	106

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

iii) CURRENCY RISK (Continued)

The company

	2015		2014	
	Increase/ (decrease) in foreign exchange rates	Effect on loss after tax RMB'000	Increase/ (decrease) in foreign exchange rates	Effect on loss after tax RMB'000
Hong Kong Dollars	5%	(4,500)	5%	19
	(5%)	4,500	(5%)	(19)

As at year ended 31 March 2014, the directors considered that the effect on loss after tax will decrease RMB4,085,000 if there is 5% increase in USD against RMB.

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the group entities' loss after tax and equity measured in the respective functional currencies, translated into Renminbi at the exchange rate ruling at the end of the reporting period for presentation purposes.

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the group which expose the group to foreign currency risk at the end of the reporting period. The analysis is performed on the same basis for 2014.

iv) INTEREST RATE RISK

The group's and the company's exposure to fair value interest rate risk in relation to fixed rate borrowing including promissory notes, unconvertible bonds and loan from a related party. As at 31 March 2015, the interest rate risk in relation to fixed rate borrowing is insignificant.

The group's exposure to market risk for changes in interest rates related primarily to the group's variable rate interest-bearing bank 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.

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

iv) INTEREST RATE RISK (Continued)

At 31 March 2015, 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 interest-bearing bank borrowings by approximately RMB289,000 (2014: RMB326,000).

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 at the end of next annual reporting period. The analysis is performed on the same basis for 2014.

v) EQUITY PRICE RISK

The group and the company is exposed to equity price changes 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 and the company's net loss would decrease or increase by approximately RMB12,000 (2014: RMB14,000) 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 2014.

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

vi) FAIR VALUE MEASUREMENT

a) *Financial assets and liabilities measured at fair value*

Fair value hierarchy

The following table presents the fair value of the group's financial instruments measured at the end of the reporting period on a recurring basis, categorized into the three-level fair value hierarchy as defined in HKFRS 13 Fair Value Measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

- Level 3 valuations: Fair value measured using significant unobservable inputs.

The group has a team headed by the chief financial officer performing valuations for the financial instruments, including warrants and contingent consideration receivable included in purchase consideration payable which are categorised into Level 3 of the fair value hierarchy. The team reports directly to the directors and the audit committee. A valuation report with analysis of changes in fair value measurement is prepared by the team at each interim and annual reporting date, and is reviewed and approved by the directors. Discussion of the valuation process and results with the directors and the audit committee is held twice a year, to coincide with the reporting dates.

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 following table presents the group and the company's financial assets and liabilities that are measured at fair value at 31 March 2015 and 2014. Refer to note 17 for disclosures of the investment properties that are measured at fair value.

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

vi) FAIR VALUE MEASUREMENT (Continued)

	The group and the company							
	Fair value measurements as at 31 March 2015 categorised into				Fair value measurements as at 31 March 2014 categorised into			
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Fair value at 31 March 2015 RMB'000	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Fair value at 31 March 2014 RMB'000
Recurring fair value measurements Assets:								
Trading securities	119	–	–	119	138	–	–	138
Liabilities:								
Warrants (note a)	–	–	13,764	13,764	–	–	–	–
Contingent consideration receivable included in purchase consideration payable (note b)	–	–	(51,651)	(51,651)	–	–	–	–

During the years ended 31 March 2014 and 2015, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

a) The valuation techniques and key inputs used of warrants for the level 3 fair value measurement at the end of reporting period are as follows:

	Valuation techniques	Significant unobservable input	Range	Weighted average
Warrants (note 30)	Binomial Option Pricing Model	Risk free rate	0.17%-0.21%	0.20%
		Expected warrants period	1.24 years-1.36 years	1.32 years
		Expected volatility	83.73%-87.36%	85.05%
		Expected dividend yield	Nil	Nil

The increase in risk free rate, expected warrants period and expected volatility used would result in increase in fair value measurement of warrants while the increase in expected dividend yield used would result in decrease in fair value measurement of warrants, and vice versa.

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

vi) FAIR VALUE MEASUREMENT (Continued)

b) The valuation techniques and key inputs used of contingent consideration receivable for the level 3 fair value measurement at the end of reporting period are as follows:

	Valuation techniques	Significant unobservable input	Range	Weighted average
Contingent consideration receivable included in purchase consideration payable (note 33(b))	Discounted cash flow analysis	Probability-weighted revenue	RMB9,421,000-RMB70,658,000	RMB24,878,000
		Probability-weighted profit / (loss)	Loss of RMB2,754,000-profit of RMB21,371,000	Profit of RMB3,572,000
		Discount rate	10.4%-10.9%	10.7%

The increase in probability-weighted revenue, profit and discount rate used would result in decrease in fair value measurement of contingent consideration receivable while the increase in loss used would result in increase in fair value measurement of contingent consideration receivable, and vice versa.

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) 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 fair value is estimated at the present value of future cash flows, discounted at current market interest rates for similar financial instruments. The carrying amounts of the non-current portions of interest-bearing bank borrowings approximate their fair values.

5. ACCOUNTING JUDGEMENTS AND ESTIMATES

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 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 estimates impairment losses for bad and doubtful debts resulting from the inability of the customers and other debtors to make the required payments. The group is based on the estimates of the aging of the receivable balance, debtors' credit-worthiness, and historical write-off experience. If the financial condition of the customers and debtors were to deteriorate, actual impairment losses would be higher than estimated.

The carrying amount of loan and receivables net of impairment allowance as at 31 March 2015 was RMB15,937,000 (2014: RMB2,825,000).

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 of 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 2015 was RMB10,218,000 (2014: RMB7,351,000).

5. ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

a) KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

iii) Fair value of investment properties

Investment properties are carried in the consolidated statement of financial position at 31 March 2015 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 statement of profit or loss.

The carrying amount of investment properties as at 31 March 2015 was RMB206,597,000 (2014: RMB177,872,000).

iv) Impairment of intangible assets and goodwill

The group assess whether there are any indicators of impairment for intangible assets and goodwill. If any such indication exists the recoverable amount of the asset or the cash generating unit to which it belongs is estimated to determine impairment losses on the asset. Changes in facts and circumstances may result in revisions to the conclusion of whether an indication of impairment exists and revised estimates of recoverable amount, which would effect profit or loss in future years.

The carrying amount of intangible assets and goodwill as at 31 March 2015 was RMB99,491,000 and RMB16,846,000 respectively (2014: RMB100,000,000 and Nil).

v) Fair value of warrants

Management uses their judgement in selecting an appropriate valuation technique for warrants that do not have a quoted market price in an active market. Valuation techniques commonly used by market practitioners are applied. For warrants, assumptions are made based on quoted market rates adjusted for specific features of the convertible bonds. Changes in assumption used could materially affect the fair value of the balance and as a result affect the group's financial condition and result of operation.

The carrying amount of warrants as at 31 March 2015 was RMB13,764,000 (2014: Nil).

5. ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

a) KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

vi) Fair value of contingent consideration receivable

The fair value of contingent consideration receivable of acquisition was determined by using valuation techniques. The group uses its judgement to select a variety of methods and make assumptions, including the discount rates and estimation of post-acquisition performance of the acquired subsidiaries. Changes in assumption used could materially affect the fair value of the balances and as a result affect the group's financial condition and results of operation.

The carrying amount of contingent consideration receivable as of 31 March 2015 was RMB51,651,000 (2014: Nil)

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 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) Mining right

As disclosed in note 19 to the financial statements, the group's mining right for the copper and molybdenum will expire in October 2017. 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.

ii) 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, and the amounts of each segment item reported in financial statements, 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 each service type perspectives. Geographically, management considers the performance of the segments in Hong Kong and mainland China. The group has presented the following three reportable segments. These segments are managed separately. The properties investment segment, the investing in mining activities segment and the educational support services 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 third party.

EDUCATIONAL SUPPORT SERVICES: The educational support services reportable segment derives its revenue from the provision of students referral services to overseas schools, overseas education counselling and schools enrolling services of students, trading of educational software and hardware and provision of education, skill training and education consultation.

No reportable operating segment has been aggregated.

6. SEGMENT REPORTING (Continued)

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 liabilities 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 statement of profit or loss.

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 2015 and 2014 is set out below.

6. SEGMENT REPORTING (Continued)

a) SEGMENT RESULTS, ASSETS AND LIABILITIES (Continued)

	2015				2014		
	Properties investment RMB'000	Investing in mining activities RMB'000	Educational support services RMB'000	Total RMB'000	Properties investment RMB'000	Investing in mining activities RMB'000	Total RMB'000
Revenue from external customers	9,017	–	1,563	10,580	4,596	–	4,596
Reportable segment revenue	9,017	–	1,563	10,580	4,596	–	4,596
Reportable segment profit/ (loss) before taxation	27,660	(21,581)	(4,616)	1,463	(12,507)	(85,435)	(97,942)
Interest income of bank deposits	2	1	–	3	1	–	1
Exploration and development expenses of mine	–	(404)	–	(404)	–	(244)	(244)
Depreciation and amortisation							
– Plant and equipment	(498)	(1,402)	(66)	(1,966)	(627)	(3,252)	(3,879)
– Intangible asset	–	–	(3,316)	(3,316)	–	–	–
Valuation gain/(loss) on investment properties	28,725	–	–	28,725	(1,750)	–	(1,750)
Impairment loss of intangible assets	–	(18,006)	–	(18,006)	–	(80,000)	(80,000)
Impairment loss of rental receivable	–	–	–	–	(2,302)	–	(2,302)
Compensation for early termination of operating lease	–	–	–	–	(277)	–	(277)
Loss on disposal of plant and equipment	–	–	–	–	–	(205)	(205)
Income tax (expense)/credit	(7,181)	–	321	(6,860)	438	–	438
Finance costs	(2,956)	(19)	–	(2,975)	(3,352)	(4)	(3,356)
Reportable segment assets	213,592	86,582	37,877	338,051	181,266	105,472	286,738
Additions to non-current assets during the year	30	6	38,386	38,422	5	2,397	2,402
Reportable segment liabilities	43,115	4,667	773	48,555	53,459	5,874	59,333
Deferred tax liabilities	13,206	–	2,947	16,153	6,025	–	6,025
Total liabilities	56,321	4,667	3,720	64,708	59,484	5,874	65,358

6. SEGMENT REPORTING (Continued)

b) RECONCILIATIONS OF REPORTABLE SEGMENT REVENUES, PROFIT OR LOSS, ASSETS AND LIABILITIES AND OTHER ITEMS:

		2015 RMB'000	2014 RMB'000
(i)	**Revenue**		
	Total reportable segment revenue	**10,580**	4,596
	Elimination of inter-segment revenue	**–**	–
	Consolidated turnover	**10,580**	4,596
(ii)	**Loss before taxation**		
	Total reportable segments' profit/(loss)	**1,463**	(97,942)
	Share of (loss)/profit of an associate	**(42)**	126
	Impairment loss on interest in an associate	**(1,417)**	–
	Unallocated corporate income	**22,113**	14
	Depreciation	**(1,177)**	(788)
	Interest income	**7,241**	1,068
	Finance costs	**(5,632)**	(717)
	Unallocated corporate expenses	**(38,455)**	(33,096)
	Consolidated loss before taxation	**(15,906)**	(131,335)
(iii)	**Assets**		
	Total reportable segments' assets	**338,051**	286,738
	Unallocated corporate assets	**153,903**	141,793
	Consolidated total assets	**491,954**	428,531
(iv)	**Liabilities**		
	Total reportable segments' liabilities	**(64,708)**	(65,358)
	Current taxation	**(135)**	(44)
	Unallocated corporate liabilities	**(33,431)**	(28,930)
	Consolidated total liabilities	**(98,274)**	(94,332)

6. SEGMENT REPORTING (Continued)

b) RECONCILIATIONS OF REPORTABLE SEGMENT REVENUES, PROFIT OR LOSS, ASSETS AND LIABILITIES AND OTHER ITEMS: (Continued)

(v) Other items

	2015				
	Properties investments RMB'000	Investing in mining activities RMB'000	Educational support services RMB'000	Unallocated RMB'000	Total RMB'000
Interest income					
– promissory notes	–	–	–	7,212	7,212
– bank deposits	2	1	–	29	32
Depreciation	(498)	(1,402)	(66)	(1,177)	(3,143)
Finance costs	(2,956)	(19)	–	(5,632)	(8,607)
Income tax (expense)/credit	(7,181)	–	321	–	(6,860)

	2014			
	Properties investment RMB'000	Investing in mining activities RMB'000	Unallocated RMB'000	Total RMB'000
Interest income				
– loan receivable	–	–	1,067	1,067
– bank deposits	1	–	1	2
Depreciation	(627)	(3,252)	(788)	(4,667)
Finance costs	(3,352)	(4)	(717)	(4,073)
Income tax credit/(expense)	438	–	(110)	(328)

c) REVENUE FROM MAJOR SERVICES

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

	2015 RMB'000	2014 RMB'000
Properties investment	9,017	4,596
Educational support services	1,563	–
	10,580	4,596

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, goodwill, deposit for acquisition of subsidiaries and interest in an associate. 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 and goodwill, it is based on the location of operation to which these intangibles are allocated. In the case of deposits for acquisition of subsidiaries and interest in an associate, it is the location of operations of the debtor and the associate.

	Revenues from external customers		Non-current assets	
	2015	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000
Hong Kong (place of domicile)	**1,563**	–	**47,930**	109,024
PRC	**9,017**	4,596	**292,024**	283,163
Others	**–**	–	**840**	–
	10,580	4,596	**340,794**	392,187

e) INFORMATION ABOUT MAJOR CUSTOMERS

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

	2015	2014
	RMB'000	RMB'000
Customer A – revenue from properties investment – the PRC	**6,267**	–
Customer B – revenue from properties investment – the PRC	**2,750**	2,828
Customer C – revenue from properties investment – the PRC	**–**	1,768
	9,017	4,596

7. TURNOVER

The principal activities of the group are properties investment, investing in mining activities and provision of educational support services.

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

	2015	2014
	RMB'000	RMB'000
Rental income from investment properties	**9,017**	4,596
Commission income from educational support services	**1,563**	–
	10,580	4,596

8. OTHER REVENUE AND OTHER NET INCOME

	2015	2014
	RMB'000	RMB'000
a) Other revenue		
Interest income on promissory notes	**7,212**	–
Interest income on loan receivables	**–**	1,067
Interest income on bank deposits	**32**	2
Total interest income on financial assets not at fair value through profit or loss	**7,244**	1,069
Reversal of impairment of loan receivable (note 23(2))	**3,853**	–
Sundry income (i)	**761**	370
	11,858	1,439

(i) For the year ended 31 March 2015, no sundry income is derived from mining operation (2014: RMB296,000).

8. OTHER REVENUE AND OTHER NET INCOME (Continued)

	2015 RMB'000	2014 RMB'000
b) Other net income		
Exchange gain	**421**	–
Fair value gain on convertible bonds and warrants	**17,832**	–
Government subsidy*	**1**	11
	18,254	11

* Government subsidy mainly relates to unconditional cash subsidies in respect of properties investment.

9. LOSS BEFORE TAXATION

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

	2015 RMB'000	2014 RMB'000
a) Finance costs		
Interest expenses on bank borrowings not wholly repayable within five years	**2,956**	3,352
Interest expense on other borrowings	**19**	4
Interest expense on promissory notes	**2,062**	193
Interest expense on unconvertible bonds	**793**	524
Interest expense on convertible bonds	**102**	–
Placing commission on convertible bonds	**2,675**	–
	8,607	4,073
b) Staff costs (including directors' remuneration)		
Salaries, wages and other benefits	**21,604**	14,762
Contribution to defined contribution retirement plans	**689**	571
Equity-settled share-based payment expenses	**4,191**	–
	26,484	15,333

9. LOSS BEFORE TAXATION (Continued)

	2015 RMB'000	2014 RMB'000
c) Other items		
Auditor's remuneration		
– audit services	**967**	871
– other services	**538**	666
Depreciation of plant and equipment	**3,143**	4,667
Foreign exchange gain	**(421)**	–
Gross rental income from investment properties less direct outgoings of RMB1,304,000 (2014: RMB2,471,000)	**(7,713)**	(2,125)
Operating lease charges: minimum lease payments (including directors' quarters)	**5,479**	5,585
Exploration and development expenses of mine	**404**	244
d) Other operating expenses		
Amortisation of intangible assets	**3,316**	–
Fair value loss of trading securities	**17**	9
Impairment loss of intangible assets	**18,006**	80,000
Impairment loss of interest in an associate	**1,417**	–
Equity-settled share-based payment expenses	**4,191**	–
Compensation for early termination of operating lease (i)	**–**	277
Impairment loss of rental receivables (ii)	**–**	2,302
Loss on disposal of plant and equipment	**–**	205
	26,947	82,793

(i) For the year ended 31 March 2014, Shanghai Xiang Chen Hang Place The Industry Co. Ltd. ("Shanghai Xiang Chen Hang") early terminated its tenancy agreement. On 18 November 2013, a mediation agreement was reached between the landlord and Shanghai Xiang Chen Hang. According to the mediation agreement, rental deposit of RMB277,000 was forfeited as compensation for the early termination.

(ii) For the year ended 31 March 2014, a tenant moved out without notice. Rental receivables of RMB2,302,000 was fully impaired.

10. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

Directors' remuneration disclosed with reference to section 161 of the predecessor Hong Kong Companies Ordinance (Cap. 32), and the chief executive's remuneration are as follows:

	2015						
	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	–	522	159	14	695	171	866
Xu Dong *(chief executive)*	–	4,622	2,647	14	7,283	1,711	8,994
	–	5,144	2,806	28	7,978	1,882	9,860
Independent non-executive directors							
Lai Wai Yin	95	–	–	–	95	–	95
Cao Jie Hin	95	–	–	–	95	–	95
Tse Kwong Wah	95	–	–	–	95	–	95
	285	–	–	–	285	–	285
Non-executive director							
Yu Wai Fong	–	2,240	1,324	14	3,578	1,711	5,289
	–	2,240	1,324	14	3,578	1,711	5,289
Total	285	7,384	4,130	42	11,841	3,593	15,434

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

	2014						
	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	–	474	79	12	565	–	565
Xu Dong *(chief executive)*	–	4,318	951	12	5,281	–	5,281
	–	4,792	1,030	24	5,846	–	5,846
Independent non-executive directors							
Lai Wai Yin	95	–	–	–	95	–	95
Cao Jie Hin	95	–	–	–	95	–	95
Tse Kwong Wah	95	–	–	–	95	–	95
	285	–	–	–	285	–	285
Non-executive director							
Yu Wai Fong	–	1,979	475	12	2,466	–	2,466
	–	1,979	475	12	2,466	–	2,466
Total	285	6,771	1,505	36	8,597	–	8,597

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 2014 and 2015 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 2015 and 2014. No director waived or agreed to waive any emoluments during the years ended 31 March 2015 and 2014.

11. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments in the group, three (2014: three) are directors of the company whose emoluments are included in the disclosure in note 10 above. The emoluments of the remaining two (2014: two) individuals are as follows:

	2015	2014
	RMB'000	RMB'000
Salaries, allowances and benefits in kind	**3,426**	2,402
Retirement scheme contributions	**66**	57
	3,492	2,459

The emoluments of the two (2014: two) individuals with the highest emoluments are within the following bands:

	Number of individuals	
	2015	2014
HK$Nil – HK$1,000,000 (equivalent to RMBNil – RMB793,000)	**1**	1
HK$1,000,001 – HK$1,500,000 (equivalent to RMB793,001 – RMB1,189,000)	**–**	–
HK$1,500,001 – HK$2,000,000 (equivalent to RMB1,189,001 – RMB1,585,000)	**–**	–
HK$2,000,001 – HK$2,500,000 (equivalent to RMB1,585,001 – RMB1,982,000)	**–**	–
HK$2,500,001 – HK$3,000,000 (equivalent to RMB1,982,001 – RMB2,378,000)	**–**	1
HK$3,000,001 – HK$3,500,000 (equivalent to RMB2,378,001 – RMB2,774,000)	**–**	–
HK$3,500,001 – HK$4,000,000 (equivalent to RMB2,774,001 – RMB3,170,000)	**1**	–
	2	2

12. INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

a) Income tax in the consolidated statement of profit or loss represents:

	2015	2014
	RMB'000	RMB'000
Current tax		
Hong Kong profits tax	**177**	110
Deferred tax		
Origination and reversal of temporary differences	**6,683**	(438)
Income tax expense/(credit)	**6,860**	(328)

The provision for Hong Kong Profits Tax for 2015 is calculated at 16.5% (2014: 16.5%) of estimated assessable profits for the year, taking into account a one-off reduction of 75% of the tax payable for the year of assessment 2014/15 subject to a ceiling of HK$20,000 (equivalent to approximately RMB16,000).

The PRC enterprise income tax (the "EIT") for the year ended 31 March 2015 is taxed at 25% (2014: 25%). EIT has not been provided for as the PRC subsidiaries 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 2015.

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

	2015	2014
	RMB'000	RMB'000
Loss before taxation	**(15,906)**	(131,335)
Notional tax on loss before taxation, calculated at the tax rate applicable to loss in the jurisdictions concerned	**(2,173)**	(30,090)
Tax effect of non-taxable income	**(901)**	(23)
Tax effect of non-deductible expenses	**8,322**	25,652
Tax effect of deductible temporary differences not recognised	**(747)**	(445)
Tax effect of unused tax losses not recognised	**2,375**	4,586
One-off tax reduction	**(16)**	(8)
Income tax expense/(credit)	**6,860**	(328)

13. LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY

The consolidated loss attributable to owners of the company includes a loss of approximately RMB2,444,000 (2014: RMB130,846,000) 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 2015 (2014: 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 RMB20,380,000 (2014: loss of RMB123,403,000) and on the weighted average number of 1,219,668,000 ordinary shares (2014: 518,742,000 ordinary shares) in issue during the year.

Weighted average number of ordinary shares:

	2015	2014
	'000	'000
Issued ordinary shares at the beginning of the year	**589,915**	441,915
Effect of issuance of new shares in placement	**–**	76,827
Effect of issuance of new shares upon conversion of convertible bonds	**619,624**	–
Effect of issuance of new shares upon exercise of warrants	**10,129**	–
Weighted average number of ordinary shares at the end of the year	**1,219,668**	518,742

15. LOSS PER SHARE (Continued)

b) DILUTED LOSS PER SHARE

The calculation of diluted loss per share is based on the loss attributable to owners of the company of RMB38,110,000 (2014: RMB123,403,000) and the weight average number of ordinary shares of 1,303,206,000 (2014: 518,742,000 ordinary shares) calculated as follows:

Loss attributable to owners of the company (diluted):

	2015 RMB'000	2014 RMB'000
Losses for the purpose of basic loss per share	(20,380)	(123,403)
Effect of dilutive potential ordinary shares:		
Interest expense on convertible bonds	102	–
Fair value gain on convertible bonds and warrants	(17,832)	–
Losses for the purpose of diluted loss per share	(38,110)	(123,403)

Weighted average number of ordinary shares (diluted):

	2015 '000	2014 '000
Weighted average number of ordinary shares for the purpose of basic loss per share	1,219,668	518,742
Effect of deemed issue of shares under the company's share option scheme for nil consideration	18	–
Effect of deemed issue of shares from the exercise of warrants	404	–
Effect of deemed issue of shares from the convertible bonds	83,116	–
Weighted average number of ordinary shares for the purpose of diluted loss per share	1,303,206	518,742

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 2013	30	1,097	21,587	22,714
Additions	–	130	2,391	2,521
Disposals	–	–	(2,330)	(2,330)
Exchange realignment	–	(9)	(77)	(86)
At 31 March 2014	30	1,218	21,571	22,819
At 1 April 2014	**30**	**1,218**	**21,571**	**22,819**
Additions	**284**	**481**	**5,380**	**6,145**
Acquisition of subsidiaries (note 42)	**–**	**67**	**–**	**67**
Exchange realignment	**(60)**	**(6)**	**(174)**	**(240)**
At 31 March 2015	**254**	**1,760**	**26,777**	**28,791**
Accumulated depreciation				
At 1 April 2013	(7)	(863)	(11,747)	(12,617)
Charge for the year	(1)	(49)	(4,617)	(4,667)
Eliminated on disposals of assets	–	–	1,775	1,775
Exchange realignment	–	10	31	41
At 31 March 2014	(8)	(902)	(14,558)	(15,468)
At 1 April 2014	**(8)**	**(902)**	**(14,558)**	**(15,468)**
Charge for the year	**(15)**	**(124)**	**(3,004)**	**(3,143)**
Exchange realignment	**–**	**2**	**36**	**38**
At 31 March 2015	**(23)**	**(1,024)**	**(17,526)**	**(18,573)**
Carrying amount				
At 31 March 2015	**231**	**736**	**9,251**	**10,218**
At 31 March 2014	22	316	7,013	7,351

16. PLANT AND EQUIPMENT (Continued)

Note: For the year ended 31 March 2014, the group acquired three motor vehicles at cost of approximately RMB2,391,000. The amount was settled by trade-in three existing motor vehicles with carrying amount of RMB350,000 and a loan from a related party, Mr. Zhou Hong Tao, senior management of the company, amounting to RMB440,000 and advance from the related party amounting to RMB773,000 (note 27 and note 38). The remaining balance approximately to RMB828,000 was settled by cash.

The company

	Furniture and equipment RMB'000
Cost	
At 1 April 2013, 31 March 2014 and 31 March 2015	118
Accumulated depreciation	
At 1 April 2013, 31 March 2014 and 31 March 2015	(118)
Carrying amount	
At 31 March 2015	–
At 31 March 2014	–

17. INVESTMENT PROPERTIES

	RMB'000
Valuation (Level 3 fair value measurements):	
At 1 April 2013	179,622
Loss on revaluation	(1,750)
At 31 March 2014	177,872
At 1 April 2014	177,872
Gain on revaluation	28,725
At 31 March 2015	206,597

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

All of the group's investment properties were revalued on 31 March 2015 and 31 March 2014 by Fellows of Hong Kong Institute of Surveyors, 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 which had been revalued on the combination of investment approach and market approach. The group's chief financial officer has discussion with the surveyors on the valuation assumptions and valuation results when the valuation is performed at each interim and annual reporting date. The investment properties are leased to third parties under operating leases, further details of which are included in note 37(b)(i) to the financial statements.

The group's investment properties of approximately RMB141,206,000 (2014: approximately RMB133,812,000) were pledged to secure general banking facilities granted to the group (note 28).

17. INVESTMENT PROPERTIES (Continued)

FAIR VALUE MEASUREMENT OF PROPERTIES

i) Fair value hierarchy

The following table presents the fair value of the group's properties measured at the end of the reporting period on a recurring basis, categorized into the three-level fair value hierarchy as defined in HKFRS 13 Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

	Fair value at	**Fair value measurements as at 31 March 2015 categorised into**			Fair value at	Fair value measurements as at 31 March 2014 categorised into		
	31 March 2015	**Level 1**	**Level 2**	**Level 3**	31 March 2014	Level 1	Level 2	Level 3
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	RMB'000	RMB'000	RMB'000	RMB'000
Recurring fair value measurement								
Investment properties:								
– Commercial – PRC	**206,597**	**–**	**–**	**206,597**	177,872	–	–	177,872

During the year ended 31 March 2015, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2014: nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

17. INVESTMENT PROPERTIES (Continued)

FAIR VALUE MEASUREMENT OF PROPERTIES (CONTINUED)

Information about Level 3 fair value measurements

	Valuation techniques	Unobservable input	Range	Weighted average
Investment properties I Commercial – the PRC	Investment approach & market approach	Rental yield Price per square metre	6% - 10% RMB22,900 – RMB62,100 (2014: 6% - 10% RMB29,400 – RMB41,400)	8% RMB43,800 (2014: 8% RMB35,400)
Investment properties II Commercial – the PRC	Investment approach & market approach	Rental yield Price per square metre	6% - 10% RMB47,500 – RMB112,000 (2014: 6% - 10% RMB56,000 – RMB85,600)	8% RMB79,900 (2014: 8% RMB70,800)

As at 31 March 2015 and 2014, the valuation of investment properties were based on the investment approach by capitalizing the net rental incomes receivable from the existing tenancies and the market approach by assessing the unit rate of capital value from the market comparables and discounted by projected cash flow series associated with the properties using rental yield of the market comparables.

The fair value of the investment properties is negatively correlated to the rental yield and positively correlated to price per square metre.

The movements during the period in the balance of these Level 3 fair value measurements are as follows:

	2015 **RMB'000**	2014 RMB'000
Investment properties – Commercial – PRC		
At 1 April	**177,872**	179,662
Valuation gain/(loss) on investment properties	**28,725**	(1,750)
At 31 March	**206,597**	177,872

All the gains recognised in profit or loss for the year arise from the properties held at the end of the reporting period.

18. INTEREST IN SUBSIDIARIES

	The company	
	2015	2014
	RMB'000	RMB'000
Unlisted shares, at cost	**656,085**	623,466
Less: Impairment losses		
At 1 April	**527,810**	417,778
Impairment loss recognised	**–**	110,032
At 31 March	**527,810**	527,810
Unlisted shares, net	**128,275**	95,656
Due from subsidiaries	**279,139**	228,056
Less: Impairment losses		
At 1 April	**104,624**	103,523
Impairment loss recognised	**1,423**	2,751
Exchange realignment	**(852)**	(1,650)
At 31 March	**105,195**	104,624
Due from subsidiaries, net	**173,944**	123,432
	302,219	219,088

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 their fair value.

The directors of the company conducted a review of the interest in subsidiaries and considered the investment cost cannot be recoverable by the estimated future cash flow generated from its operation and the carrying value of the mine. An impairment of RMB110,032,000 was made on the investment cost of subsidiaries in prior year.

During the year ended 31 March 2015, the company recognised an impairment loss of RMB1,423,000 (2014: RMB2,751,000) on the amount due from subsidiaries as the subsidiaries were operating at a loss. The directors are of the opinion that the recoverable amount of the balance due was less than its carrying amount.

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.

18. INTEREST IN SUBSIDIARIES (Continued)

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

			Proportion of ownership interest			
Name	Place of establishment, incorporation and operation	Particulars of issued and paid up share capital/ registered capital	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
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

18. INTEREST IN SUBSIDIARIES (Continued)

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	Proportion of ownership interest: Held by the company	Proportion of ownership interest: Held by a subsidiary	Principal activities
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
Star Harbour Group Limited	The British Virgins Island	US$1	100%	100%	–	Inactive
Able Up Investment Limited ("Able Up")	The British Virgins Island	US$100	90%	90%	–	Investment holding
Global Education Group Limited	Hong Kong	HK$10,000	90%	–	100%	Educational support service
Liqun Investments Limited ("Liqun")	The British Virgins Island	US$1	100%	100%	–	Investment holding
Kotech Educational Limited	Hong Kong	HK$10	90%	–	90%	Educational support service
Gold Opal Investment Limited	Hong Kong	HK$1	100%	100%	–	Inactive
China Properties Investment North America Inc.	Canada	CA$2,000,000	100%	–	100%	Inactive
Plus Yield Investment Limited	Hong Kong	HK$1	90%	–	100%	Inactive

18. INTEREST IN SUBSIDIARIES (Continued)

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.

The following table lists out the information relating to each of the group's subsidiaries which has material non-controlling interest (NCI). The summarised financial information presented below represents the amounts before any inter-company elimination.

	Keshi Ketengqi Great Land Mine Industries Company Limited	
	2015	2014
	RMB'000	RMB'000
NCI percentage	**9%**	9%
Current assets	**2,837**	2,053
Non-current assets	**82,100**	100,106
Current liabilities	**(15,750)**	(13,788)
Net assets	**69,187**	88,371
Carrying amount of NCI	**6,227**	7,952
Revenue	**–**	–
Loss for the year	**19,183**	80,973
Total comprehensive loss	**19,183**	80,973
Loss allocated to NCI	**1,726**	7,288
Dividend paid to NCI	**–**	–
Cash flows from operating activities	**2**	7
Cash flows used in investing activities	**(6)**	(1)
Cash flows (used in)/from financing activities	**–**	–

19. INTANGIBLE ASSETS

	The group					
	Mining right RMB'000 (note a to e)	Agency agreement RMB'000 (note f)	Employment contract RMB'000 (note g)	Customer relationship RMB'000 (note h)	Software RMB'000 (note i)	Total RMB'000
Cost						
At 1 April 2013	499,748	–	–	–	–	499,748
Additions	–	–	–	–	–	–
At 31 March 2014	499,748	–	–	–	–	499,748
At 1 April 2014	499,748	–	–	–	–	499,748
Acquisition of subsidiaries (note 42)	–	4,981	6,330	6,330	3,166	20,807
Addition	6	–	–	–	–	6
At 31 March 2015	499,754	4,981	6,330	6,330	3,166	520,561
Accumulated amortisation and impairment						
At 1 April 2013	319,748	–	–	–	–	319,748
Impairment for the year	80,000	–	–	–	–	80,000
At 31 March 2014	399,748	–	–	–	–	399,748
At 1 April 2014	399,748	–	–	–	–	399,748
Charge for the year	–	796	1,438	721	361	3,316
Impairment for the year	18,006	–	–	–	–	18,006
At 31 March 2015	417,754	796	1,438	721	361	421,070
Carrying amount						
At 31 March 2015	82,000	4,185	4,892	5,609	2,805	99,491
At 31 March 2014	100,000	–	–	–	–	100,000

19. INTANGIBLE ASSETS (Continued)

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

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

The subsidiary of the company commenced to dig the mine in order to test the quality of the mine since 2012. In the opinion of the company's director, as amortisation of the mining right for the year 2015 was insignificant to the group's result and financial position, no amortisation of the mining right was recognised during the year 2015.

c) The group's mining right at 31 March 2015 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棚鎮	15 October 2017

At 31 March 2015, the group's mining rights for copper and molybdenum will expire in October 2017. The group has obtained PRC legal opinion that, in accordance with the relevant PRC laws and regulations, the group has the right to apply for further extension upon expiration of the mining license. The directors are of the opinion that there is no circumstance which will preclude the group from obtaining a renewal of the mining rights. Regarding the duration of the mining rights, the PRC legal opinion indicated that there is no relevant stipulation under the PRC laws governing the interpretation of the duration.

d) In July 2013, Chifeng city suffered from heavy rainstorm which crushed the road to the group's mining site and seriously affected the mining activities in the area of Chifeng. In August 2013, in order to protect and restore the mining site, all mining companies in Chifeng were required to engage a qualified entity to perform the staged Treatment Proposal on Geological Environment and Land Rehabilitation on the Mine. In July 2014, the report for the group's mine had been completed and approved by the Land and Resources Bureau of Chifeng City. In March 2015, the group obtained the reply from the Water Resources Bureau of Chifeng City regarding the Report on the Soil and Water Conservation Plan. In recent years, China has imposed increasingly stringent requirements for environmental protection, such as revising the Environmental Protection Law and introducing the new Environmental Protection Law in 2015. As the revision to the new Environmental Protection Law has affected its normal review process, the group is currently communicating with report compilers qualified for environment evaluation, so that preparations for compiling relevant reports can be made in accordance with requirements and provisions under the new Environmental Protection Law of China. Due to the above reasons, the progress was delayed. The management of the company reassessed the estimated time to obtain all the permits and considered they can start production in the fourth quarter of 2016.

19. INTANGIBLE ASSETS (Continued)

e) As at 31 March 2015, the group determined the recoverable amounts of cash generating 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 20.17% (2014: 19.26%) 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. The cash flows projections cover five-year period and has been extrapolated to year 2033 which is based on the estimated resources to be extracted from the mine, using an average growth rate of 4%. The directors believe these major assumptions are reasonable and achievable. The growth rates used do not exceed the long-term average growth rates for the mining industries. As a result, the recoverable amount of the cash generating unit for the mining rights were below their carrying amount, impairment losses of approximately RMB18,006,000 (2014: RMB80,000,000) have been recognised to profit or loss and included in other operating expenses in the consolidated statement of profit or loss. The decrease in the recoverable amounts of cash generating unit for the mining rights for the year ended 31 March 2015 was mainly due to the decrease in the market price of copper and molybdenum from RMB41,344 per tonnage and RMB233,000 per tonnage in 2014 to RMB39,990 per tonnage and RMB226,000 per tonnage in 2015, representing decrease of 3%. In addition, the growth rate estimation for the price of copper and molybdenum decreased from 9% in 2014 to 6% in 2015. Thus, the income expected to be generated from the mine decreased. The management estimated the financial projection based on their experience.

The decrease in the recoverable amounts of cash generating unit for the mining rights for the year ended 31 March 2014 was mainly due to the decrease in the market price of copper and molybdenum from RMB46,637 per tonnage and RMB258,000 per tonnage in 2013 to RMB41,344 per tonnage and RMB233,000 per tonnage in 2014, representing decrease of 11% and 10% respectively. In addition, the growth rate estimation for the price of copper and molybdenum decreased from 11% in 2013 to 9% in 2014 and thus the income expected to be generated from the mine decreased.

f) **AGENCY AGREEMENTS**

The intangible asset attributable to agency agreements is amortised on a straight line basis over useful life of 6 years. The useful life of the agency agreements is determined with reference to the estimated future revenue from the agency agreements which is based on historical information. The management is of the view that the future economic benefits that can be derived from the agency agreements beyond the 6-year period are insignificant.

The fair value of the agency agreements of RMB4,981,000 at the date of business combination was measured using the excess earning method under the income approach. The valuation was performed by Roma Appraisals Limited, who is an independent qualified professional valuer and with appropriate qualification and experience in the valuation of similar assets in the relevant industry. The calculation is based on the present value of the cash flow projections covering a 5-year period attributable to the agency agreements at pre-tax discount rate of 16.89%. The annual cash flow is calculated by reference to the latest applicable financial budget approved by the directors and has been extrapolated using an averaged 3.5% growth rate for the sixth year. The averaged 3.5% growth rate is based on Hong Kong inflation rate and does not exceed the average long-term growth rate for the relevant industry. The key assumptions for the value in use calculation are budgeted gross margin and budgeted revenue, which are determined based on the past performance and management's expectations regarding market development.

19. INTANGIBLE ASSETS (Continued)

g) EMPLOYMENT CONTRACT

The intangible asset attributable to employment contract is amortised on a straight line basis over useful life of 2 years. The useful life of the employment contract is determined with reference to the estimated future revenue from the employment contract which is based on financial budgets approved by management. The management is of the view that the future economic benefits that can be derived from the employment contract beyond the 2-year period are insignificant.

The fair value of the employment contract of RMB6,330,000 at the date of business combination was measured using the excess earning method under the income approach. The valuation was performed by Roma Appraisals Limited, who is an independent qualified professional valuer and with appropriate qualification and experience in the valuation of similar assets in the relevant industry. The calculation is based on the present value of the cash flow projections covering a 2-year period at pre-tax discount rate of 39.13%. The annual cash flow is calculated by reference to the latest applicable financial budget approved by the management. The key assumptions for the value in use calculation are budgeted gross margin and budgeted revenue, which are determined based on the management's expectations regarding market development.

h) CUSTOMER RELATIONSHIP

The intangible asset attributable to customer relationship is amortised on a straight line basis over useful life of 4 years. The useful life of the customer relationship is determined with reference to the estimated future revenue from the customer relationship which is based on financial budgets approved by management. The management is of the view that the future economic benefits that can be derived from the customer relationship beyond the 4-year period are insignificant.

The fair value of the customer relationship of RMB6,330,000 at the date of business combination was measured using the excess earning method under the income approach. The valuation was performed by Roma Appraisals Limited, who is an independent qualified professional valuer and with appropriate qualification and experience in the valuation of similar assets in the relevant industry. The calculation is based on the present value of the cash flow projections covering a 4-year period attributable to the customer relationship at pre-tax discount rate of 25.36%. The annual cash flow is calculated by reference to the latest applicable financial budget approved by the management. The key assumptions for the value in use calculation are budgeted gross margin and budgeted revenue, which are determined based on the management's expectations regarding market development.

19. INTANGIBLE ASSETS (Continued)

i) SOFTWARE

The intangible asset attributable to software is amortised on a straight line basis over useful life of 4 years. The useful life of the software is determined with reference to the estimated future revenue from the software which is based on financial budgets approved by management. The management is of the view that the future economic benefits that can be derived from the software beyond the 4-year period are insignificant.

The fair value of the software of RMB3,166,000 at the date of business combination was measured using the excess earning method under the income approach. The valuation was performed by Roma Appraisals Limited, who is an independent qualified professional valuer and with appropriate qualification and experience in the valuation of similar assets in the relevant industry. The calculation is based on the present value of the cash flow projections covering a 4-year period attributable to the software at pre-tax discount rate of 25.36%. The annual cash flow is calculated by reference to the latest applicable financial budget approved by the management. The key assumption for the value in use calculation are budgeted gross margin and budgeted revenue, which are determined based on the management's expectations regarding market development.

20. GOODWILL

	The group		
	Able Up Group RMB'000	**Liqun Group** RMB'000	**Total** RMB'000
Cost			
At 1 April 2013 & 2014	–	–	–
Acquisition of subsidiaries (note 42)	3,793	13,053	16,846
At 31 March 2015	3,793	13,053	16,846
Carrying amount			
At 31 March 2015	3,793	13,053	16,846
At 31 March 2014	–	–	–

Goodwill is allocated to the group's cash-generating unit ("CGU") identified according to operating segment as follows:

	The group	
	2015 **RMB'000**	2014 RMB'000
Educational support service – Hong Kong	**16,846**	–

20. GOODWILL (Continued)

IMPAIRMENT TESTS FOR CASH-GENERATING UNITS CONTAINING GOODWILL

Goodwill acquired through business combinations has been allocated to the CGU for impairment testing. The recoverable amount of the CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using an estimated weighted average growth rate of 3.5% and 3% respectively for Able Up Group and Liqun Group, which do not exceed the long-term average growth rates for the business in which the CGU operates. The cash flows are discounted using a discount rate of 18.27% and 23.24% respectively for Able Up Group and Liqun Group. The discount rates used are pre-tax and reflect specific risks relating to the relevant business.

The values assigned to the key assumptions on market development and discount rates are consistent with external information sources. Based on management's assessment results, there was no impairment of goodwill as at 31 March 2015.

21. DEPOSIT FOR ACQUISITION OF SUBSIDIARIES

	2015 **RMB'000**	2014 RMB'000
At 1 April	**97,845**	119,615
Refund of prepayment	**–**	(19,803)
Exchange realignment	**(197)**	(1,967)
Settlement (note 25)	**(97,648)**	–
At 31 March	**–**	97,845

21. DEPOSIT FOR ACQUISITION OF SUBSIDIARIES (Continued)

On 21 June 2010, the company entered into the Memorandum of Understanding ("MOU") 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 interest of possible acquisition of Pure Power was amended to 71.76% under the letter of confirmation signed on 20 September 2011. A deposit of US$19 million (equivalent to approximately RMB117 million) was paid in prior years.

On 16 January 2014, the vendors repaid deposit in cash amounting to HK$25,000,000 (equivalents to RMB19,803,000).

On 30 January 2014, the company signed a Deed of Termination (the "Deed") with the vendors, shareholders of Pure Power, to unconditionally and irrevocably terminate the MOU and its supplementary documents signed subsequently ("Amended MOU"). Upon the fulfillment of conditions precedent, the company and the vendors shall be released and discharged from all their rights and obligations under the Amended MOU. Under the Deed, the deposit was returned by the vendors to the company and the company shall accept the settlement by accepting promissory notes ("PN") of HK$123,200,000 (equivalent to approximately RMB97,845,000) issued by China Environmental Energy Investment Limited (the "Issuer"), a company incorporated in Bermuda and listed on the Hong Kong Stock Exchange who acquired interest in Pure Power. On 29 April 2014, the Issuer issued PN in an aggregate principal amount of HK$123,200,000 (equivalent to approximately RMB97,648,000) to the company (note 25).

The shareholder of the vendors acted as a guarantor for the PN if the issuer of PN defaults for the payment of principal and interest of PN.

22. INTEREST IN AN ASSOCIATE

	The group		The company	
	2015	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000
Unlisted shares, at cost	**–**	–	**8,977**	8,977
Share of net assets	**528**	588	**–**	–
Intangible asset				
– Brand name	**2,296**	2,296	**–**	–
Goodwill	**6,235**	6,235	**–**	–
Impairment loss (Note 1)	**(1,417)**	–	**(1,417)**	–
	7,642	9,119	**7,560**	8,977

The following list contains the particulars of associate, which is unlisted corporate entity whose quoted market price is not available. The class of shares held is ordinary unless otherwise stated.

			Proportion of ownership interest			
Name of company	**Place of incorporation and business**	**Particulars of issued and paid up capital**	**Group's effective interest**	**Held by the company**	**Held by subsidiaries**	**Principal activity**
EdKnowledge Group Limited	Hong Kong	HK$10,441	32.39%	32.39%	–	Educational services (Note 2)

Note 1: Duing the year ended 31 March 2015, in view of the net loss situation, the directors assessed the impairment of interest in the associate and recognised an impairment loss of RMB1,417,000 (2014: Nil). The recoverable amount is based on the share of the present value of the estimated future cash flows which is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using an estimated weighted average growth rate of 3%, which do not exceed the long-term average growth rate for the relevant industry. The cash flows are discounted using a pre-tax discount rate of 19.94%. The key assumptions for the value-in-use calculation are budgeted gross margin and budgeted revenue, which are determined based on the past performance and management's expectations regarding market development.

Note 2: Edknowledge Group Limited, an educational services provider in Hong Kong, enables the group to have a prime opportunity to enter the educational services business in Hong Kong and diversify the revenue stream of the group.

The above associate is accounted for using the equity method in the consolidated financial statements.

22. INTEREST IN AN ASSOCIATE (Continued)

Summarised financial information of the associate, adjusted for any differences in accounting policies, and reconciled to the carrying amounts in the consolidated financial statements, are disclosed below:

	EdKnowledge Group Limited	
	2015	2014
	RMB'000	RMB'000
Gross amounts of the associate's		
Current assets	3,767	1,892
Current liabilities	(2,136)	(74)
Equity	1,631	1,818
Revenue	3,220	659
(Loss)/profit from operations	(131)	389
Other comprehensive income	(56)	50
Total comprehensive income	(187)	439
Dividend received from the associate	–	–
Reconciled to the group's interests in the associate:		
Net assets of the associate	1,631	1,818
Proportion of the group's ownership interest in the associate	32.39%	32.39%
Share of net asset	528	588
Goodwill	6,235	6,235
Brand name	2,296	2,296
Impairment loss	(1,417)	–
Carrying amount of the group's interest in the associate	7,642	9,119

23. TRADE AND OTHER RECEIVABLES

Trade receivables are due within 0-30 days from the date of billing. An aged analysis of the trade receivables as at the end of the reporting period, based on invoice date and net of allowance for doubtful debts, is as follows:

	The group		The company	
	2015	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000
Trade receivables	**10,973**	6,785	**–**	–
Less: allowance for doubtful debts (b)(i)	**(5,140)**	(5,140)	**–**	–
Trade receivables (net)	**5,833**	1,645	**–**	–
Loan and interest receivables (note 2)	**35,560**	39,710	**35,560**	39,710
Less: impairment (note 2)(b)(ii)	**(35,560)**	(39,710)	**(35,560)**	(39,710)
Loan and interest receivables (net)	**–**	–	**–**	–
Other receivables (note 3)	**10,104**	1,180	**7,169**	–
Loans and receivables	**15,937**	2,825	**7,169**	–
Prepayments and deposits	**3,025**	2,736	**126**	104
	18,962	5,561	**7,295**	104

23. TRADE AND OTHER RECEIVABLES (Continued)

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 the 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 I") and a convertible note of HK$90,000,000 (the "CN") as security to Simsen under the Loan Agreement. The PN I 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 drawn 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 I on 10 February 2012 for an amount of HK$10,000,000 with the consent of the company. During the year, the company received HK$4,862,000 (equivalent to RMB3,853,000) from the disposal of the PN I after the payment of other loan participant of Simsen, all cost and expenses in connection with the disposal.

As at 31 March 2012, the company engaged an independent valuer to perform a valuation on the loan receivables. The valuation 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 HK$45,138,000 (equivalent to RMB35,560,000) (2014: HK$50,000,000 equivalent to RMB39,710,000) was fully impaired.

3) The amounts are unsecured, interest-free and repayable within one year.

a) AGEING ANALYSIS

Trade receivables are net of allowance for doubtful debts of RMB5,140,000 (2014: RMB5,140,000) with the following ageing analysis presented based on invoice date as of the end of the reporting period:

	The group	
	2015	2014
	RMB'000	RMB'000
Within 3 months	**5,833**	1,645
	5,833	1,645

Trade receivables are due within 0-30 days from the date of billing. Further details on the group's credit policy are set out in note 4(i).

23. TRADE AND OTHER RECEIVABLES (Continued)

b) IMPAIRMENT OF TRADE 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	
	2015	2014
	RMB'000	RMB'000
At 1 April	**5,140**	2,838
Impairment loss recognised (note 1)	**–**	2,302
At 31 March	**5,140**	5,140

Note:

1) As at 31 March 2015 and 2014, trade receivables of the group amounting to approximately RMB5,140,000 were individually determined to be impaired. In last year, the tenant moved out without notice, rental receivables of RMB2,302,000 was 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.

ii) The movements of impairment loss of loan and interest receivable

	The group and the company	
	2015	2014
	RMB'000	RMB'000
At 1 April	**39,710**	40,356
Reversal of impairment loss	**(3,853)**	–
Exchange realignment	**(297)**	(646)
At 31 March	**35,560**	39,710

23. TRADE AND OTHER RECEIVABLES (Continued)

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	
	2015	2014
	RMB'000	RMB'000
Neither past due nor impaired	**4,589**	–
Past due but not impaired		
– Less than 3 months past due	**1,244**	1,645
	5,833	1,645

Receivables that were neither part due nor impaired relate to a wide range of customers for whom there was no recent history of default.

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 RMB2,065,000 (2014: RMB565,000) as collateral over these balances.

24. TRADING SECURITIES

	The group and the company	
	2015	2014
	RMB'000	RMB'000
Listed equity securities, at market value in Hong Kong	**119**	138

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

25. PROMISSORY NOTES RECEIVABLES

	The group and the company	
	2015	2014
	RMB'000	RMB'000
At 1 April	**–**	–
Fair value at date of issue	**97,648**	–
Exchange realignment	**(591)**	–
At 31 March	**97,057**	–

As detailed in note 21 to the consolidated financial statements, the deposit for acquisition of subsidiaries of HK$123,200,000 (equivalent to approximately RMB97,057,000) was settled by the promissory note receivables issued by the Issuer. As at 31 March 2015, interest receivables of RMB7,169,000 (2014: Nil) was included in other receivables. The receivables carries interest of 8% per annum and repayable within one year from its issue date on 29 April 2014. On 29 April 2015, the promissory notes receivables were fully settled.

The fair value of the promissory notes receivables of HK$123,200,000 (equivalent to approximately RMB97,648,000) on issue date was approximately equal to the carrying amount. The valuation was performed by Roma Appraisals Limited, who is an independent qualified professional valuer and with appropriate qualification and experience in the valuation of promissory note. Valuations were made on the basis of effective interest method which is a method of calculating the amortised cost of a financial asset and of allocating the interest income over the relevant period. The effective interest rate used in the calculation of the fair value is 8.8%.

26. CASH AND CASH EQUIVALENTS

	The group		The company	
	2015	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000
Cash at bank and on hand	**34,934**	30,645	**22,890**	28,194
Less: Fixed deposit with original maturity of more than 3 months	**(7,730)**	–	**–**	–
Cash and cash equivalents in the consolidated statement of financial position and consolidated statement of cash flows	**27,204**	30,645	**22,890**	28,194

Deposit with banks carry interest at market rates which ranging from 0.01% to 1.28% (2014: 0.01% to 0.35%) per annum.

27. OTHER PAYABLES AND ACCRUALS

	The group		The company	
	2015	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000
Other payables and accruals	**6,586**	8,072	**2,906**	6,156
Amounts due to directors (note 38) (note a and b)	**49**	49	**–**	–
Amounts due to related parties (note 38) (note a and b)	**4,094**	11,928	**–**	–
Amounts due to subsidiaries	**–**	–	**992**	–
Loan from a related party (note 38) (note c)	**257**	403	**–**	–
Sub-total	**10,986**	20,452	**3,898**	6,156
Rental deposit received	**2,064**	565	**–**	–
	13,050	21,017	**3,898**	6,156
Less: Loan from a related party classified as non-current liabilities	**(110)**	(264)	**–**	–
	12,940	20,753	**3,898**	6,156

Notes:

a) All of the other payables (including amounts due to 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.

c) A loan with principal amount of RMB440,000 from a related party is unsecured, bears fixed interest at 6.73% (2014: 6.73%) per annum and is repayable by 36 monthly instalments from January 2014.

28. INTEREST-BEARING BANK BORROWINGS

At 31 March 2015, the secured bank borrowings were repayable as follows:

	The group	
	2015	2014
	RMB'000	RMB'000
Current liabilities		
Within 1 year or on demand	**11,500**	5,000
Non-current liabilities		
After 1 year but within 2 years	**18,000**	11,500
After 2 years but within 5 years	**9,000**	27,000
After 5 years	**–**	–
	27,000	38,500
Total	**38,500**	43,500

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 which contain 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:

	2015	2014
Effective interest rates:		
Variable-rate borrowings	**6.77%**	7.21%

At 31 March 2015, the bank borrowings were secured by the investment properties of the group with a total carrying amount of approximately RMB141,206,000 (2014: approximately RMB133,812,000) (see note 17).

29. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

	2015	2014
	RMB'000	RMB'000
Provision for Hong Kong profits tax	**135**	110
Provision tax paid for Hong Kong profits tax	**(88)**	(66)
	47	44
Representing:		
Tax recoverable	**(88)**	–
Tax payable	**135**	44
	47	44

b) DEFERRED TAX LIABILITIES RECOGNISED

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

	Intangible assets	**Revaluation of investment properties**	**Depreciation allowances in excess of related depreciation**	**Total**
	RMB'000	RMB'000	RMB'000	RMB'000
Deferred tax liabilities arising from:				
At 1 April 2013	–	6,463	–	6,463
Deferred tax credited to the profit or loss	–	(438)	–	(438)
At 31 March 2014 & 1 April 2014	–	6,025	–	6,025
Deferred tax arising from acquisition of subsidiaries (note 42)	3,434	–	11	3,445
Deferred tax (credited)/charged to the profit or loss	(547)	7,181	49	6,683
At 31 March 2015	2,887	13,206	60	16,153

29. 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$33,868,615 (2014: 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 RMB91,573,173 (2014: RMB77,439,204) 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.

30. WARRANTS

On 19 June 2014, the company issued convertible bonds in an aggregate principal amount of HK$135,000,000 with an interest rate at 1% per annum due in two years from the date of issue. The company is entitled to redeem the convertible bonds in whole or in part at 103% of the face value of the convertible bonds prior to the maturity date and at 100% of the face value of the convertible bonds on the maturity date. The holders of the convertible bonds (the "Bondholders") has option to convert the convertible bonds into fully paid 900,000,000 conversion shares of the company at the conversion price of HK$0.15 per share at any time prior to the maturity date. The conversion shares rank pari passu with all the existing shares of the company. In addition, 225,000,000 warrants in an aggregate principal amount of HK$67,500,000 will be issued to the registered holders of the convertible bonds on the basis of one warrant for every four conversion shares upon the exercise of the conversion rights attaching to the convertible bonds. The subscription price per warrant share is HK$0.3 at any time within 24 months commencing from the date of exercise of the conversion right attaching to the convertible bonds.

Convertible bonds and warrants of the company consisted of the debt instrument and embedded derivatives. Upon initial recognition, the convertible bonds and warrants are designated as financial liabilities at fair value through profit or loss. The fair value of the convertible bonds and warrants is measured at each conversion date and at the end of each reporting period. Any gains or losses arising from changes in fair value are recognised in the profit or loss.

30. WARRANTS (Continued)

MOVEMENTS OF THE CONVERTIBLE BONDS AND WARRANTS

For the year ended 31 March 2015, the convertible bonds in the principal amount of HK$135,000,000 was converted into approximately 900,000,000 shares of the company. In addition, approximately 225,000,000 warrants was issued to Bondholders, among which, approximately 14,167,000 warrants were exercised in July 2014. As at 31 March 2015, warrants of HK$63,250,000 at the exercise of HK$0.3 per share representing approximately 210,833,000 ordinary shares of the company were not yet exercised.

The movements of the convertible bonds, contingent issuable warrants and warrants (level 3 fair value measurements) were as follows:

	Convertible bonds	Contingent issuable warrants	Warrants	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 April 2014	–	–	–	–
Fair value at the issue date	74,165	33,133	–	107,298
Conversion of convertible bonds	(72,822)	(33,242)	33,242	(72,822)
Realised fair value (gain)/loss, to profit or loss	(1,361)	99	538	(724)
Unrealised fair value gain, to profit or loss	–	–	(17,108)	(17,108)
Exercise of warrants	–	–	(2,734)	(2,734)
Exchange realignment	18	10	(174)	(146)
At 31 March 2015	–	–	13,764	13,764

30. WARRANTS (Continued)

(d) INPUTS AND ASSUMPTIONS OF FAIR VALUE ESTIMATE

The fair value of convertible bonds, contingent warrants and warrants was estimated based on Binomial Option Pricing Model. The valuation was performed by Roma Appraisals Limited, who is an independent qualified professional valuer and with appropriate qualification and experience in the valuation of similar instruments. The chief financial officer discussed with Roma on the valuation assumptions and valuation results. The major inputs and assumptions at the initial recognition are as follows:

	Convertible bonds	**Contingent warrants and warrants**
Share prices at the valuation date	HK$0.51	HK$0.40-HK$0.52
Exercise price	HK$0.15	HK$0.30
Discount rate	12.18%-12.45%	N/A
Risk free rate	0.40%	0.31%-0.40%
Expected bonds/warrants period	2 years	2 years
Expected volatility	82.78%	82.78%
Expected dividend yield	–	–

31. UNCONVERTIBLE BONDS

	The group and the company	
	2015	2014
	RMB'000	RMB'000
At 1 April	**15,884**	8,071
Issued during the year	**–**	7,942
Exchange realignment	**(128)**	(129)
At 31 March	**15,756**	15,884

31. UNCONVERTIBLE BONDS (Continued)

The amount represented unconvertible bonds of HK$20,000,000 (equivalent to approximately RMB15,756,000) (2014: HK$20,000,000 (equivalent to approximately RMB15,884,000)). As at 31 March 2015, accrued interest of RMB185,000 (2014: RMB186,000) was included in other payables and accruals. The unconvertible bonds bear interest at 5% per annum on the outstanding aggregate principal amount. The interest is payable in arrears annually on the anniversary of issue date or redemption date. 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 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, the 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) matured on 7 February 2020. The subscription agreement was entered into between the Company and the placee on 7 February 2013.

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 obligation and liabilities towards each other under the UB Placing Agreement. At the same day, the company entered into another bond placing agreement (the "NUB Placing Agreement") with Placing Agent pursuant to which the Placing Agent agreed conditionally to procure, on a best-effort basis, placees to subscribe for the new unconvertible bonds up to an aggregate principal amount of HK$50,000,000 (equivalent to approximately RMB39,710,000) under the placing period up to 9 November 2013.

On 29 November 2013, the company and the Placing Agent entered into a supplementary bond placing agreement pursuant to which the placing period has been extended for six months to 9 May 2014.

The new unconvertible bondholders may request payment of interest in advance on the outstanding principal amounts of the new convertible bonds held by them at the rate of 3.0% per annum for the full term of those new unconvertible bonds ("Advance Interest"). If no Advance Interest payment request has been submitted on or before their new unconvertible bonds issued date, then Advance Interest shall not be paid under those new unconvertible bonds and interest of 5% per annum paid in arrears annually shall apply.

On 4 December 2013, the company has successfully issued the first tranche of the new unconvertible bonds in an aggregate principal amount of HK$10,000,000 (equivalent to approximately RMB7,942,000) to an individual investor matured on 4 December 2020. No advance interest payment request was submitted on the issue date. Saved as above, no other new unconvertible bonds were placed before the termination of NUB Placing Agreement on 9 May 2014.

32. PROMISSORY NOTES

	2015 RMB'000	2014 RMB'000
At 1 April	**7,862**	–
Issue of promissory notes (note i, ii)	**7,166**	7,862
Interest on promissory note	**80**	–
Early redemption of promissory notes (note i, ii)	**(15,059)**	–
Exchange alignment	**(49)**	–
At 31 March	**–**	7,862

i) On 11 December 2013, the company issued promissory notes ("Notes I") of HK$10,000,000 (equivalent to approximately RMB7,942,000) for the settlement of acquisition of an associate (note 22). As at 31 March 2015, no accrued interest (31 March 2014: RMB193,000) was included in other payables and accruals. The Notes I bear interest at 8% per annum on the outstanding aggregate principal amount. The interest is payable in arrears on the day falling on the first and second anniversary of the issue date. The company may redeem principal amounts of outstanding Notes I in whole or in part at any time before the maturity date. The maturity date of the Notes I is 2 years from its issue date on 11 December 2015.

The fair value of the Notes I at the date of issuance was HK$9,899,000 (equivalent to approximately RMB7,862,000), which was determined by an independent valuer, Roma Appraisals Limited ("Roma"). Roma has experience in valuation of promissory notes. Valuations were made on the basis of effective interest method which is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expenses over the relevant period. The effective interest rate used in the calculation of the fair value is 8.5%.

On 4 August 2014, the Notes I was redeemed and its interest thereon was settled by the company.

ii) On 16 April 2014, the company issued promissory notes ("Note II") of HK$9,000,000 (equivalent to approximately RMB7,166,000) for the settlement of acquisition of a subsidiary (note 42). The Note II bear interest at 8% per annum on the outstanding aggregate principal amount. The interest is payable in arrears on the day falling on the first anniversary of the issue date. The company may redeem principal amounts of outstanding Note II in whole or in part at any time before maturity date. The maturity date of the Note II is 1 year from its issue date on 16 April 2015.

The fair value of the Note II at the date of issuance was approximately equal to the carrying amount, which was determined by the independent valuer, Roma. Roma has experience in valuation of promissory notes. Valuations were made on the basis of effective interest method which is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expenses over the relevant period. The effective interest rate used in the calculation of the fair value is 10.6%.

On 4 August 2014, the Note II was redeemed and its interest thereon was settled by the company.

33. PURCHASE CONSIDERATION PAYABLE

	2015	2014
	RMB'000	RMB'000
At 1 April	**–**	–
Acquisition of a subsidiary (note 42(ii))	**920**	–
Exchange alignment	**(4)**	–
At 31 March	**916**	–

Financial liabilities subject to offsetting, enforceable netting agreements

	Gross amounts of recognised financial liabilities	**Gross amounts of recognised financial assets set off in the consolidated statement of financial position**	**Net amounts of purchase consideration payable presented in the consolidated statement of financial position**
	RMB'000	RMB'000	RMB'000
Financial assets/liabilities subject to offseting			
Promissory note	52,567	(51,651)	916
Contingent consideration receivable	(51,651)	51,651	–
Purchase consideration payable	916	–	916

Purchase consideration payable of RMB916,000 represented the setting off of promissory note ("PN II") of RMB52,567,000 and contingent consideration receivable of RMB51,651,000 arising from the business combination of Liqun Investments Limited and its subsidiaries, Kotech Educational Limited from a third party, the vendor, pursuant to sale and purchase agreement ("Agreement") (note 42(ii)).

The PN II and the contingent consideration receivable are subject to legally enforceable right to set off to the vendor that are due to be settled on a net basis.

33. PURCHASE CONSIDERATION PAYABLE (Continued)

(a) PROMISSORY NOTE

The fair value of the PN II at the date of issuance on 21 November 2014 was HK$66,727,000 (equivalent to approximately RMB52,801,000), which was determined by independent valuer, Roma. Roma has experience in valuation of the promissory notes. Valuations were made on the basis of effective interest method which is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expenses over the relevant period. The effective interest rates used in the calculation of the fair value are ranged from 10.4% to 10.9%.

As at 31 March 2015, accrued interest of RMB1,583,000 (2014: Nil) was included in other payables and accruals. The PN II bears interest of 8% per annum on the outstanding aggregate principal amount. The interest is payable in arrears on the day falling on the first and second anniversary of the issue date and any unpaid interest shall be paid on the maturity date on 21 May 2017.

The company could early redeem on 30 September 2015, 31 March 2016, 30 September 2016 and 31 March 2017 and the amount to be redeemed are calculated based on Kotech Educational's net profit on the respective dates. The holder of PN II may not redeem prior to the maturity date.

(b) CONTINGENT CONSIDERATION RECEIVABLE

Pursuant to the Agreement and consent letter, each of the vendor and the guarantors, who are the shareholders of the vendor, guarantees to the company that Kotech Educational Limited shall attain certain performance targets (the "Guaranteed Profit") for the six months or year ending 30 September 2015, 31 March 2016, 30 September 2016 and 31 March 2017 respectively.

If the Guaranteed Profit could not be met, the vendor shall pay to the company by setting off with the outstanding PN II. If the amount exceeds the PN II outstanding, the vendor shall pay the remaining portion in cash to the company.

On the date of acquisition, the fair value of the contingent consideration receivable was estimated to be approximately RMB51,881,000, representing profit guarantee made by the vendor in accordance with the terms of sale and purchase agreement. The fair value was arrived at based on discounted cash flow of Kotech Educational's forecast financial budgets used to capture the present value of the expected future economic benefits that will flow into the group by applying probability-weighted average of achieving the required benchmark, using discount rate ranged from 10.4% to 10.9%. The valuation was performed by Roma Appraisals Limited, an independent qualified professional valuer not connected to the group. The chief financial officer discussed with Roma on the valuation assumptions and valuation results.

33. PURCHASE CONSIDERATION PAYABLE (Continued)

(b) CONTINGENT CONSIDERATION RECEIVABLE (CONTINUED)

The potential undiscounted amount of the contingent consideration receivable that the vendor could be required to pay to the group is between zero (if the Guaranteed Profit is attained) to HK$100,000,000 (equivalent to approximately RMB79,130,000) (if Kotech Educational makes an audited net loss after tax for the aggregate of the two financial years ending 31 March 2017).

34. SHARE CAPITAL

	At 31 March 2015		At 31 March 2014	
	No. of shares ‘000	**Amount RMB’000**	No. of shares ‘000	Amount RMB’000
Authorised				
Ordinary shares of HK$0.03 each				
At 1 April 2013, 31 March 2014, 1 April 2014 and 31 March 2015	**3,000,000**	**74,201**	3,000,000	74,201
Issued and fully paid				
At the beginning of year	**589,915**	**14,456**	441,915	10,941
Placing and subscription of new shares I (note i)	**–**	**–**	50,000	1,191
Placing and subscription of new shares II (note ii)	**–**	**–**	58,000	1,377
Placing and subscription of new shares III (note iii)	**–**	**–**	40,000	947
Conversion of convertible bonds (note iv)	**900,000**	**21,466**	–	–
Exercise of warrants (note v)	**14,167**	**338**	–	–
At the end of year	**1,504,082**	**36,260**	589,915	14,456

34. SHARE CAPITAL (Continued)

i) PLACING OF NEW SHARES I

On 16 August 2013, the company and Emperor Securities Limited, entered into a placing agreement pursuant to which the placing agent agreed to place up to 50,000,000 new shares at the price of HK$0.136 per placing share.

The placing of shares were completed on 27 August 2013. The total proceeds of the share placement, before deduction of the relevant expenses was approximately HK$6,800,000 (equivalent to approximately RMB5,398,000).

ii) PLACING OF NEW SHARES II

On 12 September 2013, the Company and Cheong Lee Securities Limited, entered into a placing agreement pursuant to which the placing agent agreed to place up to 58,000,000 new shares at the price of HK$0.14 per placing share.

The placing of shares were completed on 23 September 2013. The total proceeds of the share placement, before deduction of the relevant expenses was approximately HK$8,120,000 (equivalent to approximately RMB6,425,000).

iii) PLACING OF NEW SHARES III

On 2 October 2013, the company and Emperor Securities Limited entered into a placing agreement pursuant to which the placing agent agreed to place up to 40,000,000 new shares at the price of HK$0.104 per placing share.

The placing of shares were completed on 25 October 2013. The total proceeds of the share placement, before deduction of the relevant expenses was approximately HK$4,160,000 (equivalent to approximately RMB3,284,000).

iv) CONVERSION OF CONVERTIBLE BONDS

As mentioned in note 30, convertible bonds with principal amount of HK$135,000,000 were converted to ordinary shares of the company during the year ended 31 March 2015. Accordingly, approximately 900,000,000 shares with a par value of HK$0.03 in par value each amounting to HK$27,000,000 (equivalent to approximately RMB21,466,000) were issued by the company at a conversion price of HK$0.15 per share and a share premium of HK$64,595,000 (equivalent to approximately RMB51,355,000) was resulted.

v) EXERCISE OF WARRANTS

Warrants were exercised at a price of HK$0.3 into 14,167,000 ordinary shares of HK$0.03 each during the year ended 31 March 2015. Accordingly, approximately 14,167,000 shares amounting to HK$425,000 (equivalent to approximately RMB338,000) and a share premium of approximately HK$7,260,000 (equivalent to approximately RMB5,778,000) was resulted.

35. EQUITY SETTLED SHARE-BASED TRANSACTIONS

The company has a share option scheme which was adopted on 16 December 2011 whereby the directors of the company are authorized, at their discretion, to invite the company's employees, company's director (including independent non-executive directors), other employees and director 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, any shareholder of the group (collectively "Participant") and any company wholly owned by one or more persons belonging to any of the Participant, 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 share option scheme shall be valid and effective for a period of ten years ending on 15 December 2021, after which no further options will be granted.

The option vest immediately from the date of grant and then exercisable within a period of 5 years from 17 March 2015 to 16 March 2020. Each option gives the holder the right to subscribe for one ordinary share in the company and is settled gross in shares.

a) The terms and condition of the grant are as follows:

Date of grant	Exercisable period	Exercise price	Number of share options
i) Options granted to directors			
17 March 2015	17 March 2015 to 16 March 2020	HK$0.243	21,000,000
ii) Options granted to employees			
17 March 2015	17 March 2015 to 16 March 2020	HK$0.243	3,500,000
			24,500,000

35. EQUITY SETTLED SHARE-BASED TRANSACTIONS (Continued)

a) The terms and condition of the grant are as follows: (Continued)

For the year ended 31 March 2015

	Number of share options									
Name or category of participant	Outstanding at 1 April 2014	Granted during the year	Exercise during the year	Forfeited during the year	Adjustments during the year	Expired during the year	Outstanding at 31 March 2015	Date of grant of share options*	Exercisable period of share options	Exercise price of share options**
										HK$
Directors										
Mr. Xu Dong	–	10,000,000	–	–	–	–	10,000,000	17-3-2015	17-3-2015 to 16-3-2020	0.243
Ms. Yu Wai Fong	–	10,000,000	–	–	–	–	10,000,000	17-3-2015	17-3-2015 to 16-3-2020	0.243
Mr. Au Tat On	–	1,000,000	–	–	–	–	1,000,000	17-3-2015	17-3-2015 to 16-3-2020	0.243
	–	21,000,000	–	–	–	–	21,000,000			
Employees										
Other employees	–	3,500,000	–	–	–	–	3,500,000	17-3-2015	17-3-2015 to 16-3-2020	0.243
	–	3,500,000	–	–	–	–	3,500,000			
Total number of share options	–	24,500,000	–	–	–	–	24,500,000			

* 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.

35. EQUITY SETTLED SHARE-BASED TRANSACTIONS (Continued)

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

	2015 Weighted average exercise price HK$	2015 Number of share options
Outstanding at 1 April	–	–
Granted during the year	0.243	24,500,000
Outstanding at 31 March	0.243	24,500,000
Exercisable at the end of the year	0.243	24,500,000

The share option scheme is governed by chapter 17 of the Listing Rules. No option has been granted for the year ended 31 March 2014.

The share options outstanding at 31 March 2015 had an exercise price of HK$0.243 and a weighted average remaining contractual life of 4.96 years.

(c) Fair value of share options and assumptions

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on the Binomial Option Pricing Model. The contractual life of the share option is used as an input into this model.

Fair value of share options and assumptions

Fair value of share options at measurement date	HK$0.216
Share price	HK$0.243
Exercise price	HK$0.243
Expected volatility	141.1%
Option life	5 years
Expected dividend	Nil
Risk-free interest rate	1.299%

The expected volatility is based on the historic volatility (calculated based on the weighted average remaining life of the share options). Expected dividend is based on historical dividends. Changes in the subjective input assumptions could materially affect the fair value estimate.

36. 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.

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 2013	975,848	–	(9,341)	(534,556)	431,951
Reallocation to accumulated losses	–	–	14,216	(14,216)	–
Change in equity for 2014					
Loss for the year	–	–	–	(130,846)	(130,846)
Other comprehensive loss					
Exchange differences on translation of financial statements	–	–	(2,345)	–	(2,345)
Total comprehensive loss for the year	–	–	(2,345)	(130,846)	(133,191)
Placing and subscription of new shares I (note 30(iii))	4,207	–	–	–	4,207
Placing and subscription of new shares II (note 30(iv))	5,048	–	–	–	5,048
Placing and subscription of new shares III (note 30(v))	2,337	–	–	–	2,337
Share issue expenses	(364)	–	–	–	(364)
Total transactions with owners	11,228	–	–	–	11,228
At 31 March 2014	987,076	–	2,530	(679,618)	309,988
At 1 April 2014	**987,076**	**–**	**2,530**	**(679,618)**	**309,988**
Change in equity for 2015					
Loss for the year	**–**	**–**	**–**	**(2,444)**	**(2,444)**
Other comprehensive loss					
Exchange differences on translation of financial statements	**–**	**–**	**(2,322)**	**–**	**(2,322)**
Total comprehensive loss for the year	**–**	**–**	**(2,322)**	**(2,444)**	**(4,766)**
Equity-settled share-based transactions	**–**	**4,191**	**–**	**–**	**4,191**
Conversion of convertible bonds	**51,355**	**–**	**–**	**–**	**51,355**
Exercise of warrants	**5,778**	**–**	**–**	**–**	**5,778**
Total transactions with owners	**57,133**	**4,191**	**–**	**–**	**61,324**
At 31 March 2015	**1,044,209**	**4,191**	**208**	**(682,062)**	**366,546**

Note: The directors considered that the exchange fluctuation reserve should be reallocated to accumulated losses due to the change in functional currency of the company in prior years in accordance with HKAS21 and the reserves were restated accordingly.

36. 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 therefore and the difference between the total consideration and the net assets value of the subsidiaries acquired for 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(w)(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(t).

d) DISTRIBUTABILITY OF RESERVES

At 31 March 2015, the aggregate amount of reserves available for distribution to owners of the company was approximately RMB362,147,000 (2014: equivalent to approximately RMB307,458,000) subject to the restriction on the share premium account as stated above.

36. 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, promissory note, unconvertible bonds and loan from a related party) less cash and cash equivalents and fixed deposit. Total equity comprises all components of equity.

During the year ended 31 March 2015, the group's strategy, which was unchanged from 2014, 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 2015 and 2014 were as follows:

	2015	2014
	RMB'000	RMB'000
Total borrowings		
Interest-bearing bank borrowings (note 28)	**38,500**	43,500
Unconvertible bonds (note 31)	**15,756**	15,884
Promissory notes (note 32)	**–**	7,862
Loan from a related party (note 27)	**257**	403
Less: Cash and cash equivalents (note 26)	**(27,204)**	(30,645)
Fixed deposit (note 26)	**(7,730)**	–
Adjusted net debt	**19,579**	37,004
Total equity	**393,680**	334,199
Gearing ratio	**5%**	11.1%

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

37. COMMITMENTS

a) CAPITAL COMMITMENTS

Capital commitments outstanding at 31 March 2015 authorised and not provided for in the financial statements were as follows:

	2015	2014
	RMB'000	RMB'000
Contracted for, but not provided for:		
Land	**14,011**	–

b) 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 eight to twelve 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:

	2015	2014
	RMB'000	RMB'000
Within one year	**8,875**	6,126
In the second to fifth year, inclusive	**37,509**	37,992
Over five years	**42,972**	51,866
	89,356	95,984

ii) *The group as lessee:*

The group leases certain office premises and director's quarters under operating leases, leases for these properties are negotiated for terms ranging from two to five years.

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

	2015	2014
	RMB'000	RMB'000
Within one year	**4,323**	2,809
In the second to fifth years, inclusive	**2,250**	3,198
Over five years	**–**	–
	6,573	6,007

38. 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:

	2015	2014
	RMB'000	RMB'000
Short-term employee benefits	**19,109**	11,214
Post-employment benefits	**166**	155
	19,275	11,369

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

b) OUTSTANDING BALANCES WITH RELATED PARTIES

	2015		2014	
		Related Interest Expenses		Related Interest Expenses
	RMB'000	**RMB'000**	RMB'000	RMB'000
Amounts due to directors (note 27)(note a)	**49**	**–**	49	–
Amounts due to related parties (note 27)(note a)	**4,094**	**–**	11,928	–
Loan from a related party (note 27)(note b)	**257**	**16**	403	4

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

b) A loan with principal amount of RMB440,000 from a related party, Mr. Zhou Hong Tao, senior management of the company is unsecured, bears fixed interest at 6.73% (2014: 6.73%) per annum and is repayable by 36 monthly instalments from January 2014.

39. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments at the end of the reporting period are as follows:

2015

Financial assets

	The group		
	Financial assets at fair value through profit or loss – held for trading	**Loans and receivables**	**Total**
	RMB'000	RMB'000	RMB'000
Trading securities	119	–	119
Financial assets included in trade and other receivables	–	18,307	18,307
Promissory notes receivables	–	97,057	97,057
Fixed deposits	–	7,730	7,730
Cash and cash equivalents	–	27,204	27,204
	119	150,298	150,417

Financial liabilities

	Financial liabilities at fair value through the profit or loss	**Financial liabilities at amortised cost**	**Total**
	RMB'000	RMB'000	RMB'000
Financial liabilities included in other payables and accruals	–	13,000	13,000
Interest-bearing bank borrowings	–	38,500	38,500
Warrants	13,764	–	13,764
Unconvertible bonds	–	15,756	15,756
Purchase consideration payable*	(51,651)	52,567	916
	(37,887)	119,823	81,936

* Purchase consideration payable of RMB916,000 was resulted from the offsetting of the promissory note of RMB52,567,000 and contingent consideration receivable of RMB51,651,000 (note 33).

39. FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

The carrying amounts of each of the categories of financial instruments at the end of the reporting period are as follows: (Continued)

2014

Financial assets

	The group		
	Financial assets at fair value through profit or loss – held for trading	**Loans and receivables**	**Total**
	RMB'000	RMB'000	RMB'000
Deposit for acquisition of subsidiaries	–	97,845	97,845
Trading securities	138	–	138
Financial assets included in trade and other receivables	–	5,056	5,056
Cash and cash equivalents	–	30,645	30,645
	138	133,546	133,684

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Financial liabilities included in other payables and accruals	21,017
Interest-bearing bank borrowings	43,500
Unconvertible bonds	15,884
Promissory notes	7,862
	88,263

39. FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

The carrying amounts of each of the categories of financial instruments at the end of the reporting period are as follows: (Continued)

2015

Financial assets

	The company		
	Financial assets at fair value through profit or loss – held for trading	**Loans and receivables**	**Total**
	RMB'000	RMB'000	RMB'000
Trading securities	119	–	119
Financial assets included in other receivables	–	7,169	7,169
Promissory notes receivables	–	97,057	97,057
Cash and cash equivalents	–	22,890	22,890
	119	127,116	127,235

Financial liabilities

	Financial liabilities at fair value through the profit or loss	**Financial liabilities at amortised cost**	**Total**
	RMB'000	RMB'000	RMB'000
Financial liabilities included in other payables	–	3,898	3,898
Unconvertible bonds	–	15,756	15,756
Warrants	13,764	–	13,764
Purchase consideration payable*	(51,651)	52,567	916
	(37,887)	72,221	34,334

* Purchase consideration payable of RMB916,000 was resulted from the offsetting of the promissory note of RMB52,567,000 and contingent consideration receivable of RMB51,651,000 (note 33).

39. FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

The carrying amounts of each of the categories of financial instruments at the end of the reporting period are as follows: (Continued)

2014

Financial assets

	The company		
	Financial assets at fair value through profit or loss – held for trading	**Loans and receivables**	**Total**
	RMB'000	RMB'000	RMB'000
Deposit for acquisition of subsidiaries	–	97,845	97,845
Trading securities	138	–	138
Cash and cash equivalents	–	28,194	28,194
	138	126,039	126,177

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Financial liabilities included in other payables	6,156
Unconvertible bonds	15,884
Promissory note	7,862
	29,902

40. LITIGATION

In 1998, the company brought up 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.

41. 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 statement of profit or loss represents contributions payable to the MPF scheme by the group at 5% 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.

42. BUSINESS COMBINATION

(i) On 4 April 2014, the company entered into a sale and purchase agreement with Mr. Wong Yat On, an independent third party, for the acquisition of the 90% controlling equity interests in Able Up Investment Limited ("Able Up") and its wholly-owned subsidiary, Global Education Group Limited ("Global Education") (collectively the "Able Up Group"), for a consideration of HK$10,000,000 (equivalent to approximately RMB7,962,000) of which HK$1,000,000 (equivalent to approximately RMB796,000) was settled by cash and HK$9,000,000 (equivalent to approximately RMB7,166,000) was settled by issuance of promissory notes. The promissory note bears interest at 8% per annum on the outstanding principal amount, payable in arrears on maturity or redemption. The promissory notes will mature on 16 April 2015. Able Up is principally engaged in investment holding. Global Education is principally engaged in the provision of student referral services, overseas education counseling services and services relating to enrolment on overseas tertiary education institutes. The group takes the view that the steady growth of the needs and demands of the provision of such services from both local students and students from the PRC, which provides a prime opportunity for the group to diversify its revenue stream which, in turn, would increase the shareholders' value and benefit the company and the shareholders as a whole. The acquisition was completed on 16 April 2014.

42. BUSINESS COMBINATION (Continued)

(i) The following summarises the acquisition-date fair value of the total consideration transferred:

	RMB'000
Cash	796
Fair value of promissory note (note 32(ii))	7,166
	7,962

The amounts recognised as of the acquisition date for each major class of assets acquired and liabilities assumed and the corresponding carrying amounts immediately before the acquisition were as follows:

	RMB'000
Office equipment	46
Intangible assets	4,981
Trade and other receivables	501
Cash and cash equivalents	33
Other payables	(28)
Tax payables	(78)
Deferred tax liabilities	(823)
Total identifiable net assets	4,632
Non-controlling interests (a)	(463)
Goodwill arising on acquisition (b)	3,793
Consideration	7,962

Notes:

(a) The non-controlling interests recognised at the acquisition date were measured by reference to the non-controlling interests proportionate share of the acquiree's identifiable net assets.

(b) The goodwill is attributable to the acquired management expertise in relation to the student referral and enrolment services.

None of the goodwill recognised is expected to be deductible for income tax purposes.

Included in the consolidated statement of profit or loss, Able Up Group contributed revenue and profit of RMB1,486,000 and RMB329,000 respectively to the revenue and loss of the group for the year ended 31 March 2015.

42. BUSINESS COMBINATION (Continued)

Had the business combination been effected on 1 April 2014, the revenue of the group and loss for the year would have been approximately RMB10,580,000 and RMB22,810,000 respectively. The directors consider these "pro forma" information is for illustrative purposes only and is not necessary an indication of the revenue and results of operations of the group that actually would have been achieved had the acquisition been completed on 1 April 2014, nor is it intended to be a projection of future results.

Acquisition related costs amounting to approximately RMB56,000 have been excluded from the consideration transferred and have been recognised as an expenses in the current year, within the "Administrative expenses" line item in the consolidated statement of profit or loss.

(ii) On 16 October 2014, the company entered into a sale and purchase agreement with Wan Cheng Investments Limited, an independent third party, for the acquisition of entire equity interest of Liqun Investments Limited ("Liqun") and its 90% owned subsidiary, Kotech Educational Limited ("Kotech Educational") (collectively the "Liqun Group"), for a consideration of HK$100,000,000 (equivalent to RMB79,130,000) out of which HK$30,000,000 (equivalent to RMB23,739,000) was settled by way of cash and HK$70,000,000 (equivalent to RMB55,391,000) was settled by way of issuance of PN II with contingent consideration receivable attached. Liqun is principally engaged in investment holding. Kotech Educational is principally engaged in the trading of educational software and hardware, provision of education, skills training and education consultation.

The group takes the view that by leveraging on (i) the support from Quality Education Fund (the "QEF"), which was established by the Government of Hong Kong in 1998 and with an allocation of HK$5 billion at the relevant time, to finance projects for the promotion of quality education in Hong Kong; (ii) the services of the Liqun Group which are under the priority themes of the QEF; and (iii) the extensive experiences of the Liqun Group's management team in the education sector, the directors are of the view that the acquisition provides a prime opportunity for the group to diversify the revenue stream of the group which is expected to increase the Shareholders' value and benefit the company and the shareholders as a whole.

The acquisition was completed on 21 November 2014.

The following summarises the acquisition date fair value of the total consideration transferred:

	RMB'000
Cash	23,739
Fair value of promissory note issued	52,801
Contingent consideration receivable	(51,881)
	24,659

The fair value of promissory note and contingent consideration receivable were valued by Roma Appraisals Limited, please refer to note 33 for details.

42. BUSINESS COMBINATION (Continued)

The amounts recognised as of the acquisition date for each major class of assets acquired and liabilities assumed and the corresponding carrying amounts immediately before the acquisition were as follows:

	RMB'000
Office equipment	21
Intangible assets	15,826
Trade and other receivables	738
Cash and cash equivalents	2,919
Other payables	(3,977)
Tax payables	(9)
Deferred tax liabilities	(2,622)
Total identifiable net assets	12,896
Non-controlling interests (a)	(1,290)
Goodwill arising on acquisition (b)	13,053
Consideration	24,659

(a) The non-controlling interests recognised at the acquisition date were measured by reference to the non-controlling interests proportionate share of the acquiree's identifiable net assets.

(b) The goodwill is attributable to the future economic benefits from the acquisition which allowed the group to expand the sources of revenue from education sector by utilizing the management's network and potential customer base, integrated with the management's experience and expertise in the education sector.

None of the goodwill recognised is expected to be deductible for income tax purposes.

Included in the consolidated statement of profit or loss, Liqun Group contributed revenue and loss of RMB77,000 and RMB4,624,000 respectively to the revenue and loss of the group for the year ended 31 March 2015.

Had the business combination been effected on 1 April 2014, the revenue of the group and loss for the year would have been approximately RMB10,666,000 and RMB23,124,000 respectively. The directors consider these "pro forma" information is for illustrative purposes only and is not necessary an indication of the revenue and results of operations of the group that actually would have been achieved had the acquisition been completed on 1 April 2014, nor is it intended to be a projection of future results.

Acquisition related costs amounting to approximately RMB191,000 have been excluded from the consideration transferred and have been recognised as an expenses in the current year, within the "Administrative expenses" line item in the consolidated statement of profit or loss.

43. EVENT AFTER THE REPORTING PERIOD

INCREASE OF AUTHORISED SHARE CAPITAL

On 30 April 2015, special general meeting was held and ordinary resolution was duly passed to increase the authorised share capital from HK$90,000,000 to HK$300,000,000 by the creation of such number of shares (or part thereof) of par value of HK$0.03 each so that the increased authorised share capital shall be HK$300,000,000 divided into 10,000,000,000 shares of par value of HK$0.03 each.

PLACING OF NEW SHARES

(i) On 10 March 2015, the company entered into a placing agreement with Tanrich Securities Company Limited ("Placing Agent"), pursuant to which the Placing Agent agreed to place up to 2,500,000,000 placing shares to not less than six places who and whose ultimate beneficial owners will be independent third parties at the placing price of HK$0.1 per placing share. The placing of shares were completed on 28 May 2015. An aggregate of 2,500,000,000 placing shares have been successfully placed by the Placing Agent with the total proceeds of HK$250,000,000 (equivalent to approximately RMB196,350,000) before deduction of the relevant expenses.

(ii) On 4 June 2015, the company entered into a formal subscription agreement with CSR (Hong Kong) Co. Limited (the"Subscriber"), a wholly-owned subsidiary of CRRC Corporation Limited (formerly known as "CSR Corporation Limited") whose shares are listed on the Hong Kong Stock Exchange (stock code: 1766), an independent third party, pursuant to which the company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for 6,500,000,000 subscription shares at the subscription price of HK$0.1 per subscription share.

    As at the date of this report, the subscription of new shares were not completed. As detailed in the announcement dated 19 June 2015, if any of the conditions precedent to the completion of the subscription agreement is not satisfied, the subscription of new shares may not proceed.

44. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2015

Up to the date of issue of these financial statements, the HKICPA has issued the following amendments and new standards which are not yet effective for the year ended 31 March 2015.

HKFRS 9	Financial Instruments[1]
HKFRS 14	Regulatory Deferral Accounts[2]
HKFRS 15	Revenue from Contracts with Customers[3]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[5]
Amendments to HKAS 1	Disclosure Initiative[5]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[5]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plant[5]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions[4]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[5]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[5]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets Between an Investor and its Associate or Joint Ventures[5]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle[6]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle[4]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle[5]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for first annual of HKFRS financial statements beginning on or after 1 January 2016
3 Effective for annual periods beginning on or after 1 January 2017
4 Effective for annual periods beginning on or after 1 July 2014
5 Effective for annual periods beginning on or after 1 January 2016
6 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions

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 far 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				
	2015	2014	2013	2012	2011
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Turnover	**10,580**	4,596	9,416	7,243	3,735
Loss before tax	**(15,906)**	(131,335)	(132,546)	(329,180)	(35,005)
Income tax	**(6,860)**	328	4,508	165	(3,049)
Loss for the year	**(22,766)**	(131,007)	(128,038)	(329,015)	(38,054)

ASSETS AND LIABILITIES

	As at 31 March				
	2015	2014	2013	2012	2011
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Total Assets	**491,954**	428,531	526,271	660,800	845,228
Total Liabilities	**(98,274)**	(94,332)	(73,406)	(87,044)	(240,908)
Net assets	**393,680**	334,199	452,865	573,756	604,320

PROPERTIES HELD BY THE GROUP FOR INVESTMENT

As at 31 March 2015

	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