ANNUAL REPORT 2015

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China Minsheng Investment

China Minsheng Drawin Technology Group Limited

(Formerly known as South East Group Limited)
(Incorporated in Bermuda with limited liability)
Stock Code: 726

Contents

Corporate Information

Board of Directors:

Executive:
MI Hongjun *(Chairman)*
YIN Jun
(Deputy Chairman and Chief Executive Officer)
CHEN Domingo

Non-executive:
FANG Rong
ZHOU Feng

Independent Non-executive:
LEE Chi Ming
CHAN Chi Hung, Anthony
JIANG Hongqing

Audit Committee:

JIANG Hongqing *(Committee Chairman)*
LEE Chi Ming
CHAN Chi Hung, Anthony

Remuneration Committee:

JIANG Hongqing *(Committee Chairman)*
MI Hongjun
LEE Chi Ming

Nomination Committee:

MI Hongjun *(Committee Chairman)*
LEE Chi Ming
JIANG Hongqing

Authorised Representatives:

YIN Jun
CHEN Domingo

Registered Office:

Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

Head Office and Principal Place of Business:

Suites 1001-1004, 10th Floor
One Pacific Place, 88 Queensway
Hong Kong

Auditor:

PricewaterhouseCoopers
22/F, Prince's Building
Central
Hong Kong

Principal Registrars and Transfer Office:

MUFG Fund Services (Bermuda) Limited
The Belvedere Building
69 Pitts Bay Road
Pembroke HM08
Bermuda

Hong Kong Share Registrars and Transfer Office:

Computershare Hong Kong Investor Services Limited
Shops 1712-1716
17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

Chairman's Statement

Dear Shareholders,

On behalf of the board (the "**Board**") of directors (the "**Directors**") of China Minsheng Drawin Technology Group Limited (the "**Company**"), I am delighted to present the report and the audited consolidated financial statements of the Company and its subsidiaries (collectively the "**Group**") for the nine months ended 31 December 2015.

During the period under review, the Company has successfully issued and allotted 6,500 million subscription shares to Jiayao Global Investments Limited, a wholly owned subsidiary of China Minsheng Jiaye Investment Co., Ltd ("**CMJYI**"). Upon the completion of shares subscription, CMJYI became the largest and controlling shareholder of the Group and the Board has been reorganized. In addition, during the period under review, the Company has issued a zero coupon Convertible Bond ("**CB**") with an aggregate principal amount of HK$200 million to Honghu Capital Company Limited. The proceeds from the subscription shares and the CB will be used for potential investment opportunities, business development and general working capital of the Group. Under the leadership of the new Board, the Group is confident that it can identify premium investment opportunities to enhance financial and operating performance of the Group, in order to deliver returns for the Company's shareholders in the long-term.

Looking forward, the Group aims to carry out the activities that relate to its property development and other investment businesses, including investing in the upstream property development sector. The Group aims to become one of the most competitive players in the industrialized construction industry with a focus on technology innovation, and it is the Group's near-term goal to have approximately five production hubs (i.e. China Minsheng Drawin Green Construction Technology Parks, the "**Technology Parks**") expected to start operation, or have their construction completed, by around the end of 2016. Thus, the Group will continue to accelerate the construction of the Technology Parks, strengthen its market development, enhance its R&D and design capabilities to improve product quality and to increase production efficiency.

On behalf of the Board, I would like to take this opportunities to express my sincere gratitude to all shareholders, investors and other business partners for their continuing support and trust to the Company. I would also like to express our thanks and gratitude to the staff for their hard work and dedication during the past year.

By order of the Board of
China Minsheng Drawin Technology Group Limited
Mi Hong Jun
Chairman

Hong Kong, 30 March 2016

Management Discussion and Analysis

Business Review and Prospects

Strong Market Potential and Favorable Industry Environment under China's "New Economy"

China's economy over the past two decades has relied heavily on capital investment and exports backed by a large and relatively cheap labor force. In the coming years, the hope is to steer the economy onto a more sustainable track with growth driven by domestic consumption. With the annual gross domestic product (GDP) growth target no longer a top priority, the central government of China has shifted its attention to creating policy under China's "new economy" that encourages sustainable development. On the other hand, while developed countries continue to search for ways to stabilize their markets in view of political and economic challenges, emerging markets continue to face headwinds in the midst of mixed economic growth patterns, creating a dichotomy of an uncertain global economic environment and a favorable domestic industry outlook.

The Group believes in turning challenges into opportunities against the backdrop of the current market environment. The construction sector in China still represents a huge market with an annual output of RMB18 trillion in 2015. While the majority of construction companies still use traditional construction methods, the government has encouraged the application of prefabricated and industrialized technologies in construction of buildings in recent years. In addition to upgrading the construction industry in general, concern for the environment is a major reason that the central government has created multi-pronged policies to drive the transformation of the construction industry. Clean production, green building and low-carbon systems have become part of a national level strategy in China's 13th Five-year Plan. According to "The Opinions and Guidelines on Further Strengthening Urban Planning and Development Management" released by the State Council in February 2016, construction techniques that generate less waste and use fewer resources, such as the use of prefabricated building units and materials, are encouraged, while eccentric architecture that is not economical, functional, aesthetically pleasing or environmentally friendly will be discouraged. In addition, the guidelines projected that 30% of new buildings will be constructed by prefabricated units within the next 10 years. Currently, nearly 40 to 50 cities and provinces in China including Beijing, Shanghai, Shenzhen, Jiangsu Province, Hunan Province and Fujian Province, have issued favorable policies to support the development of prefabricated construction.

As a result, the Group believes that its expansion strategy of investing in the upstream property development sector, namely building up its capability in industrialized and prefabricated construction, is in line with market trends (including that for property developers) and the China national policy. Moreover, this strategy will enable the Group to develop in line with the transition of the construction industry from its current business model, which is associated with high costs, low quality, long construction periods, high energy consumption and severe environmental pollution.

Business Review and Prospects (continued)

Steady Progress in Business Development and Expansion

During the period under review, the Group made continuous efforts to establish its network by developing production hubs, i.e. the Technology Parks, in several major cities throughout China. The Technology Parks will provide a one-stop construction solution, including R&D, design, production and sales of intelligent and green building construction technology and modules for prefabricated construction.

To achieve its near-term goal of building five Technology Parks, the Group has strived to secure suitable sites for the Technology Parks. During the period under review, the Group successfully secured three land parcels in Guangdong, Zhejiang, and Hunan Provinces to develop the Technology Parks. Recently, the Group also secured two sites in Jiangning district, Nanjing (for details, please refer to the Company's announcement dated 23 March 2016).

In addition, on 3 March 2016, China Minsheng Drawin Technology Investment Co., Ltd.* (中民築友科技投資有限公司) ("**CMDTI**"), a company established in the PRC and an indirect wholly-owned subsidiary of the Company, entered into a joint venture agreement with China Minsheng Drawin Co., Ltd.* (the "**JV Partner**"), a non-wholly owned subsidiary of China Minsheng Jiaye Investment Co., Ltd., pursuant to which a joint venture (the "**Joint Venture**") will be established for the continuing development of an industrial park in Changsha, Hunan Province, subject to obtaining all necessary approvals and/or filings required under applicable laws and regulations, including without limitation, the Company having obtained the approval from the independent shareholders at a general meeting as required under the Listing Rules (for details, please refer to the announcement dated 3 March 2016). Currently, the construction of the Changsha industrial park (phase I) has been completed and the relevant equipment and facilities have been tested for trial operations.

The Group also entered into project investment agreements with local governments in Nanning and Nan'an in August and December 2015, respectively (for details, please refer to the Company's announcements dated 31 August 2015 and 14 December 2015). Pursuant to the project investment agreements, the Group has agreed to acquire land parcels through tender, auction or listing-for-sale process from the relevant PRC authorities for developing its Technology Parks.

Becoming a Competitive Player in the Industrialized Construction Industry with a Focus on Technology Innovation and Advancement

The Group is aiming to become one of the most competitive players in the industrialized construction industry with a focus on technological innovation. To realize this goal, the Group will continue to carry out operation strategies which include accelerating the construction of the Technology Parks, strengthening our market development, enhancing the R&D and design capabilities to improve product quality and to increase production efficiency.

Business Review and Prospects (continued)

Speeding up the Construction of Technology Parks

It is the Group's near-term goal to have up to five Technology Parks expected to start operation or have their construction completed by around the end of 2016, which include the Technology Parks in Guangdong, Zhejiang and Hunan Provinces as mentioned above. At the same time, the Group will continue to explore other opportunities for developing additional Technology Parks. The Group favours investments in provincial cities where the economies are vibrant, market potential is huge, the level of acceptability for prefabrication construction or support from the local government is high, and the infrastructure and logistics systems are good.

It is expected that once production facilities and equipment are installed at any one of the Technology Parks, the Group will be able to produce and sell prefabricated construction modules, broaden its revenue stream and enhance its market position.

Strengthening Market Development

In addition to the above, the Group aims to carry out other activities that relate to its property development and other investment businesses if there are lucrative opportunities. On a selective basis, the Group is exploring and will continue to identify business opportunities for involving in both public and private property development projects, including government sponsored housing projects, commodity housing and agricultural townhouses projects. In addition, the Group is interested in urban infrastructure projects that feature a high degree of standardization and prefabrication. It is also exploring possibilities of business cooperation with some of the leading property developers in China.

Enhancing R&D and Design Capabilities, Product Quality and Production Efficiency

Industrialized construction is a high-technology based industry, thus, the Group will continue to enhance R&D and design capabilities in relation to industrialized construction, such as developing new technologies in building materials, architectural design and manufacturing.

The Group will directly benefit from the establishment of the Joint Venture in Changsha (if it is approved by its independent shareholders) as the JV Partner has developed advanced technologies and know-how relating to the production of prefabricated units and building materials. The Group believes these collaborations will strengthen the competence of our technology and R&D capabilities, and will ultimately improve product quality and increase the production efficiency of the Technology Parks.

Besides, the Group will also explore opportunities to create alliances with famous universities or leading industry enterprises on industrialized construction technology research or collaboration.

Looking ahead, the Board believes that the Group will strive to grow the business and achieve an improved financial and operating performance, delivering returns for the Company's shareholders in the long-term.

Financial Review

Revenue and Gross Profit Analysis

During the nine months ended 31 December 2015, the Group was principally engaged in the business of property investment and prefabricated construction work in the PRC. There was a gross floor area of approximately 7,845 square metres of the commercial properties held by the Group located in Zouping, Shandong, PRC. Rental income of approximately HK$347,000 was generated from leasing out part of commercial properties concerned and the direct expenses were mainly fixed rate turnover taxes.

Other Income

During the nine months ended 31 December 2015, the other income were approximately HK$3,360,000, which mainly included the gain from interest income as a result of increase in cash balances.

Impairment Losses on Available-For-Sale Financial Assets and Other Receivables

During the nine months ended 31 December 2015, the impairment losses include the amounts provided on available-for-sale financial assets of approximately HK$89,541,000 and full provision for bad debt of the refund of earnest money in the amount of approximately HK$72 million owed to the Group by Mr. Liu Shu in relation to the proposed acquisition of properties in Shenzhen, after unsuccessful claim for such refund for an extended period of time (please refer to the announcement made by the Company dated 7 March 2016 for detailed information).

Financial Risk Factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk, cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Please refer to Note 3 to the consolidated financial statements for detailed information.

Administrative Expenses

During the nine months ended 31 December 2015, the administrative expenses were approximately HK$27,465,000, which mainly included staff salaries, Directors' remuneration, legal and professional fees, office rental and depreciation expenses. The substantial increase in the administrative expenses was due to the Group's active hiring of personnel to support the expansion of the Group's businesses and operations in China.

Finance Costs

For the nine months ended 31 December 2015, the finance costs mainly represented the effective interest amortised on the CB with outstanding principal amount of HK$200 million issued on 27 May 2015. The effective interest rate applied on the liability component of approximately HK$154,882,000 is 8.9% per annum. The residual amount of approximately HK$45,118,000 is assigned in the equity component of the CB and is included in shareholders' equity.

Financial Review (continued)

Total Assets

The total assets of the Group as at 31 December 2015 were approximately HK$1,672 million, representing an increase of approximately HK$1,320 million, or 375.0 % from approximately HK$352 million as at 31 March 2015. The increase was mainly attributable to the net proceeds of approximately HK$1,498 million received from the shares subscription and the zero coupon CB issued on 27 May 2015 (details can be referred to the section headed "Capital Structure" below).

Total Liabilities

The total liabilities of the Group as at 31 December 2015 were approximately HK$204 million, representing an increase of approximately HK$198 million, or 3,518.3%, from approximately HK$6 million as at 31 March 2015. The increase was mainly attributable to additions of liability component from the zero coupon CB issued on 27 May 2015 (details can be referred to the section headed "Capital Structure" below) and deferred tax liability from the zero coupon CB.

Total Equity

The total equity attributable to shareholders of the Company as at 31 December 2015 was approximately HK$1,469 million, representing an increase of approximately HK$1,122 million, or 323.8%, from approximately HK$347 million as at 31 March 2015. The increase was mainly attributable to combined net effect of (i) increase in share capital and share premium of approximately HK$1,298 million from the issuance of 6,500 million shares at HK$0.2 each completed on 27 May 2015; (ii) share of equity component of approximately HK$37,600,000 from the zero coupon CB issued on 27 May 2015; (iii) available for sales investment devaluation loss recognised at revaluation reserve in equity of approximately HK$9,983,000 and decrease in exchange reserve of approximately HK$10,675,000 and (iv) loss for the nine months ended 31 December 2015 of approximately HK$193,209,000.

Capital Structure

As disclosed in the Company's announcements dated 2 March 2015 and 9 March 2015 and circular dated 30 April 2015, on 9 February 2015, CMJYI and the Company entered into a share subscription agreement (the "**Share Subscription Agreement**") pursuant to which CMJYI agreed to subscribe for and the Company agreed to issue and allot 6,500 million new shares of the Company which was determined by dividing HK$1,300 million by HK$0.20 each per subscription share (the "**Share Subscription**"). The Company also entered into a CB subscription agreement (the "**CB Subscription Agreement**") with Honghu Capital on the same date pursuant to which the Company agreed to issue, and Honghu Capital agreed to subscribe for, the zero coupon CB in an aggregate principal amount of HK$200 million (the "**CB Subscription**"). The Share Subscription Agreement and CB Subscription Agreement were approved by the Company's shareholders on 18 May 2015 and completion took place on 27 May 2015.

Capital Structure (continued)

As disclosed in the announcement made by the Company dated 9 March 2015, the reason for the Share Subscription was that the Directors believed that it would create business synergies if the Company were to introduce a prominent and reputable strategic investor who would be able to work with the Company to source opportunities for new business development as well as business diversification and extension along the supply chain of property development and investment. The Directors were of the view that the Company would be able to capture and pursue better business and investment opportunities upon completion of the Share Subscription. In addition to introducing a strategic investor, the Directors considered that it would be a desirable opportunity to seek financial investor to provide additional funding to support the implementation of the Group's business strategy. Accordingly, the Directors considered that the Share Subscription and the CB Subscription will provide immediate funding, benefit the long-term development of the Company by broadening its equity base and also strengthen the financial position of the Company.

The net proceeds obtained by the Group from the Share Subscription and the CB Subscription amounted to approximately HK$1,498 million. Details of the intended use of proceeds and actual use of proceeds were disclosed in the section headed "Issue of New Shares and Zero Coupon CB and Use of Proceeds" below.

As at 31 December 2015, the Company's issued share capital was approximately HK$1,020,960,000 (31 March 2015: HK$370,960,000) with 10,209,602,920 (31 March 2015: 3,709,602,920) ordinary shares of HK$0.10 each (the "**Shares**") in issue.

As at 31 December 2015, the Group's liabilities were mainly attributable to the zero coupon CB of the Company due on 26 May 2018 (the "**Maturity Date**") with an outstanding principal amount of HK$200 million. The zero coupon CB can be converted into a maximum number of 1,000 million ordinary shares (will rank pari passu in all aspects with the existing shares in issue) after 6 months from the date of issue of the zero coupon CB at the conversion price of HK$0.2 per Share. The Company has no obligation to redeem the zero coupon CB prior to the Maturity Date unless an event of default as provided in the terms and conditions of the zero coupon CB occurs prior to the Maturity Date and the bondholder serves a notice on the Company requiring the zero coupon CB to be redeemed.

The terms and conditions of the zero coupon CB provide, among other things, that if the nominal value of the shares is altered as a result of consolidation, subdivision or reclassification, the conversion price should be adjusted by multiplying the conversion price in force immediately before such alteration by the fraction — A/B, (where: A is the nominal amount of one share immediately after such alteration; and B is the nominal amount of one share immediately before such alteration.)

Liquidity and Financial Resources

As at 31 December 2015, cash and bank balances of the Group amounted to approximately HK$1,184,598,000, as compared to approximately HK$131,695,000 as at 31 March 2015. At the end of the period, the Group's total borrowings represented the carrying amount of the zero coupon CB were approximately HK$ 162,776,000 (31 March 2015: Nil).

The Group borrowings were all denominated in HK$ and bank balances and cash were mainly denominated in HK$ and RMB. As at 31 December 2015, there were no outstanding forward contracts in foreign currency committed by the Group that might involve it facing significant foreign exchange risks and exposures.

The Group's financial base and liquidity have been strengthened to a healthy position after completion of the Shares Subscription and the CB Subscription in May 2015. The Group has raised net proceeds of approximately HK$1,498 million for financing future development, details of the actual use of proceeds were stated in the section headed "Issue of New Shares and Zero Coupon CB and Use Of Proceeds" below.

The Group's gearing ratio as at 31 December 2015 was 9.7%, being the ratio of the Group's total borrowings to its total assets (gearing ratio as at 31 March 2015: Nil).

Subsequent Event

On 8 March 2016, the Company had terminated the non-legally binding agreement with Greenland Holding Group Company Limited ("**Greenland**") in relation to the possible acquisition of Jinhong Property Development Limited by the Company (the "**Possible Acquisition**"). Details can be referred to the announcements made by the Company on 17 December 2014, 24 December 2014 and 8 March 2016. The Company had considered the Possible Acquisition from various commercial perspectives including, amongst others, continuous supply of prime office buildings in Shanghai, recent fluctuation in China's stock market and Renminbi exchange rate, and China's slowdown in economic growth. The Company therefore decided not to proceed with the Possible Acquisition and the framework agreement lapsed pursuant to its terms. The Company is in negotiation with Greenland with respect to the refund of the HK$28 million earnest money paid under the Framework Agreement.

As mentioned in the section headed "Business Review and Prospects" above, it is proposed that CMDTI and the JV Partner will establish the Joint Venture for the continuing development of the industrial park in Changsha with a total site area of approximately 235,000 square metres, for the production of property prefabricated units and building materials, subject to obtaining all necessary approvals and/or filings required under applicable laws and regulations, including without limitation, the Company having obtained the approval from the independent shareholders at a general meeting as required under the Listing Rules. The Joint Venture will be held as to 51% by CMDTI and as to 49% by the JV Partner and accordingly, if established, the Joint Venture will be accounted for as an indirect subsidiary of the Company. It is intended that CMDTI will contribute cash in the amount of approximately RMB476 million and the JV Partner will contribute assets consisting of land use right for the Changsha industrial park as well as its existing properties, production equipment, facilities and construction in progress with the total value of approximately RMB457 million. Details can be referred to the announcement dated 3 March 2016.

Subsequent Event (continued)

In addition, in March 2016, the Group successfully secured two sites in Jiangning distinct, Nanjing with an area of approximately 100,838 sq.m. for a consideration of RMB60,520,000. Details can be referred to the Company's announcement dated 23 March 2016.

Significant Investment, Material Acquisitions and Disposal of Subsidiaries and Associated Companies

Save as disclosed in the paragraph under the section headed "Business Review and Prospects" above, the Group did not make any material acquisition and disposal of subsidiaries and associated companies during the nine months ended 31 December 2015.

Future Plans for Material Investment or Capital Assets

The Group will actively seek for market opportunities in order to broaden its capital base and to enhance its income source. Hence, the Group may implement debt and/or equity fund raising plan(s) to satisfy the financing needs arising out of any business development of the Group as well as to improve its financial position in the event that suitable fund raising opportunities arise.

Issue of New Shares and Zero Coupon CB and Use of Proceeds

Issue of new shares and zero coupon CB

The completion of the Share Subscription took place on 27 May 2015 and raised funds of approximately HK$1,298 million. The net price per subscription share is approximately HK$0.199 after deduction of relevant expenses of the Share Subscription. The subscription shares represented approximately 1.75 times of the issued share capital of the Company as at the date of the Share Subscription Agreement and approximately 63.67% of the issued share capital of the Company as enlarged by the Share Subscription.

The subscription shares had a market value of approximately HK$2,275 million based on the closing price of the shares of the Company of HK$0.35 on 6 February 2015 (being the last trading day before the trading halt on 9 February 2015). The subscription price of HK$0.20 represented (i) a discount of approximately 42.86% to the closing price of the shares of HK$0.35 per share as quoted on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on the last trading day; and (ii) a discount of approximately 35.06% to the average closing prices of the shares of HK$0.308 per share as quoted on the Stock Exchange for the last five consecutive trading days prior to the date of the Share Subscription Agreement.

The completion of the CB Subscription took place on 27 May 2015. On completion date, the zero coupon CB with an aggregate principal amount of HK$200 million had been issued to Honghu Capital.

Issue of New Shares and Zero Coupon CB and Use of Proceeds
(continued)

Rights issue

The Company completed a rights issue in October 2014, and raised HK$283 million of new capital. These rights shares have been listed and traded on the Stock Exchange since 31 October 2014. The 2,919,647,040 rights shares issued representing 8 times of the Company's issued share capital immediately before completion and approximately 88.89% of the Company's issued share capital as enlarged by the issue of the rights shares, at a subscription price of HK$0.10 per rights share on the basis of eight rights shares for every one share held by the qualifying shareholders. The net price per rights share is approximately HK$0.097 after deduction of relevant expenses.

The rights share had a market value of approximately HK$1,021,876,464 based on the closing price of the shares of the Company of HK$0.35 on 11 August 2014 (being the last trading day and before the closing price adjustment after the rights issue completion). The subscription price of HK$0.10 represented (i) a discount of approximately 71.43% to the closing price of the shares of HK$0.35 per share as quoted on the Stock Exchange on the last trading day; and (ii) a discount of approximately 72.14% to the average closing prices of the shares of HK$0.359 per share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the last trading day.

Issue of New Shares and Zero Coupon CB and Use of Proceeds
(continued)

Use of proceeds

Event	Net proceeds	Intended use of proceeds	Update on use of proceeds as at 31 December 2015	Unutilized portion of the net proceeds as at 31 December 2015
Allotment and issue of 6,500 million new shares of the Company at the subscription price of HK$0.2 each and issue of HK$200 million zero coupon CB on 27 May 2015	HK$1,498 million	Approximately HK$600 million for pursuing the Possible Acquisition.	The Company decided not to proceed with the Possible Acquisition and the HK$600 million proceeds will be used to pursue other investment opportunities of the Group including property related and prefabrication construction businesses. To enhance yield of the idle cash of the Group, approximately HK$23 million and HK$193 million have been used in June 2015 for investment in financial assets at fair value through profit or loss and available-for-sale financial assets.	HK$384 million unutilized proceeds are held in cash in bank.
		Approximately HK$800 million for making investment in or acquiring new business opportunities in the upstream PRC property development sector in Central, Eastern and Southern China.	HK$120 million has been used for acquisition of land and facilities upgrade.	HK$680 million unutilized proceeds are held in cash in bank.

Issue of New Shares and Zero Coupon CB and Use of Proceeds
(continued)

Use of proceeds (continued)

Event	Net proceeds	Intended use of proceeds	Update on use of proceeds as at 31 December 2015	Unutilized portion of the net proceeds as at 31 December 2015
		Approximately HK$98 million as general working capital of the Group.	HK$20 million has been utilized as working capital of the Group.	HK$78 million unutilized proceeds are held in cash in bank.
Rights issue of 2,919,647,040 shares of the Company at the subscription price of HK$0.1 each on 11 August 2014	HK$283 million	Future development of the Group, including but not limited to for the payment of the cash portion of the consideration of the proposed acquisition of properties in Shenzhen, while the remaining proceeds (if not utilized) will be applied for other investment opportunities identified and/ or the business development of the Group and/or general working capital of the Group.	HK$72 million has been used for payment of the earnest money in relation to the proposed acquisition of properties in Shenzhen. The framework agreement in relation to the proposed acquisition of properties in Shenzhen had lapsed. The Group had made full provision for bad debt of the refund of earnest money (please refer to the announcement dated 7 March 2016 for details).	Not applicable

Issue of New Shares and Zero Coupon CB and Use of Proceeds
(continued)

Use of proceeds (continued)

Event	Net proceeds	Intended use of proceeds	Update on use of proceeds as at 31 December 2015	Unutilized portion of the net proceeds as at 31 December 2015
			HK$28 million has been used for payment of the earnest money in relation to the Possible Acquisition. The Company has decided not to proceed with the Possible Acquisition and is in negotiation to demand the refund of the earnest money (please refer to the announcement dated 8 March 2016 for details). HK$23 million has been utilized as working capital of the Group. To enhance yield of the idle cash of the Group, HK$60 million and HK$100 million have been used in June 2015 for investment in financial assets at fair value through profit or loss and available-for-sale financial assets.	

Change in Composition of the Board of Directors, Chief Executive and the Board Committee

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in composition of the Board, chief executive and the Board Committee during the reporting period were as below:

With effect from 3 July 2015, Mr. Chen Domingo resigned as deputy chairman of the Board, but continued to serve as an executive Director; Mr. Lee Chi Ming was re-designated from chairman of each of the Nomination Committee and the Remuneration Committee to a member of each of the Nomination Committee and the Remuneration Committee; Mr. Chan Chi Yuen resigned as an executive Director; Mr. Mi Hongjun was appointed as an executive Director, chairman of the Board, chairman of each of the Nomination Committee and the Remuneration Committee; Mr. Yin Jun was appointed as an executive Director, deputy chairman of the Board and chief executive officer of the Company; and Ms. Fang Rong and Mr. Zhou Feng were appointed as non-executive Directors.

Mr. Mock Wai Yin ceased to act as an authorized representative of the Company with effect from 3 July 2015 and Mr. Lau Wing Chuen, Company Secretary of the Company, filled the vacant position as an authorized representative of the Company with effect on the same date. Mr. Lau Wing Chuen resigned as Company Secretary and ceased to act as an authorized representative of the Company on 14 April 2016 and Mr. Yin Jun had been appointed as an authorized representative of the Company with effect on the same date.

Mr. Yeung Chun Wai, Anthony resigned as a member of each of the Nomination Committee and the Remuneration Committee, the chief executive officer of the Company and re-designated from chairman to deputy chairman of the Board on 3 July 2015. Mr. Yeung Chun Wai, Anthony then resigned as an executive Director, deputy chairman of the Board and an authorized representative of the Company on 8 September 2015. Mr. Chen Domingo had been appointed as an authorized representative of the Company on the same date.

On 8 September 2015, Mr. Mi Hongjun was re-designated from the chairman of the Remuneration Committee to a member of Remuneration Committee of the Company and Mr. Jiang Hongqing was appointed as the chairman of the Remuneration Committee of the Company.

Summary of the Directors and their role and function are set out as follows:

Executive Directors:
Mr. MI Hongjun *(Chairman)*
Mr. YIN Jun *(Deputy Chairman, Chief Executive Officer)*
Mr. CHEN Domingo

Non-executive Directors:
Ms. FANG Rong
Mr. ZHOU Feng

Independent Non-executive Directors:
Mr. LEE Chi Ming
Mr. JIANG Hongqing
Mr. CHAN Chi Hung, Anthony

Change in Composition of the Board of Directors, Chief Executive and the Board Committee (continued)

Director/Board Committee	Audit Committee	Remuneration Committee	Nomination Committee
Mr. MI Hongjun	—	M	C
Mr. LEE Chi Ming	M	M	M
Mr. JIANG Hongqing	C	C	M
Mr. CHAN Chi Hung, Anthony	M	—	—

Notes:

C — Chairman of the relevant Board committees

M — Member of the relevant Board committees

Employee Information

At 31 December 2015, the Group had a total of 114 (31 March 2015: 14) employees (excluding the Directors). 109 (31 March 2015: 8) of them worked in the PRC and 5 (31 March 2015: 6) of them worked in Hong Kong.

Employees are basically remunerated based on the nature of their job and their performance as well as the prevailing market trend. Year-end discretionary bonus would be granted to reward and motivate those well-performed employees. Other employee benefits include mandatory provident fund, medical insurance coverage and share option scheme.

Charges on Group Assets

At 31 December 2015, the Group had no significant assets pledged to banks to secure general banking facilities and bank loans granted to the Group (31 March 2015: Nil).

Capital Commitments and Contingent Liabilities

At 31 December 2015, the Group had outstanding capital commitments in the aggregate amount of approximately HK$104,706,000 (31 March 2015: Nil) and no material contingent liabilities (31 March 2015: Nil).

Litigation

At 31 December 2015, the Group was not involved in any material litigation.

Purchase, Sale or Redemption of Own Shares

During the period under review, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

Directors' and Senior Management Biography

Executive Directors

Mr. Mi Hongjun ("Mr. Mi"), aged 45, an executive Director of the Company and chairman of the Board. Mr. Mi is the Financial Controller of China Minsheng Investment Corp., Ltd. ("China Minsheng Investment"). Mr. Mi joined China Minsheng Investment at its establishment. Before joining China Minsheng Investment, he has been engaging in the financial sector for more than 20 years, handling duties including financing, auditing, investment, etc. Mr. Mi has served as (i) Financial Controller and Secretary of the Board of Minsheng Royal Fund Management Co. Ltd. from 2012 to 2014; (ii) Vice President and President of 數字博識(北京)信息技術有限公司 (Digital Knowledge World Information Technology Co., Ltd*) from 2009 to 2011; (iii) Chief Financial Officer of Hinge Software Technology Co. Ltd. From 2007 to 2009; (iv) Financial Controller of Dayang Technology Development Inc. from 2004 to 2007; (v) Financial Manager and Financial Controller of 方正數碼有限公司 (Founder Holdings Limited*) from 2001 to 2004; (vi) Financial Manager of 北京凌科電信技術有限公司 (Beijing Link Telecom Technology Co., Ltd*) from 2000 to 2001; (vii) Financial Manager of China World Trade Centre Co. Ltd. From 1998 to 2000 and (viii) a staff member and then a deputy supervisor of the Commerce and Trade Auditing Department under National Audit Office from 1993 to 1998. Mr. Mi graduated from the Accounting Department of Nankai University in 1993. He further received an EMBA master degree from Tsinghua University School of Economics and Management in 2012, and was qualified as a Certified Public Accountant in 1997. He further obtained the fellowship title of Senior Certified Public Accountant in 2005.

Mr. Yin Jun ("Mr. Yin"), aged 44, an executive Director of the Company, deputy chairman of the Board and chief executive officer of the Company. Mr. Yin is currently the Vice President of CMJYI, director and General Manager of China Minsheng Drawin Co., Ltd.. Before joining CMJYI, Mr. Yin has more than 18 years of experience in building and real estate industry in big state-owned enterprise and held important management positions. He has served as General Manager and Chairman of the Board of 中建五局第三建設有限公司 (No.3 Construction Group of China State Construction Fifth Engineering Division Corporation., Ltd*). Prior to that, Mr. Yin has served as General Manager of 中建信和地產公司 (Xinhe Real Estate Co., Ltd*), Deputy General Manager of 中建五局有限公司 (China State Construction Fifth Engineering Division Corporation., Ltd*) and other important management positions. Mr. Yin graduated in 1995 with a Bachelor degree in Engineering . He obtained a Master degree in Engineering in 1997 and he earned his Doctorate degree in Management in 2014.

Mr. Chen Domingo ("Mr. Chen"), aged 61, executive Director of the Company. Before joining the Company, he was Head of Capital Markets & Corporate Affairs of Agile Property Holdings Limited (Stock code: 3383), a company listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange"). He was mainly in charge of overseas financing and operation management of Hong Kong regional headquarter. Prior to that, Mr. Chen was employed by many transnational companies and listed companies as director or senior management. He has proven track records and extensive experience in China real estate development, corporate finance, operation management and investor relations. Mr. Chen obtained an Executive Master of Business Administration degree jointly from Kellogg School of Management at Northwestern University, Chicago and Hong Kong University of Science and Technology in 1999 and a Diploma in Program for Management Development from Harvard University, Boston in 1988. Mr. Chen, was appointed as an executive director of REX Global Entertainment Holdings Limited on 8 July 2015, a company listed on the Main Board of the Stock Exchange (stock code: 164) and he had served as an executive director of Leyou Technologies Holdings Limited (stock code: 1089) from 8 May 2015 to 24 July 2015.

* For identification purpose only

Non-Executive Directors

Ms. Fang Rong ("Ms. Fang"), aged 36, a non-executive Director of the Company. Ms. Fang is the Human Resources Director of China Minsheng Investment. Ms. Fang started her career since 2001. Before joining China Minsheng Investment, Ms. Fang was the Manager of the Human Resource Service Office of the Human Resources Department of China Minsheng Bank Headquarter, Deputy Manager and Manager of the Performance and Remuneration Management Office and a member of the Headquarter Retail banking Strategic Planning Centre; and Senior Auditor at PricewaterhouseCoopers Zhong Tian LLP, Beijing Branch. Ms. Fang obtained a master degree in finance from Peking University, now she is a Fellow Member of the Association of Chartered Certified Accountants ("ACCA") and a Certified Public Accountant in China.

Mr. Zhou Feng ("Mr. Zhou"), aged 32, a non-executive Director of the Company. Mr. Zhou graduated from Shanghai Normal University with a Bachelor degree. He has extensive experience in real estate project management and hotel & tourism management. He is currently a Deputy General Manager of 舟山中聯房地產有限公司 (Zhoushan United Real Estate Co. Ltd.*), Chairman of 普陀山國際度假有限公司 (Zhejiang Putuo Mountain International Resort Co. Ltd.*) and previously served as a Real estate project manager of 上海潤華投資有限公司 (Shanghai Runhua Investment Co., Ltd.*) from 2008 to 2011.

Independent Non-Executive Directors

Mr. Lee Chi Ming ("Mr. Lee"), aged 63, is an independent non-executive Director of the Company. He is a fellow member of Association of Chartered Certified Accountants ("ACCA") and Hong Kong Institute of Certified Public Accountants ("HKICPA"). He graduated from Hong Kong Polytechnic. He also holds a LLB degree from University of London and a master degree in Business Administration from University of Hong Kong. Mr. Lee serves as Vice President of the Hong Kong branch of ACCA and a member of the Advisory Committee of the College of Professional and Continuing Education ("CPCE") of HK Polytechnic University. He was the past president of ACCA, Hong Kong (2003/04) and a Council member of HKICPA (2005). Mr. Lee has over 25 years' experience in the fields of accounting, regulations and asset management. He held various senior positions with the Securities and Futures Commission ("SFC"), Hong Kong since 1995, as director of Licensing, director of Corporate Planning and director of Finance and Administration. Mr. Lee retired from SFC in July 2014 and joined as director and managing partner of Benington Capital Ltd, an asset management company which manages a Greater China focused long-short equity fund for professional investors. Mr. Lee is an independent non-executive director of Rex Global Entertainments Holdings Limited (Stock Code: 164) and Huatai Securities Company Limited (Stock Code: 6886).

Independent Non-Executive Directors (continued)

Mr. Jiang Hongqing ("Mr. Jiang"), aged 48, an independent non-executive Director of the Company. Mr. Jiang was appointed as an executive director and vice chairman of the Hong Kong Life Sciences and Technologies Group Limited (Stock code: 8085) since 1 December 2012. On 22 August 2014, he resigned as the vice chairman but continues to act as an executive director. Mr. Jiang holds a Ph.D. in Engineering majoring in Architectural Design and Theory from South China University of Technology. He also holds a Master of Engineering Degree majoring in Landscape Architecture Design and a Bachelor of Engineering Degree majoring in Urban Planning from Chongqing Institute of Architecture and Engineering. Mr. Jiang had also been studied in Ecole d' Architecture Parisla-Seine in Paris, France. He is a Professorate Senior Urban Planner and a Certified Planner of the People's Republic of China. In addition, Mr. Jiang was also the member of City Ecological Planning and Construction Academic Committee of the Urban Planning Society of China and also was a consultant of Urban Planning Construction and Protection of Ancient City of Lijiang, Yunnan Province. He has extensive experience in planning design, architectural design, landscape architecture design, planning management and project planning. Mr. Jiang was also an executive director of Birmingham International Holdings Limited (Stock code: 2309) from 30 August 2011 to 20 January 2012.

Mr. Chan Chi Hung, Anthony ("Mr. Chan"), aged 42, an independent non-executive Director of the Company, is an executive director of EPI Holdings Limited ("EPI"), an international oil & gas operator (Stock Code: 689). Prior to joining EPI on July 2013, Mr. Chan has held senior management positions at other Hong Kong listed companies. He was the executive director of China Financial Leasing Group Limited (Stock Code: 2312) from April 2007 to July 2013. Mr. Chan has held the position of non-executive director at Build King Holdings Limited (Stock Code: 240) since December 2008. Prior to his managerial career, Mr. Chan was the investment manager of Springfield Financial Advisory Limited, in charge of private equity, fund-of-funds and fixed-income investment portfolios for four years. Mr. Chan started his career as a banker in J.P. Morgan covering Asia ex-Japan region. Mr. Chan is a graduate of University of Minnesota - Twin Cities and Stanford Graduate School of Business, both in United States.

Senior Management

Mr. Chen Donghui ("Mr. Chen"), aged 42, has been appointed as Chief Financial Officer of the Company since 8 September 2015. Mr. Chen is currently the Chief Executive Officer of CMJYI. Mr. Chen has been engaging in the insurance industry before joining CMJYI and has over 15 years of experience in the finance and insurance industry. Mr. Chen has served as: (i) General Manager of the Strategic Financing Department of China Export & Credit Insurance Corporation from 2008 to 2014; (ii) Deputy General Manager and then General Manager of the Finance and Accounting Department of PICC Property and Casualty Company Limited from 2004 to 2007 and the Deputy General Manager of its Jiangsu Branch from 2007 to 2008; (iii) Supervisor and Vice Supervisor of the strategic research office of the R&D center of The People's Insurance Company of China Limited from 2001 to 2003; and (iv) Supervisor of the Finance and Accounting Department of Bank of China from 2000 to 2001. Mr. Chen earned his Doctorate degree from the accounting faculty of Renmin University of China in 2000. Mr. Chen was also qualified as a Certified Public Accountant in 1997.

* for identification purpose only

Directors' Report

The Directors have pleasure in presenting their report and the audited financial statements of the Group for the nine months ended 31 December 2015.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. During the nine months period, the Group was principally engaged in the business of property investment and prefabricated construction work in the PRC. Details of the principal activities of the Company's principal subsidiaries are set out in Note 19 to the consolidated financial statements.

A fair review of the Group's business and a description of the principal risks and uncertainties being faced by the Group are provided in the "Chairman's Statement" and "Management Discussion and Analysis" sections of this annual report. Particulars of important events affecting the Group that have occurred since the end of the year, indication of likely future development in the Group's business, and the analysis of the Group's performance during the nine months ended 31 December 2015 using financial key performance indicators can also be found in these sections.

FINANCIAL RESULTS

The loss and cash flows of the Group for the nine months period and the state of affairs of the Group and the Company at that date are set out in the consolidated financial statements on pages 46 to 121.

DONATIONS

During the nine months period, the Group has made charitable donations amounting to HK$128,000 (year ended 31 March 2015: HK$800,000).

DIVIDENDS

The Directors do not recommend the payment of any dividend for the nine months ended 31 December 2015 (year ended 31 March 2015: Nil).

FINANCIAL SUMMARY

A summary of the consolidated results and assets and liabilities of the Group for the last five financial period/years is set out on page 122.

RESERVES

Details of movements in reserves of the Group and the Company during the nine months period are set out in the statement of changes in equity on page 49 and Note 31 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group and the Company during the nine months period are set out in Note 13 to the consolidated financial statements.

Investment Properties

As at 31 December 2015, the Group revalued its investment properties by using the combinations of an income capitalisation approach and a direct comparison approach. The increase in fair value amounting to approximately HK$453,000 has been credited to the consolidated statement of profit or loss and other comprehensive income.

Details of the investment properties of the Group are set out in Note 15 to the consolidated financial statements.

Share Capital

Details of share capital for the nine months period are set out in Note 22 to the consolidated financial statements. Please also refer to sections headed "Capital Structure" and "Issue of New Shares and Zero Coupon CB and Use of Proceeds" above for detailed information in relation to the Share Subscription.

Litigation

During the nine months period, the Group has not involved in any material litigation.

Convertible Bond

Details of the convertible bond of the Group at 31 December 2015 are set out in Note 24 to the consolidated financial statements. Please also refer to sections headed "Capital Structure" and "Issue of New Shares and Zero Coupon CB and Use of Proceeds" above for detailed information in relation to the CB Subscription.

Connected Transactions

During the nine months period, the Group did not enter into any transaction which may constitute connected transactions in accordance with Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

Events after the Reporting Period

Details of the significant post statement of financial position event of the Group are set out in Note 30 to the consolidated financial statements.

Directors

The Directors who held office during the nine months period and up to the date of this report were:

Executive Directors:

Mr. MI Hongjun *(Chairman)* (appointed on 3 July 2015)
Mr. YIN Jun *(Deputy Chairman, Chief Executive Officer)* (appointed on 3 July 2015)
Mr. CHEN Domingo (appointed on 5 December 2014)
Mr. CHAN Chi Yuen (resigned on 3 July 2015)
Mr. YEUNG Chun Wai, Anthony *(Deputy Chairman)* (resigned on 8 September 2015)

Non-executive Directors:

Ms. FANG Rong (appointed on 3 July 2015)
Mr. ZHOU Feng (appointed on 3 July 2015)

Independent Non-executive Directors:

Mr. LEE Chi Ming (appointed on 30 December 2014)
Mr. CHAN Chi Hung, Anthony (appointed on 30 December 2014)
Mr. JIANG Hongqing (appointed on 2 February 2015)

The Company has received from each of the existing independent non-executive Directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and considers all the independent non-executive Directors to be independent.

Directors' Service Contracts

No Director proposed for re-election at the forthcoming annual general meeting has an unexpired service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

Directors' and Chief Executive's Interests and/or Short Positions in the Shares, Underlying Shares and Debentures of the Company or any Associated Corporation

As at 31 December 2015, none of the Directors and chief executive of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required pursuant to section 352 of the SFO to be entered in the register referred to therein; or (iii) were required pursuant to the Model Code to be notified to the Company and the Stock Exchange.

Directors' Interests in Contracts

No contract, transaction or arrangement of significance to which the Company or any of its subsidiaries was a party and in which any Director had a material interest, whether directly or indirectly, subsisted at the end of the period or at any time during the nine months period.

Management Contracts

No contract concerning the management and administration of all or any substantial part of the Group's business was entered into or existed during the period.

Directors' and Chief Executive's Right to Acquire Shares

Save as disclosed in this report, at no time during the period was the Company or any of its subsidiaries a party to any arrangement to enable the Directors or their respective spouses or minor children to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

Substantial Shareholders

As at 31 December 2015, save as disclosed below, as far as the Directors are aware, no other persons or corporations (other than a Director or chief executive of the Company) who had or were deemed or taken to have interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO or as otherwise notified to the Company.

Substantial Shareholders (continued)

Long position in the Shares and Underlying Shares in the Company

Name of shareholder	Nature of interest	Long Position/ Short Position	Number of Shares held	Percentage of Company's issued share capital as at 31 December 2015 (Note 5)
Quantum China Asset Management Limited	Investment manager	Long position	826,840,000	8.10%
Jiayao Global Investments Limited (Note 1)	Beneficial owner	Long position	6,500,000,000	63.67%
China Minsheng Jiaye Investment Co., Ltd. (Note 1)	Interest of a controlled corporation	Long position	6,500,000,000	63.67%
China Minsheng Investment Corp., Ltd. (Note 2)	Interest of a controlled corporation	Long position	6,500,000,000	63.67%
Honghu Capital Company Limited (Note 3)	Beneficial owner	Long position	1,000,000,000	9.79%
Deng Jun Jie (Note 4)	Interest of a controlled corporation	Long position	1,000,000,000	9.79%

Substantial Shareholders (continued)

Long position in the Shares and Underlying Shares in the Company (continued)

Notes:

1. On 9 February 2015, CMJYI and the Company entered into the Share Subscription Agreement pursuant to which CMJYI agreed to subscribe for and the Company agreed to issue and allot 6,500 million new shares of the Company which was determined by dividing HK$1,300 million (being the total subscription consideration under the Share Subscription Agreement) by HK$0.20 (being the subscription price per subscription share). Details in relation to the shares subscription are set out in the Company's circular dated 30 April 2015. The share subscription was approved by the Company's shareholders on 18 May 2015 and completion took place on 27 May 2015, on which 6,500 million new shares were successfully issued and allotted to Jiayao Global Investments Limited, a wholly owned subsidiary of CMJYI.

2. China Minsheng Investment Corp., Ltd is a large private investment company organized by The All-China Federation of Industry and Commerce in China and was launched by 59 well-known private enterprises throughout China. CMJYI is a wholly owned subsidiary of China Minsheng Investment Corp., Ltd.

3. On 9 February 2015, Honghu Capital and the Company entered into the CB Subscription Agreement pursuant to which the Company agreed to issue, and Honghu Capital agreed to subscribe for, the zero coupon CB in an aggregate principal amount of HK$200 million. Assuming exercise in full of the conversion rights attaching to the zero coupon CB, 1,000 million conversion shares will be allotted and issued to Honghu Capital. Details in relation to the CB Subscription are set out in the Company's circular dated 30 April 2015. The CB subscription had been approved by the Company's shareholders on 18 May 2015 and completion took place on 27 May 2015.

4. Honghu Capital is a company 100% owned by Mr. Deng Jun Jie.

5. For the purpose of this section, the shareholding percentage in the Company is calculated on the basis of 10,209,602,920 Shares in issue as at 31 December 2015.

Share Option Scheme

The share option scheme adopted by the Company on 7 November 2003 (the "**Old Scheme**") was terminated pursuant to an ordinary resolution passed by the shareholders of the Company on 7 August 2013. A new share option scheme (the "**New Scheme**") in place of the Old Scheme was adopted pursuant to such resolution with effect from 7 August 2013 which has a term of 10 years. No share options have been granted, exercised, cancelled or lapsed under the New Scheme since its adoption on 7 August 2013. As at 31 December 2015 and up to the date of this report, there were no outstanding share options that have been granted and remained outstanding and exercisable under both the Old Scheme and the New Scheme. The following is a summary of the New Scheme:

(a) Purpose

The purpose is to enable the Company to grant options to eligible participants as incentives and/or rewards for their contribution or potential contribution to the growth and development of the Group.

Share Option Scheme (continued)

(b) Eligible participants

Eligible participants include employees or officers (including executive Directors), non-executive Directors (including independent non-executive Directors), suppliers, customers, consultants or advisors, and securities holders of the Company, as to be determined by the Board at its absolute discretion within the categories.

(c) Total number of shares available for issue

The maximum number of Shares which may be allotted and issued upon exercise of all outstanding options granted and yet to be exercised under the New Scheme and any other share option schemes of the Company must not in aggregate exceed 30% of the Shares in issue from time to time. The total number of Shares which may be allotted and issued upon exercise of all options to be granted under the New Scheme and any other share option schemes of the Group must not in aggregate exceed 10% of the Shares in issue as at 7 November 2003, but the Company may seek approval of its shareholders in general meeting to refresh the 10% limit under the New Scheme.

(d) Maximum entitlement of each eligible participant

The total number of share issued and to be issued upon exercise of the share options granted under the New Scheme and any other share option schemes of the Company to each eligible participant in any 12-month period up to the date of grant must not exceed 1% of the shares in issue at the date of grant. In addition, any share options granted to a substantial shareholder or an independent non-executive Director, or to any of their associate must not exceed 0.1% of the shares of the Company in issue at any time and with an aggregate value (based on the closing price of the Company's shares at the date of each grant) in excess of HK$5 million, within any 12-month period up to and including the date of such grant. Subject to separate approval by the shareholders in general meeting with the relevant participant and his associates (as defined in the Listing Rules) abstaining from voting provided the Company shall issue a circular to shareholders before such approval is sought, the Company may grant options to a eligible participant which would exceed this limit.

(e) Option period

The option period within which the shares must be taken up under an option shall be determined by the Board in its absolute discretion at the time of grant, but such period must not exceed 10 years from the date of grant of the relevant option.

(f) Minimum period for which an option must be held before it can be exercised

The minimum period, if any, for which an option must be held before it can be exercised shall be determined by the Board in its absolute discretion. The New Scheme itself does not specify any minimum holding period.

Share Option Scheme (continued)

(g) Payment on acceptance of the option

HK$10 is payable by the grantee to the Company on acceptance of the option offer. An offer must be accepted within 28 days from the date of grant.

(h) Basis of determining the exercise price

The exercise price shall be determined by the Board in its absolute discretion at the time of the grant but shall not be less than the higher of: (i) the closing price of the shares on the date of grant; (ii) the average closing prices of the shares for the five business days immediately preceding the date of grant; and (iii) the par value of a share.

(i) Remaining life of the New Scheme

The New Scheme will remain valid for a period of ten years commencing on 7 August 2013 unless otherwise terminated by resolution of shareholders in general meeting.

Relationship with Employees

The Company aligns its long-term development prospects with its employees' development. Following a people-oriented approach, we implement a systematic recruitment, training and incentive platform, providing internal fuel for the growth of the Company. In doing so, we create a desirable workplace for our employees to develop and flourish.

Major Customers and Suppliers

For the nine months period ended 31 December 2015:

(i) The Group's five largest customers accounted for less than 30% of the Group's total turnover.

(ii) No material production was carried out during the period, so no major suppliers were identified.

We strive to deliver products and services that exceed our customers' expectations.

None of the Directors, their associates, or any shareholders (which to the best knowledge of the Directors owned more than 5% of the Company's share capital) has any beneficial interests in these major customers and suppliers.

Arrangement to Purchase Shares or Debentures

Other than the share options disclosed above, at no time during the period was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Purchase, Sale or Redemption of Own Shares

During the period under review, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

Pre-Emptive Rights

There are no provisions for pre-emptive rights in respect of the shares of the Company under the Company's byelaws although there are no restrictions against such rights under the laws of Bermuda.

Public Float

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained sufficient public float throughout the nine months period ended 31 December 2015 and up to the date of this report.

Audit Committee

The Company has set up an audit committee (the "**Audit Committee**") with specific written terms of reference which clearly deal with its authorities and duties. The Audit Committee currently comprises three members and it comprises all the independent non-executive Directors of the Company and one of its member possesses recognized professional qualifications in accounting. The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and has discussed the auditing, internal control and financial reporting matters, including a review of the annual results and the consolidated financial statements for the nine months ended 31 December 2015.

Environmental Policy and Performance

The Group pursues to manufacture top-quality prefabricated units and to develop high grade properties which emphasize environmental protection, energy conservation and sustainability of the natural environment. The Group strives to fulfill its obligations as a corporate citizen by constantly manufacturing prefabricated units and developing innovative properties which emphasize energy conservation and implement low-carbon building technologies during the manufacturing, construction, design, development and management stages of projects. We also strive to achieve standardization and minimize the wastage of resources to help build a green community.

Compliance with Laws and Regulations

The Group complies with the requirements under the relevant laws and regulations in Bermuda, the Listing Rules and the Securities and Futures Ordinance (the "**SFO**") for, among other things, the disclosure of information and corporate governance. The Group is also committed to complying with the relevant laws and regulations in relation to its business activities in the PRC.

Corporate Governance

The Company has applied the principles and complied with the applicable code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules throughout the period ended 31 December 2015 except the deviations as disclosed in the "Corporate Governance Report" on page 31.

Directors' Interest in Competing Business

Mr. Yin Jun, an executive Director and CEO of the Company, is also a director and general manager of China Minsheng Drawin Co., Ltd. (the "**JV Partner**"), which is a subsidiary of CMJYI, being the Company's controlling shareholder. The principal business of the JV Partner includes construction, concrete prefabricated units, property development, technology consultancy in housing industrialization, research and development, production and sales of new materials, technique, technology and equipment used in construction, construction inspection service, and engineering survey and design, which may compete with the Company's business in prefabricated construction industry. Considering that the JV Partner only operates its business in Changsha due to the nature of its business and the Group currently operates its business in other major cities in China, the Company considers that there is no direct competition between our business and that of the JV Partner. In addition, except for Mr. Yin Jun, the rest of the Directors are independent from the board of the JV Partner and Mr. Yin Jun does not control the Board, the Company is therefore of a view that the Group is capable of carrying on its business independently of, and at arm's length from, the business of the JV Partner.

Save and except for the above, as at 31 December 2015, none of the other Directors of the Company has interest in competing business required to be disclosed pursuant to Rule 8.10(2) of the Listing Rules.

Auditors

PricewaterhouseCoopers has been appointed as auditor of the Company on 16 February 2016 to fill the casual vacancy following the resignation of HLB Hodgson Impey Cheng Limited with effective from 4 February 2016. A resolution will be submitted to the forthcoming annual general meeting to re-appoint PricewaterhouseCoopers as auditor of the Company.

By Order of the Board of
China Minsheng Drawin Technology Group Limited
Mi Hongjun
Chairman

Hong Kong, 30 March 2016

Corporate Governance Report

The Company acknowledges the importance of good corporate governance practices as to improve the efficiency and performance of the Company and its subsidiaries and to safeguard the interests of its shareholders. The key corporate governance principles and practices of the Company are set out here below.

(A) Corporate Governance Practices

The Company has applied the principles and complied with the applicable code provisions (the "**Code Provision(s)**") of the Corporate Governance Code ("**CG Code**") as set out in Appendix 14 to the Listing Rules throughout the year ended 31 March 2015 except the following:

Under Code Provision A.1.1, board meetings should be held at least four times a year at approximately quarterly intervals. The Board aims to meet regularly in person or through electronic means of communication at least four times a year. However, for the sake of flexibility, the Board may also hold meetings with less than 14 days' notice as required for regular meetings under Code Provision A.1.3, it may also pass resolutions by circulation of documents if considered appropriate. The Company will keep reviewing the above situation and make appropriate changes to improve the corporate governance practices of the Company if considered necessary.

Under Code Provision A.6.7, independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. Ms. Fong Rong and Mr. Zhou Feng, each being an non-executive director and Mr. Lee Chi Ming, Mr. Chan Chi Hung, Anthony and Mr. Jiang Hongqing, all of them being independent non-executive directors, could not attend the annual general meeting of the Company held on 18 August 2015 because of their other business commitments; due to other business engagements, Mr. Chan Chi Hung, Anthony, could not attend the special general meeting of the Company held on 18 May 2015. Aiming for compliance with this Code Provision, the Company will continue to furnish all directors with appropriate information on all general meetings and take all reasonable measures to arrange the schedule in such a cautious way to enable all directors to attend the general meetings as far as possible.

Under Code Provision A.7.1, an agenda and accompanying board papers should be sent, in full, to the directors at least three days before the intended date of a Board or Board committee meeting. For practical reasons, an agenda and accompanying board papers may not be sent in full three days in advance of the meeting concerned, especially in case of meetings held on an ad hoc basis. The Company will endeavour to send the agenda and accompanying board papers in full to the Board and Board committees three days in advance to the extent practicable.

(B) Directors' Securities Transactions

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 code of conduct regarding securities transactions by directors of the Company. The Company has made specific enquiry to all Directors that they have compiled with the required standard set out in the Model Code throughout the nine months ended 31 December 2015.

(C) Board of Directors

The Board comprised the following Directors during the nine months ended 31 December 2015 and up to the date of this report:

Executive Directors:

Mr. MI Hongjun *(Chairman)* (appointed on 3 July 2015)
Mr. YIN Jun *(Deputy Chairman, Chief Executive Officer)* (appointed on 3 July 2015)
Mr. CHEN Domingo (appointed on 5 December 2014)
Mr. CHAN Chi Yuen (resigned on 3 July 2015)
Mr. YEUNG Chun Wai, Anthony *(Deputy Chairman)* (resigned on 8 September 2015)

Non-executive Directors:

Ms. FANG Rong (appointed on 3 July 2015)
Mr. ZHOU Feng (appointed on 3 July 2015)

Independent Non-executive Directors:

Mr. LEE Chi Ming (appointed on 30 December 2014)
Mr. CHAN Chi Hung, Anthony (appointed on 30 December 2014)
Mr. JIANG Hongqing (appointed on 2 February 2015)

The relationship among members of the Board and biographical details of the Director who are currently serving the Board are set out on pages 18 to 20 of this report. Save for the Directors' business relationships as a result of their respective directorships in the Company and its subsidiaries or else as disclosed in each of their respective biographies as aforementioned, there are no financial, business, family or other material or relevant relationships among members of the Board.

During the nine months ended 31 December 2015, the Board has complied with the requirements of the Listing Rules in relation to the appointment of a minimum of three independent non-executive Directors and at least one independent non-executive Director is having appropriate professional accounting or financial management experience.

The Company has observed the guidelines for assessing independence as set out in Rule 3.13 of the Listing Rules in the appointment of its independent non-executive Directors. It has received the confirmation of independence from each of the independent non-executive Directors upon their appointment, and has continued to receive from each of the independent non-executive Directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company therefore considered all its existing independent non-executive Directors to be independent in accordance with the independence guidelines of the Listing Rules.

(C) Board of Directors (continued)

The Board aims to meet regularly in person or through electronic means of communication at least four times a year. For the sake of flexibility, the Board may also hold meetings whenever necessary rather than the regular meetings. During the nine months ended 31 December 2015, the Board has convened 10 meetings (excluding committee meetings) that required Directors' attendance in person or through electronic means of communication to consider and approve, among others, annual and interim results of the Group, as well as to review business operations and development of the Group.

During the nine months ended 31 December 2015, the individual attendance record of each Director at the meetings of the Board and general meeting is as follows:

Name of Director	Board Meeting	General Meeting
Mr. MI Hongjun (appointed on 3 July 2015)	3/6	1/1
Mr. YIN Jun (appointed on 3 July 2015)	1/6	1/1
Mr. CHEN Domingo (appointed on 5 December 2014)	10/10	2/2
Mr. CHAN Chi Yuen (resigned on 3 July 2015)	3/4	1/1
Mr. YEUNG Chun Wai, Anthony (resigned on 8 September 2015)	6/8	1/2
Ms. FANG Rong (appointed on 3 July 2015)	4/6	0/1
Mr. ZHOU Feng (appointed on 3 July 2015)	1/6	0/1
Mr. LEE Chi Ming (appointed on 30 December 2014)	9/10	1/2
Mr. CHAN Chi Hung, Anthony (appointed on 30 December 2014)	10/10	0/2
Mr. JIANG Hongqing (appointed on 2 February 2015)	8/10	1/2

The Board has delegated the supervision of the day-to-day management of the Company's business to the executive Directors. However, the Directors are collectively responsible for promoting the success of the Company by guiding and monitoring the Company to achieve its strategic objectives. The Board's primary functions are to set corporate policy and overall strategy for the Group and to oversee the management's performance. Accordingly, the Board approves the strategic plans, major disposals and acquisitions, connected transactions and other significant operational issues. Furthermore, Board meetings may be held on occasions when a Board level decision on a particular matter is required; otherwise daily operational decisions are delegated to the executive Directors.

The Company has arranged for appropriate liability insurance cover for its Directors to third parties arising out of their corporate activities. The insurance coverage is reviewed on an annual basis. This permitted indemnity provision was in force for the benefit of the Directors during the nine months ended 31 December 2015, and remains to be in force as at the date of this corporate governance report.

(D) Directors' Continuous Professional Development

Newly appointed Directors are provided with necessary induction and information to ensure that they have a proper understanding of the Company's business and operations, as well as awareness of Director's responsibilities and obligations under the Listing Rules and relevant regulatory requirements.

Pursuant to Code Provision A.6.5 of the CG Code, the Directors should participate in continuous professional development to develop and refresh their knowledge and skills, so as to ensure that their contribution to the Board remains informed and relevant. The Directors committed to participating in appropriate continuous professional development activities by way of attending training or reading materials relevant to the Company's business or to the Directors' duties and responsibilities. During the nine months ended 31 December 2015, all of the then existing Directors (namely Mr. Mi Hongjun, Mr. Yin Jun, Mr. Chen Domingo, Mr. Chan Chi Yuen, Mr. Yeung Chun Wai, Anthony, Ms. Fang Rong, Mr. Zhou Feng, Mr. Lee Chi Ming, Mr. Chan Chi Hung and Mr. Jiang Honqing) have been provided with regular updates on the Company's performance, position and prospects to enable the Board as a whole and each Director to discharge their duties. All of the then existing Directors are also briefed on the latest development and changes in the Listing Rules and other relevant regulatory requirements from time to time. The existing executive Directors (namely Mr. Mi Hongjun, Mr. Yin Jun and Mr. Chen Domingo) also attended trainings in relation to public relations, corporate governance and management. All of the then existing Directors are encouraged to participate in continuous professional development programmes to develop and refresh their professional knowledge and skills. All of the then existing Directors confirmed that they have had suitable directors' training through attendance of training courses and seminars; or reading materials to refresh their knowledge and skills during the period.

(E) Chairman and Chief Executive Officer

The position of the chairman and chief executive officer of the Company was held by Mr. Yeung Chun Wai, Anthony up to his role re-designation on 3 July 2015, and the chairman role was replaced by Mr. Mi Hongjun who was appointed on the same date and has been serving such position since then. The position of the chief executive officer of the Company was replaced by Mr. Yin Jun who was appointed on the same date and has been serving such position since then. The roles of chairman and chief executive officer of the Company are separate. The chairman is responsible for leadership of the Board to ensure it works effectively and discharges its responsibilities, and that all key and appropriate issues are discussed by the Board in a timely manner. The chief executive officer heads the management for implementing the strategies and policies adopted by the Board and focuses on the day-to-day operations of the Group.

(F) Independent Non-Executive Directors

On 30 December 2014, Mr. Lee Chi Ming and Mr. Chan Chi Hung, Anthony were appointed as an independent non-executive Directors. Mr. Jiang Hongqing was subsequently appointed on 2 February 2015 as an independent non-executive Director. They all entered into a letter of appointment with the Company upon his appointment for a service term of three years, subject to re-election in accordance with the Company's bye-laws.

According to the Company's bye-laws, one-third of the Directors shall retire from office by rotation at the annual general meeting of the Company and every Director including those appointed for a specific term shall be subject to retirement by rotation at least once every three years. The Board therefore considers that sufficient measures were taken to ensure the corporate governance practices of the Company are not less than those specified in Code Provision A.4.1 of the CG Code.

(G) Board Committees

The Board has established the following committees to oversee particular aspects of the Company's affairs and to assist in the execution of the Board's responsibilities.

Remuneration Committee

The Company has set up the Remuneration Committee with specific written terms of reference which clearly deal with its authorities and duties. Following the change of Board composition of the Company on 3 July 2015, and 8 September 2015 respectively, the Remuneration Committee currently comprises one executive Director, namely Mr. Mi Hongjun; and two independent non-executive Director, namely Mr. Jiang Hongqing and Mr. Lee Chi Ming. Mr. Jiang Hongqing is appointed the chairman of the Remuneration Committee.

The primary duties of the Remuneration Committee are to make recommendations to the Board on the overall remuneration policy and structure relating to all Directors and senior management of the Company, including benefits in kind, pension rights and compensation payments including any compensation payable for loss or termination of their office or appointment, and make recommendations to the Board of the remuneration of non-executive Directors. The Remuneration Committee should consider factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors, and ensure no Director or any of his associates may be involved in any decisions as to his own remuneration.

(G) Board Committees (continued)

Remuneration Committee (continued)

During the nine months ended 31 December 2015, the Remuneration Committee held one meetings to review the remuneration packages of the executive Directors and senior management, consider and approve the renewal of the Company's service agreements with its executive Directors and matters relating to the early termination of such agreements upon change of Board composition of the Company. The attendance of each member of the Remuneration Committee is set out below:

Name of Member	Number of meetings attended
Mr. YEUNG Chun Wai, Anthony (ceased to be a member with effect from 3 July 2015)	1/1
Mr. MI Hongjun (appointed as the Chairman with effect from 3 July 2015 and re-designated from the Chairman to a member with effective from 8 September 2015)	N/A
Mr. LEE Chi Ming (re-designated from the Chairman to a member with effect from 3 July 2015)	1/1
Mr. JIANG Hongqing (appointed as a Chairman with effect from 8 September 2015)	1/1

The existing Remuneration Committee will continue to make recommendations to the Board on the Company's remuneration policy and structure for all Directors and senior management of the Group, and to ensure that no Director or any of his associates will participate in deciding his own remuneration.

Nomination Committee

The Company has set up the Nomination Committee with specific written terms of reference which clearly deal with its authorities and duties. Following the change of Board composition of the Company on 3 July 2015 and 8 September 2015 respectively, the Nomination Committee currently comprises one executive Director, namely Mr. Mi Hongjun; and two independent non-executive Director, namely Mr. Lee Chi Ming and Mr. Jiang Hongqing. Mr. Mi Hongjun is appointed as the Chairman of the Nomination Committee.

The primary duties of the Nomination Committee are to review the structure, size and composition of the Board on a regular basis, to recommend to the Board on the selection of suitable candidates for directorships and on the succession planning for the Directors.

(G) Board Committees (continued)

Nomination Committee (continued)

The Company recognizes the benefits of diversity of Board members. It will endeavour to ensure a balance of skills and experience among Board members when determining the composition of the Board. All Board appointments will be made on a merit basis, and selection of candidates will be based on objective criteria, having due regard for the benefits of diversity on the Board. The board diversity will be considered from a number of factors, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge, taking into account of the Company's own business model and specific needs. The board diversity policy of the Company has been published on the Company's corporate website (http://cmdrawin.todayir.com/en/index.php) for public information.

During the nine months ended 31 December 2015, the Nomination Committee held one meetings to review the structure and composition and the succession plan of the Board, and to evaluate and make recommendations on individuals nominated for directorship. The attendance of each member of the Nomination Committee is set out below:

Name of Member	Number of meetings attended
Mr. YEUNG Chun Wai, Anthony (ceased to be a member with effect from 3 July 2015)	1/1
Mr. MI Hongjun (appointed as the Chairman with effect from 3 July 2015)	N/A
Mr. LEE Chi Ming (re-designated from the Chairman to a member with effect from 3 July 2015)	1/1
Mr. JIANG Hongqing (appointed as a member with effect from 2 February 2015)	1/1

In accordance with the Company's bye-laws, one-third of the Directors for the time being are required to retire by rotation in each annual general meeting and a newly appointed Director shall hold office only until the conclusion of the next following general meeting. Mr. Chen Domingo, Mr. Lee Chi Ming and Mr. Chan Chi Hung, Anthony shall retire by rotation pursuant to bye-law 99 of the Company's bye-laws, being eligible, offer himself for re-election at the forthcoming annual general meeting. The existing Nomination Committee has reviewed the performance of the above Directors and have recommended to the Board for their re-election.

(G) Board Committees (continued)

Audit Committee

The Company has set up the Audit Committee with specific written terms of reference which clearly deal with its authorities and duties. The primary role and function of the Audit Committee is to assist the Board in providing an independent review of the Group's financial reporting and internal control systems as well as the internal and external audit functions. The Audit Committee currently comprises all independent non-executive Directors, namely Mr. Jiang Hongqing, Mr. Lee Chi Ming and Mr. Chan Chi Hung, Anthony. The composition and members of the Audit Committee comply with the requirements under Rule 3.21 of the Listing Rules. Mr. Lee Chi Ming is an independent non-executive Director with appropriate professional accounting qualification as required under Rule 3.10(2) of the Listing Rules.

During the nine months ended 31 December 2015, the Audit Committee held two meetings to review with the management the Group's adopted accounting principles and practices, internal controls and financial reporting matters in conjunction with the external auditors, including reviews of the half-year and annual financial results and reports. The Audit Committee has also discussed on the financial, operational and compliance controls in particular the adequacy of resources, qualifications and experience of staff of the Group's accounting and financial reporting function, and their training programmes and budget. The Audit Committee has not taken a different view from the Board regarding the selection and re-appointment of the external auditors. The attendance of each member of the Audit Committee is set out below:

Name of Member	Number of meetings attended
Mr. JIANG Hongqing (appointed as the Chairman with effect from 2 February 2015)	2/2
Mr. CHAN Chi Hung, Anthony	2/2
Mr. LEE Chi Ming	2/2

The existing Audit Committee has reviewed the Group's consolidated financial statements for the nine months ended 31 December 2015, including the accounting principles and practices adopted by the Group.

(H) Corporate Governance Functions

The Board is collectively responsible for performing the corporate governance duties including:

— to develop and review the Company's policies and practices on corporate governance;

— to review and monitor the training and continuous professional development of the Directors and senior management of the Company;

— to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

— to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and the Directors of the Company; and

— to review the Company's compliance with the code and disclosure in the Corporate Governance Report.

The Company has adopted a whistle-blowing policy to encourage employees of the Group to raise concerns about possible improprieties. During the period under review, no incident of fraud or misconduct was reported from employees that have material effect on the Group's financial statements and overall operations. The Company has also published the "Procedures for Shareholders to Nominate Candidates for Election as Directors" on its corporate website.

(I) Auditors' Remuneration

HLB Hodgson Impey Cheng Limited had resigned as auditor of the Company with effect from 4 February 2016 and PricewaterhouseCoopers had been appointed as auditor of the Company on 16 February 2016 to fill up the casual vacancy. PricewaterhouseCoopers provided audit service on the Company's consolidated financial statements for the nine months ended 31 December 2015 at a total fee of approximately HK$700,000.

HLB Hodgson Impey Cheng Limited was appointed on 15 December 2014 to fill the causal vacancy caused by resignation of East Asia Sentinel Limited.

There was no non-audit service provided to the Group by HLB Hodgson Impey Cheng Limited nor by PricewaterhouseCoopers for the nine months ended 31 December 2015.

(J) Accountability

Financial reporting

The Directors acknowledge their responsibility for preparing the financial statements of the Group in accordance with the requirements of the Listing Rules and applicable statutory requirements and accounting standards. The Group has adopted the going concern basis in preparing its financial statements.

A statement by the auditors of the Company about their reporting responsibilities is set out in the "Independent Auditors' Report" on pages 44 to 45 of this annual report.

Internal controls

The Board is responsible for maintaining and reviewing the effectiveness of the Group's internal control system. The Board has through the Audit Committee reviewed the effectiveness of the Group's system of internal controls, including financial, operational and compliance controls and risk management functions. The review has also considered the adequacy of resources, qualifications and experience of staff in respect of the Company's accounting and financial reporting function, and their training programmes and budget. The Board considers the existing resources, qualifications and experience of staff and their training programmes and budget should be adequate in respect of the Group's accounting and financial reporting function.

(K) Company Secretary

Mr. Lau Wing Chuen was the company secretary of the Company from 5 December 2014 to 13 April 2016. He was a full time employee of the Company during his tenure of office and has relevant academic or professional qualifications and adequate working experience to discharge the functions of company secretary.

The Company has identified a suitable candidate in compliance with the requirement under Rule 3.28 of the Listing Rules to fill in the vacancy of company secretary. It is expected that the appointment of the new company secretary will be confirmed on or around 12 May 2016.

(L) Shareholders' Rights

Rights to convene special general meetings

(1) Under the Company's bye-laws

Pursuant to Bye-law 62 of the Company's bye-laws, a special general meeting ("**SGM**") shall be convened on requisition by shareholders of the Company (the "**Shareholders**", or individually the "**Shareholder**"), as provided by the Companies Act 1981 of Bermuda (as amended) (the "**Companies Act**"), or, in default, may be convened by the requisitionists.

(L) Shareholders' Rights (continued)

Rights to convene special general meetings (continued)

(2) Under the Companies Act

Pursuant to Section 74 of the Companies Act, a Shareholder or Shareholders holding at the date of the deposit of the requisition not less than one-tenth of the paid-up capital of the Company as at the date of the deposit carries the right of voting at general meetings of the Company may requisition the Directors to forthwith proceed duly to convene a SGM by depositing a written requisition at the registered office of the Company.

The written requisition must state the purposes of the meeting (including the resolutions to be considered at the meeting), signed by the requisitionists, deposited at the registered office of the Company at Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda and may consist of several documents in like form each signed by one or more requisitionists.

If the Directors do not within twenty-one days from the date of the deposit of the requisition proceed duly to convene a SGM, the requisitionists, or any of them representing more than one half of the total voting rights of all of them, may themselves convene a SGM, but any SGM so convened shall not be held after the expiration of three months from the date of deposit of the requisition.

A SGM so convened by the requisitionists shall be convened in the same manner, as nearly as possible, as that in which meetings are to be convened by the Directors.

Rights to put forward proposals at general meetings

Shareholders may put forward proposals at general meetings of the Company pursuant to the provisions of the Companies Act as follows:

Sections 79 and 80 of the Companies Act allow certain Shareholder(s) to requisition the Company to give notice to the Shareholders in respect of any resolution which is intended to be moved at an annual general meeting of the Company ("**AGM**") or circulate a statement in respect of any proposed resolution or business to be considered at a general meeting of the Company.

Under Section 79 of the Companies Act, at the expense of the requisitionists unless the Company otherwise resolves, it shall be the duty of the Company on the requisition in writing by such number of Shareholders:

(a) to give to the Shareholders entitled to receive notice of the next AGM notice of any resolution which may properly be moved and is intended to be moved at that meeting.

(b) to circulate to the Shareholders entitled to have notice of any general meeting sent to them any statement of not more than one thousand words with respect to the matter referred to in any proposed resolution or the business to be dealt with at that meeting.

(L) Shareholders' Rights (continued)

Rights to convene special general meetings (continued)

(2) Under the Companies Act (continued)

Rights to put forward proposals at general meetings *(continued)*

The number of Shareholders necessary to make the above requisitions to the Company shall be:

(aa) either any number of Shareholders representing not less than one-twentieth of the total voting rights of all the Shareholders having at the date of the requisition a right to vote at the meeting to which the requisition relates; or

(bb) not less than one hundred Shareholders.

Notice of any such intended resolution shall be given, and any such statement shall be circulated, to Shareholders entitled to have notice of the meeting sent to them by serving a copy of the resolution or statement on each such Shareholder in any manner permitted for service of notice of the meeting, and notice of any such resolution shall be given to any other Shareholder by giving notice of the general effect of the resolution in any manner permitted for giving him notice of meetings of the Company, provided that the copy shall be served, or notice of the effect of the resolution shall be given, as the case may be, in the same manner and, so far as practicable, at the same time as notice of the meeting and, where it is not practicable for it to be served or given at that time, it shall be served or given as soon as practicable thereafter.

Section 80 of the Companies Act sets out the conditions to be met before the Company is bound to give notice of any resolution or to circulate any statement. Pursuant to Section 80 of the Companies Act, the Company shall not be bound under Section 79 to give notice of any resolution or to circulate any statement unless:

(a) a copy of the requisition signed by the requisitionists, or two or more copies which between contain the signatures of all the requisitionists, is deposited at the registered office of the Company:

(i) in the case of a requisition requiring notice of a resolution, not less than six weeks before the meeting; and

(ii) in the case of any other requisition, not less than one week before the meeting; and

(b) there is deposited or tendered with the requisition a sum reasonably sufficient to meet the Company's expense in giving effect thereto;

provided that if, after a copy of the requisition requiring notice of a resolution has been deposited at the registered office of the Company, an AGM is called for a date six weeks or less after the copy has been deposited, the copy though not deposited within the abovementioned time shall be deemed to have been properly deposited for the purposes thereof.

(L) Shareholders' Rights (continued)

Rights to convene special general meetings (continued)

(2) Under the Companies Act (continued)

Rights to put enquiries to the Board

Shareholders may at any time put enquiries to the Board. All enquiries shall be in writing and be sent by post to the principal place of business of the Company in Hong Kong at Suites 1001-1004, 10th Floor, One Pacific Place, 88 Queensway, Hong Kong.

Shareholders may also make enquiries with the Board at the general meetings of the Company.

(M) Investor Relations

To manage its relationship with its Shareholders and the investment community, the Company communicates through publication of announcements, circulars and annual and interim reports. Such information is disseminated through the Stock Exchange at its designated website (http://www.hkexnews.hk), and can also be accessed via the Company's website (http://cmdrawin.todayir.com). The Directors, company secretary and other appropriate members of the senior management will also respond to inquiries from the Shareholders and the investment community put to the Company in the manner as mentioned in paragraph (L) above.

By an ordinary resolution passed on 18 May 2015, the authorized share capital of the Company was increased from HK$400,000,000 divided into 4,000,000,000 shares of par value HK$0.10 each to HK$2,500,000,000 divided into 25,000,000,000 Shares by the creation of an additional 21,000,000,000 new Shares.

The English name of the Company has been changed from "South East Group Limited" to "China Minsheng Drawin Technology Group Limited" and the Chinese name of "中民築友科技集團有限公司" has been adopted as the Company's new secondary name. The Company's former Chinese name ''東南國際集團有限公司'' was no longer used for identification purpose. The special resolution regarding the change of Company name has been duly passed by the shareholders by way of a poll at the annual general meeting of the Company held on 18 August 2015. The certificate of incorporation on the change of name and the certificate of secondary name have been issued by the Registrar of Companies in Bermuda on 10 September 2015.

Save as above Company name change, there was no other change in the Company's constitutional documents.

Independent Auditor's Report

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TO THE SHAREHOLDERS OF
CHINA MINSHENG DRAWIN TECHNOLOGY GROUP LIMITED
(formerly known as **"SOUTH EAST GROUP LIMITED")**
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of China Minsheng Drawin Technology Group Limited (the "Company") and its subsidiaries set out on pages 46 to 121, which comprise the consolidated statement of financial position as at 31 December 2015, and 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 nine months from 1 April 2015 to 31 December 2015, 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 and to report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

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Auditor's Responsibility (continued)

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

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and its subsidiaries as at 31 December 2015, and of their financial performance and cash flows for the nine months from 1 April 2015 to 31 December 2015 in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 30 March 2016

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the nine months ended 31 December 2015

	Note	9 months from 1 April 2015 to 31 December 2015 HK$'000	Year from 1 April 2014 to 31 March 2015 HK$'000
Revenue	5	347	455
Cost of sales	8	(73)	(80)
Gross profit		274	375
Selling and distribution expenses	8	—	(34)
Administrative expenses	8	(27,465)	(15,841)
Other income	6	3,360	898
Impairment loss on available-for-sale financial assets	16	(89,541)	(27)
Impairment loss on other receivables	18	(72,000)	—
Other (losses)/gains — net	7	(1,043)	12,088
Operating loss		(186,415)	(2,541)
Finance costs	9	(8,340)	(2,254)
Loss before income tax		(194,755)	(4,795)
Income tax credit/(expense)	11	1,546	(417)
Loss for the period/year, all attributable to owners of the Company		(193,209)	(5,212)
Other comprehensive (loss)/income, which may be reclassified subsequently to profit or loss			
— Changes in fair value of available-for-sale financial assets		(9,983)	76
— Currency translation differences		(10,675)	(33)
Other comprehensive (loss)/income for the period/year, net of tax		(20,658)	43
Total comprehensive loss for the period/year, all attributable to owner of the Company		(213,867)	(5,169)
Loss per share attributable to owners of the Company (expressed in HK$ cents per share)			
— Basic	12	(2.18)	(0.26)
— Diluted	12	(2.18)	(0.26)

The notes on pages 51 to 121 are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

As at 31 December 2015

	Note	As at 31 December 2015 HK$'000	As at 31 March 2015 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	13	**81,398**	60
Intangible asset	14	**41**	—
Investment properties	15	**37,723**	39,468
Available-for-sale financial assets	16	**102,423**	2,131
Other non-current assets	17	**48,349**	—
		269,934	41,659
Current assets			
Trade and other receivables and prepayments	18	**35,045**	108,414
Financial assets at fair value through profit or loss	20	**90,169**	70,384
Available-for-sale financial assets	16	**92,820**	—
Cash and cash equivalents	21	**1,184,598**	131,695
		1,402,632	310,493
Total assets		**1,672,566**	352,152
EQUITY			
Equity attributable to owners of the Company			
Share capital: nominal value	22	**1,020,960**	370,960
Reserves	23	**447,607**	(24,446)
Total equity		**1,468,567**	346,514

Consolidated Statement of Financial Position

As at 31 December 2015

	Note	As at 31 December 2015 HK$'000	As at 31 March 2015 HK$'000
LIABILITIES			
Non-current liabilities			
Convertible bond	24	**162,776**	—
Deferred income tax liabilities	25	**10,269**	4,251
		173,045	4,251
Current liabilities			
Trade and other payables	26	**30,716**	1,222
Advances from customers		**238**	—
Tax payable		**—**	165
		30,954	1,387
Total liabilities		**203,999**	5,638
Total equity and liabilities		**1,672,566**	352,152

The notes on pages 51 to 121 are an integral part of these consolidated financial statements.

The consolidated financial statements on pages 46 to 121 were approved by the Board of Directors on 30 March 2016 and the consolidated statement of financial position was signed on its behalf by:

Mi Hongjun
Director

Yin Jun
Director

Consolidated Statement of Changes in Equity

For the nine months ended 31 December 2015

	Note	Share capital HK$'000	Share premium HK$'000	Available-for-sale financial assets revaluation reserve HK$'000	Convertible bond – equity component HK$'000	Exchange reserve HK$'000	Contributed surplus reserve HK$'000	Employee share option reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
Balance at 1 April 2014		36,496	15,641	29	5,888	17,071	131,166	–	(206,113)	178
Comprehensive income										
Loss for the year		–	–	–	–	–	–	–	(5,212)	(5,212)
Other comprehensive income/(loss):										
Changes in fair value of available-for-sale financial assets		–	–	76	–	–	–	–	–	76
Currency translation differences		–	–	–	–	(33)	–	–	–	(33)
Total comprehensive income/(loss) for the year		–	–	76	–	(33)	–	–	(5,212)	(5,169)
Transactions with owners in their capacity as owners										
Rights issue	22	291,964	(6,657)	–	–	–	–	–	–	285,307
Issue of shares upon conversion of convertible bond	24	42,500	29,586	–	(5,888)	–	–	–	–	66,198
Total transactions with owners in their capacity as owners		334,464	22,929	–	(5,888)	–	–	–	–	351,505
Balance at 31 March 2015		**370,960**	**38,570**	**105**	**–**	**17,038**	**131,166**	**–**	**(211,325)**	**346,514**
Comprehensive income										
Loss for the period		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(193,209)**	**(193,209)**
Other comprehensive income/(loss):										
Changes in fair value of available-for-sale financial assets	16	**–**	**–**	**(9,983)**	**–**	**–**	**–**	**–**	**–**	**(9,983)**
Currency translation differences		**–**	**–**	**–**	**–**	**(10,675)**	**–**	**–**	**–**	**(10,675)**
Total comprehensive income/(loss) for the period		**–**	**–**	**(9,983)**	**–**	**(10,675)**	**–**	**–**	**(193,209)**	**(213,867)**
Transactions with owners in their capacity as owners										
Issue of ordinary shares	22	**650,000**	**648,320**	**–**	**–**	**–**	**–**	**–**	**–**	**1,298,320**
Issue of convertible bond	24	**–**	**–**	**–**	**45,118**	**–**	**–**	**–**	**–**	**45,118**
Deferred tax liabilities arising from the issuance of convertible bond	25	**–**	**–**	**–**	**(7,518)**	**–**	**–**	**–**	**–**	**(7,518)**
Total transactions with owners in their capacity as owners		**650,000**	**648,320**	**–**	**37,600**	**–**	**–**	**–**	**–**	**1,335,920**
Balance at 31 December 2015		**1,020,960**	**686,890**	**(9,878)**	**37,600**	**6,363**	**131,166**	**–**	**(404,534)**	**1,468,567**

The notes on pages 51 to 121 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the nine months ended 31 December 2015

	Note	9 months from 1 April 2015 to 31 December 2015 HK$'000	Year from 1 April 2014 to 31 March 2015 HK$'000
Operating activities			
Cash used in operations	27	**(28,750)**	(180,745)
PRC income tax paid		**(219)**	—
Net cash used in operating activities		**(28,969)**	(180,745)
Investing activities			
Interest received	6	**2,464**	649
Dividends received	6	**779**	30
Purchase of financial assets at fair value through profit or loss		**—**	780
Purchase of available-for-sale financial assets	16	**(292,820)**	—
Proceeds from disposal of available-for-sale financial assets		**1,578**	—
Prepayments for leasehold land	17	**(48,197)**	—
Payments for plant development		**(63,191)**	—
Purchase of property, plant and equipment		**(8,245)**	(36)
Net cash (used in)/generated from investing activities		**(407,632)**	1,423
Financing activities			
Interest paid		**—**	(1,408)
Share issuance expenses		**—**	(6,657)
Proceeds from issue of ordinary shares	22	**1,298,320**	291,964
Proceeds from issue of convertible bond	24	**199,554**	—
Net cash generated from financing activities		**1,497,874**	283,899
Net increase in cash and cash equivalents		**1,061,273**	104,577
Cash and cash equivalents at beginning of the period/year		**131,695**	27,151
Net exchange loss on cash and cash equivalents		**(8,370)**	(33)
Cash and cash equivalents at end of the period/year		**1,184,598**	131,695

The notes on pages 51 to 121 are an integral part of these consolidated financial statements.

1 General Information

China Minsheng Drawin Technology Group Limited (formerly known as "South East Group Limited", the "Company") was incorporated as an exempted company with limited liability in Bermuda on 28 February 1991 under the Companies Act 1981 of Bermuda and its issued shares are listed on the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") starting from 25 July 1991.

The address of the registered office of the Company is Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda. The principal place of business of the Company has been changed to Suites 1001-1004, Level 10, One Pacific Place, 88 Queensway, Admiralty, Hong Kong with effective from 9 January 2015.

The principal activities of the Company and its subsidiaries (the "Group") are property investment and prefabricated construction.

On 27 May 2015, China Minsheng Jiaye Investment Co., Ltd., a subsidiary of China Minsheng Investment Corp., Ltd., became a substantial shareholder of the Company. China Minsheng Investment Corp., Ltd. is a large private investment company established in the People's Republic of China (the "PRC").

The Company has changed its financial year end date from 31 March to 31 December commencing from the financial period ended on 31 December 2015.

The consolidated financial statements are presented in Hong Kong dollars (HK$) and rounded to the nearest thousand (HK$'000), unless otherwise stated.

2 Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements have been consistently applied to the period and year presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss and investment properties, which are carried at fair value.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

2 Summary of Significant Accounting Policies (continued)

2.1 Basis of preparation (continued)

2.1.1 Changes in accounting policies and disclosures

(a) *New amendments of HKFRSs adopted by the Group for the nine months ended 31 December 2015*

The following new amendments to existing standards of HKFRSs are mandatory for the first time for the Group's financial period beginning on 1 April 2015.

- Amendment to HKAS 19 "Defined Benefit Plans: Employee Contributions" (effective for annual periods beginning on or after 1 July 2014). The amendment distinguishes between contributions that are linked to service only in the period in which they arise and those linked to service in more than one period. The amendment allows contributions that are linked to service, and do not vary with the length of employee service, to be deducted from the cost of benefits earned in the period that the service is provided. Contributions that are linked to service, and vary according to the length of employee service, must be spread over the service period using the same attribution method that is applied to the benefits.

- Amendments from annual improvements 2010-2012 cycle, affecting the following 4 standards: HKFRS 8 "Operating Segments", HKAS 16 "Property, Plant and Equipment", HKAS 24 "Related Party Disclosures" and HKAS 38 "Intangible Assets" (effective for annual periods beginning on or after 1 July 2014).

- Amendments from annual improvements 2011-2013 cycle, affecting the following 3 standards: HKFRS 3 "Business Combinations", HKFRS 13 "Fair Value Measurement" and HKAS 40 "Investment Property" (effective for annual periods beginning on or after 1 July 2014).

The adoption of the above new amendments starting from 1 April 2015 did not give rise to any significant impact on the Group's results of operations and financial position for the nine months ended 31 December 2015.

2 Summary of Significant Accounting Policies (continued)

2.1 Basis of preparation (continued)

2.1.1 Changes in accounting policies and disclosures (continued)

(b) New standards and amendments of HKFRSs not yet effective and not early adopted by the Group

A number of new standards and amendments to existing standards of HKFRSs are effective for annual periods beginning on 1 January 2016 or later periods and have not been early adopted by the Group in preparing these consolidated financial statements. Those which are relevant to the Group's operations are set out below:

HKFRS 9, 'Financial Instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of HKFRS 9 was issued in September 2014. It replaces the guidance in HKAS 39 that relates to the classification and measurement of financial instruments. HKFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in HKAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. HKFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes.

Contemporaneous documentation is still required but is different to that currently prepared under HKAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted.

2 Summary of Significant Accounting Policies (continued)

2.1 Basis of preparation (continued)

2.1.1 Changes in accounting policies and disclosures (continued)

(b) *New standards and amendments of HKFRSs not yet effective and not early adopted by the Group (continued)*

HKFRS 15, 'Revenue from Contracts with Customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces HKAS 18 'Revenue' and HKAS 11 'Construction Contracts' and related interpretations. HKFRS 15 is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted.

The management is currently assessing the full impact of the above new standards of HKFRSs that are not yet effective but do not expect they will have a significant impact on the Group's consolidated financial statements when they are adopted by the Group at their respective effective dates.

2.1.2 Accounting period

In light of the Group's operations are to be carried out mostly through its subsidiaries established or to be established in the People's Republic of China, which are statutory required to close their accounts with the financial year end date of 31 December, and the financial results of the PRC subsidiaries are to be consolidated into the Company's consolidated financial statements, the Company determined to change its financial year end date from 31 March to 31 December commencing from the financial period ended on 31 December 2015.

Due to the change of the end of the financial period, this set of consolidated financial statements is for a period of nine months from 1 April 2015 to 31 December 2015. The comparative figures, however, are for twelve months from 1 April 2014 to 31 March 2015, and hence are not comparable.

2 Summary of Significant Accounting Policies (continued)

2.2 Subsidiaries

2.2.1 Consolidation

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, 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. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

(a) Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRSs.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKAS 39 in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

2 Summary of Significant Accounting Policies (continued)

2.2 Subsidiaries (continued)

2.2.1 Consolidation (continued)

(a) Business combinations (continued)

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous held equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated statement of profit or loss and other comprehensive income.

Intra-Group transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies

(b) Changes in ownership interests in subsidiaries without loss of control

Transactions with non-controlling interests that do not result in a loss of control are accounted for as equity transactions — that is, as transactions with the owners of the subsidiary in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying amount of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

2 Summary of Significant Accounting Policies (continued)

2.2 Subsidiaries (continued)

2.2.2 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

Impairment testing of the investments in subsidiaries is also required according to Note 2.8.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors of the Company (the "Board of Directors") that makes strategic decisions.

The Group is managed centrally and the Directors are of the view that the whole Group is one single business segment and hence no segment information is presented.

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in HK dollars (HK$), which is the Company's functional and the Group's presentation currency.

2 Summary of Significant Accounting Policies (continued)

2.4 Foreign currency translation (continued)

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period/year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of profit or loss and other comprehensive income, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated statement of profit or loss and other comprehensive income within 'Finance income or expenses'. All other foreign exchange gains and losses are presented in the consolidated statement of profit or loss and other comprehensive income within 'Other gains/(losses) — net'.

Changes in the fair value of debt securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available for sale, are included in other comprehensive income.

2 Summary of Significant Accounting Policies (continued)

2.4 Foreign currency translation (continued)

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(b) income and expenses for each consolidated statement of profit or loss and other comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(c) all resulting currency translation differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Currency translation differences arising are recognised in other comprehensive income.

(d) Disposal of foreign operations and partial disposals

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the currency translation 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 that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated currency translation differences is re-attributed to non-controlling interests and is not recognised in profit or loss. For all other partial disposals (that is, reductions in the Group's ownership interest in associates or joint ventures that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

2 Summary of Significant Accounting Policies (continued)

2.5 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. 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 property, 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 costs are charged to the consolidated statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their costs less their residual values over their estimated useful lives, as follows:

— Computer equipment	3-6 years
— Motor vehicles	5 years
— Furniture and fixtures	5-7 years
— Equipment	10 years
— Leasehold improvements	3 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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 and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other gains/(losses) — net' in the consolidated statement of profit or loss and other comprehensive income.

2 Summary of Significant Accounting Policies (continued)

2.6 Investment properties

Investment property, primarily comprising leasehold land and buildings, is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group. It also includes properties that are being constructed or developed for future use as investment properties. Land held under operating leases are accounted for as investment properties when the rest of the definition of an investment property is met. In such cases, the operating leases concerned are accounted for as if they were finance leases. Investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs. After initial recognition, investment properties are carried at fair value, representing open market value determined at each reporting date by external valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Changes in fair values are recorded in the consolidated statement of profit or loss and other comprehensive income as part of a valuation gain or loss in 'Other gains/(losses) — net'.

2.7 Intangible assets

Computer software licences

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of three to five years.

2.8 Impairment of non-financial assets

Intangible assets that have an indefinite useful life or intangible assets not ready to use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2 Summary of Significant Accounting Policies (continued)

2.9 Financial assets

2.9.1 Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period which are classified as non-current assets. The Group's loans and receivables comprise 'Trade and other receivables and prepayments' and 'Cash and cash equivalents' in the balance sheet.

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

2 Summary of Significant Accounting Policies (continued)

2.9 Financial assets (continued)

2.9.2 Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade-date — the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the consolidated statement of profit or loss and other comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the consolidated statement of profit or loss and other comprehensive income within 'Other gains/(losses) — net' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the consolidated statement of profit or loss and other comprehensive income as part of other income when the Group's right to receive payments is established.

Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the consolidated statement of profit or loss and other comprehensive income as "Other gains/(losses) — net".

Interest on available-for-sale securities calculated using the effective interest method is recognised in the consolidated statement of profit or loss and other comprehensive income as part of other income. Dividends on available-for-sale equity instruments are recognised in the consolidated statement of profit or loss and other comprehensive income as part of other income when the Group's right to receive payments is established.

2.9.3 Offsetting financial assets and liabilities

Financial assets and liabilities are offset and the net amount reported in the balance sheet 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 relevant company or the counterparty.

2 Summary of Significant Accounting Policies (continued)

2.9 Financial assets (continued)

2.9.4 Impairment of financial assets

(a) Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated statement of profit or loss and other comprehensive income. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated statement of profit or loss and other comprehensive income.

2 Summary of Significant Accounting Policies (continued)

2.9 Financial assets (continued)

2.9.4 Impairment of financial assets (continued)

(b) Assets classified as available for sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

For debt securities, if any such evidence exists the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss — is removed from equity and recognised in profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the consolidated statement of profit or loss and other comprehensive income.

For equity investments, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss — is removed from equity and recognised in profit or loss. Impairment losses recognised as profit or loss in the consolidated statement of profit or loss and other comprehensive income on equity instruments are not reversed through the consolidated statement of profit or loss and other comprehensive income.

2.10 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business and rentals receivable. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.11 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. In the consolidated and Company's balance sheets, bank overdrafts are shown within borrowings in current liabilities.

2 Summary of Significant Accounting Policies (continued)

2.12 Share capital

Ordinary shares are classified as equity. Mandatorily redeemable preference shares are classified as liabilities.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.13 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.14 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of profit or loss and other comprehensive income over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Preference shares, if mandatorily redeemable at a specific date or redeemable at the option of the holder, are classified as liabilities. The dividends on these preference shares are recognised in the consolidated statement of profit or loss and other comprehensive income as interest expense.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2 Summary of Significant Accounting Policies (continued)

2.15 Borrowing costs

Borrowing costs include interest expense, finance charges in respect of finance lease and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs. The exchange gains and losses that are an adjustment to interest costs include the interest rate differential between borrowing costs that would be incurred if the entity had borrowed funds in its functional currency, and the borrowing costs actually incurred on foreign currency borrowings. Such amounts are estimated based on interest rates on similar borrowings in the entity's functional currency.

When the construction of the qualifying assets takes more than one accounting period, the amount of foreign exchange differences eligible for capitalisation is determined for each annual period and are limited to the difference between the hypothetical interest amount for the functional currency borrowings and the actual interest incurred for foreign currency borrowings. Foreign exchange differences that did not meet the criteria for capitalisation in previous years should not be capitalised in subsequent years.

When the construction of the qualifying assets takes more than one accounting period, the amount of foreign exchange differences eligible for capitalisation is determined on a cumulative basis based on the cumulative amounts of interest expenses that would have been incurred had the entity borrowed in its functional currency. The total amount of foreign exchange differences capitalised cannot exceed the amount of total net foreign exchange differences incurred on a cumulative basis at the end of the reporting period.

2.16 Compound financial instruments

Compound financial instruments issued by the Group comprise convertible bond that can be converted to share capital of the Company at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value.

The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component, which is included in shareholders' equity in other reserves. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

2 Summary of Significant Accounting Policies (continued)

2.16 Compound financial instruments (continued)

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except on conversion or expiry.

The liability component of a convertible instrument is classified as current unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.17 Current and deferred income tax

The tax expense for the period comprises current and deferred income tax. Tax is recognised as profit or loss in the consolidated statement of profit or loss and other comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Inside basis differences

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Also the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2 Summary of Significant Accounting Policies (continued)

2.17 Current and deferred income tax (continued)

(b) Deferred income tax (continued)

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates. Only when there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference in the foreseeable future, deferred tax liability in relation to taxable temporary differences arising from the associate's undistributed profits is not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.18 Employee benefits

(a) Pension obligations

The Group has participated in the Hong Kong Mandatory Provident Fund Scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Scheme Ordinance for its Hong Kong staff. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The MPF Scheme is generally funded by payments from employees and by the Group. The Group's contributions to the MPF Scheme are expensed as incurred in accordance with the rules of the MPF Scheme and are not reduced by contributions forfeited by those employees who leave the MPF Scheme prior to vesting fully in the contributions.

2 Summary of Significant Accounting Policies (continued)

2.18 Employee benefits (continued)

(a) Pension obligations (continued)

In accordance with the PRC regulations, the Group is required to pay social security contributions for its PRC staff based on certain percentage of their salaries to the social security plan organised by related governmental bodies ("PRC plan").

The Group has no further payment obligations once the contributions have been paid to the MPF Scheme and PRC plan. The Group's contributions to the MPF Scheme and PRC plan are recognised as employee benefit expense in the consolidated statement of profit or loss and other comprehensive income when they are due.

(b) Termination benefits

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

2.19 Equity settled share option scheme

Equity settled share option payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity settled share option payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (employee share-based payment reserve).

At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to employee share option reserve.

For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

2 Summary of Significant Accounting Policies (continued)

2.19 Equity settled share option scheme (continued)

When share options are exercised, the amount previously recognised in employee share option reserve will be transferred to share premium. When share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in employee share option reserve will be transferred to retained earnings.

2.20 Provisions and contingent liabilities

Provisions for environmental restoration, restructuring costs and legal claims are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the consolidated financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

2 Summary of Significant Accounting Policies (continued)

2.21 Revenue recognition

Revenue represents rental income of investment properties. Provided it is probable that the economic benefits will flow to the Group and the revenue can be measured reliably, revenue is recognised in the consolidated statement of profit or loss and other comprehensive income as follows:

(a) Rental income of investment properties

Rental income of investment properties is recognised on a straight-line basis over the lease period.

(b) Interest income

Interest income is recognised on a time-apportioned basis using the effective interest method.

2.22 Dividend income

Dividend income is recognised when the right to receive payment is established.

2.23 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated statement of profit or loss and other comprehensive income on a straight-line basis over the period of the lease.

The Group leases certain property, plant and equipment. Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the consolidated statement of profit or loss and other comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

2 Summary of Significant Accounting Policies (continued)

2.24 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

2.25 Related parties

A party is considered to be related to the Group if:

(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) the entity and the Group are joint ventures of the same third party.

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

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

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

(vii) a person identified in (a) 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).

2 Summary of Significant Accounting Policies (continued)

2.25 Related parties (continued)

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

2.26 Subsequent events

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period ("adjusting events") are reflected in the consolidated financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes when material.

3 Financial Risk Management and Financial Instruments

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk, cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

3.1.1 Market risk

(a) *Foreign exchange risk*

Foreign exchange risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The majority of the Group's transactions and balances are denominated in HKD and RMB, which are the functional currencies of the Company and its non-PRC mainland subsidiaries, and its PRC mainland companies respectively.

The Company and its non-PRC mainland subsidiaries' assets and liabilities are mainly denominated in HKD, except for certain bank balances which are denominated in RMB and United State dollars ("USD"). As HKD are pegged to USD, it is assumed that there would be no material currency risk exposure between these two currencies.

3 Financial Risk Management and Financial Instruments (continued)

3.1 Financial risk factors (continued)

3.1.1 Market risk (continued)

(a) Foreign exchange risk (continued)

The PRC mainland companies' assets and liabilities are mainly denominated in RMB, except for certain bank balances which are denominated in HKD. Accordingly, cash denominated in HKD is subject to foreign exchange risk. Fluctuations in the exchange rates of HKD against RMB will affect the Group's result of operations. The Group does not have any formal hedging policies. However, management closely monitors the foreign exchange exposure and will take actions when necessary.

As at 31 December 2015, if RMB had strengthened/weakened by 5%, against HKD with all other variables held constant, post-tax loss for the period would have been HK$3,824,000 (2014: HK$396,000) higher/lower, mainly as a result of net foreign exchange losses/gains on translation of HKD denominated bank deposits.

(b) Price risk

The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated statements of financial position either as available-for-sale financial assets or financial assets at fair value through profit or loss. The Group is not exposed to commodity price risk.

In the opinion of the directors, the Group's exposure to price risk with regard to its investments is not significant since it is the Group's policy not to invest significant amounts that might have a detrimental impact to the Group's financial results. All investments must be approved by the authorised director before they may be entered into.

3 Financial Risk Management and Financial Instruments (continued)

3.1 Financial risk factors (continued)

3.1.1 Market risk (continued)

(b) Price risk (continued)

The table below summarises the impact of increases/decreases of the two equity indexes on the Group's post-tax loss for the period/year and on equity. The analysis is based on the assumption that the equity indexes had increased/decreased by 5% with all other variables held constant and all the Group's equity instruments moved according to the historical correlation with the index:

	Impact on post-tax loss in HK$'000		Impact on other components of equity in HK$'000	
Index	**Nine months ended 31 December 2015**	**Year ended 31 March 2015**	**Nine months ended 31 December 2015**	**Year ended 31 March 2015**
Available-for-sale financial assets	2,942	–	1,334	81
Financial assets at fair value through profit or loss	3,765	2,939	–	–

Post-tax loss for the year would increase/decrease as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would increase/decrease as a result of gains/losses on equity securities classified as available-for-sale.

3 Financial Risk Management and Financial Instruments (continued)

3.1 Financial risk factors (continued)

3.1.1 Market risk (continued)

(c) Cash flow and fair value interest rate risk

The Group's cash flow interest rate risk relates primarily to the Group's variable interest generating bank balances. The Group's interest rate risk arises from its convertible bond. The Zero coupon rate convertible bond expose the Group to fair value interest rate risk. The Group did not enter into interest rate swap to hedge against its exposures.

Except for cash deposits in the bank, the Group has no other significant interest-bearing assets.

Management does not anticipate significant impact to interest-bearing assets resulted from the changes in interest rates, because the interest rates of bank deposits are not expected to change significantly.

As at 31 December 2015 and 31 March 2015, if interest rates on interest-generating bank deposits with floating rates had been 50 basis points higher/lower with all other variables held constant, the post-tax loss of the Group for the nine months ended 31 December 2015 and the year ended 31 March 2015 would have changed as follows:

	As at 31 December 2015 HK$'000	As at 31 March 2015 HK$'000
Post-tax loss decrease/(increase)		
— 50 basis points higher	**4,880**	550
— 50 basis points lower	**(4,880)**	(550)

3 Financial Risk Management and Financial Instruments (continued)

3.1 Financial risk factors (continued)

3.1.2 Credit risk

As at 31 December 2015 and 31 March 2015, the Group's maximum exposure to credit risk is trade and other receivables and bank balances.

The Group has no significant concentration of credit risk. In respect of trade receivables, credit is offered to customers following financial assessment and an established payment record. The Group has policies in place to ensure that sales are made to customers with an appropriate credit history. Credit limits are set for all customers and these are exceeded only with the approval of senior company officers. These credit evaluations focus on the customers 'past history of making payments when due and current ability to pay, and take into account information specific to the customers. General credit terms are payment by the end of the month following the month in which sales took place. The Group will make specific provision for those balances which cannot be recovered. The management will monitor the outstanding receivables and follow up the collections. In the opinion of the directors of the Company, the default credit risk of the Group is considered to be low.

In respect of other receivables, the directors of the Company closely monitor the collectability and assess the recoverability at each balance sheet date.

The credit risk on bank deposits are limited because the counterparties are banks with high credit rating assigned by international credit-rating agencies and are the PRC large state-controlled banks. As such, no significant credit risk from bank deposits is anticipated.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position.

Cash transactions are limited to high-credit-quality financial institutions. The table below shows the bank deposit balances as at 31 December 2015 and 31 March 2015:

Counter party	**As at 31 December 2015 HK$'000**	As at 31 March 2015 HK$'000
Deposits with the state-owned banks of the PRC	**965,737**	123,438
Deposits with other listed banks of the PRC	**217,882**	6,785
Deposits with other banks	**979**	1,472
	1,184,598	131,695

Management does not expect any losses from non-performance of these counterparties.

3 Financial Risk Management and Financial Instruments (continued)

3.1 Financial risk factors (continued)

3.1.2 Credit risk (continued)

The Group has policies in place to ensure that sales of properties are made to buyers with an appropriate financial strength and appropriate percentage of down payment. Meanwhile, the Group has the right to cancel the sales contract in the event that the buyers default in payment, and put the underlying properties back to the market for re-sale. Therefore, the credit risk from sales of properties is limited.

Other receivables mainly comprise receivables from related parties and deposits made in the ordinary course of business. The Group closely monitors these other receivables to ensure actions are taken to recover these balances in the case of any risk of default.

3.1.3 Liquidity risk

Cash flow forecast is prepared by the finance department of the Company. Group finance monitors rolling forecast of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs.

Surplus cash held by the Group over and above balance required for working capital are deposited with bank with good credit rating. As at 31 December 2015, the Group held cash and cash equivalents of HK$1,184 million. In addition, the Group held listed equity securities for trading of HK$91 million, which could be readily realised to provide a future source of cash if the need arose.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period as at 31 December 2015 and 31 March 2015 to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Weighted average effective interest rate %	Between 1 and 2 years HK$'000	Between 2 and 5 years HK$'000	Over 5 years HK$'000	Total HK$'000
As at 31 December 2015					
Trade and other payables	–	30,716	–	–	30,716
Convertible bond (Note 24)	–	–	200,000	–	200,000
	–	30,716	200,000	–	230,716
As at 31 March 2015					
Trade and other payables	–	1,222	–	1,222	1,222

3 Financial Risk Management and Financial Instruments (continued)

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as total equity, as shown in the consolidated statement of financial position, plus net debt.

The gearing ratios of the Group at 31 December 2015 and 31 March 2015 were as follows:

	As at 31 December 2015 HK$'000	As at 31 March 2015 HK$'000
Total borrowings — convertible bond	**162,776**	—
Less: Cash and cash equivalents	**(1,184,598)**	(131,695)
Net debt	**(1,021,822)**	(131,695)
Total equity (note)	**1,468,567**	346,514
Net debt-to-equity ratio (times)	**N/A**	N/A

note:

Equity includes all capital and reserves attributable to owners of the Company.

3 Financial Risk Management and Financial Instruments (continued)

3.3 Fair value estimation

The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

— Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).

— Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).

— Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The available-for-sale financial assets of the Group are measured at fair value by Level 3.

	Level 1 HK$'000	**Level 2** HK$'000	**Level 3** HK$'000	**Total** HK$'000
Financial assets at fair value through profit or loss	**90,169**	**—**	**—**	**90,169**
Available-for-sale financial assets	**1,253**	**101,170**	**92,820**	**195,243**
At 31 December 2015	**91,422**	**101,170**	**92,820**	**285,412**
Financial assets at fair value through profit or loss	70,384	—	—	70,384
Available-for-sale financial assets	1,947	—	—	1,947
At 31 March 2015	72,331	—	—	72,331

There was no transfer between Level 1 and 2 during the period/year.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The instrument is included in Level 1.

3 Financial Risk Management and Financial Instruments (continued)

3.3 Fair value estimation (continued)

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. The following table presents the changes in Level 3 instruments for nine months ended 31 December 2015 and the year ended 31 March 2015.

	Available-for-sale financial assets	
	Nine months ended 31 December 2015 HK$'000	Year ended 31 March 2015 HK$'000
Opening balance	**—**	—
Additions	**92,820**	—
Closing balance	**92,820**	—
Total gains or losses for the nine months included in profit or loss for available-for-sale financial assets held at the end of the period/year	**—**	—

	Quantitative information about fair value measurements using significant unobservable inputs (Level 3)			
(HK$' 000) Description	**Fair value at 31/12/2015**	**Valuation technique(s)**	**Unobservable input**	**Range (weighted average)**
Other equity securities:				
Structured deposits	92,820	Discounted cash flow	Discount rate	2.5%—3.2%

4 Critical Accounting Estimates and Judgements

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

4.1 Critical accounting estimates and assumptions

(a) *Fair value of financial instruments*

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

(b) *Fair value of investment properties*

The fair value of investment properties is determined by using valuation technique. Details of the judgement and assumptions have been disclosed in Note 15.

(c) *Recoverability of receivables*

The Group estimates impairment losses for trade and other receivables resulting from the inability of the debtors to make the required payments. The Group bases the estimates on the ageing of the trade and other receivables balance, receivables creditworthiness, and historical write-off experience. If the financial conditions of debtors were to change, actual write offs would be different from what is estimated.

(d) *Income taxes*

The Group is subject to income taxes in a number of jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

4 Critical Accounting Estimates and Judgements

4.2 Critical judgement in applying the Group's accounting policies

(a) Impairment of available-for-sale equity investments

The Group follows the guidance of HKAS 39 to determine when an available-for-sale equity investment is impaired. This determination requires significant judgement. In making this judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

5 Revenue

Revenue of the Group consists of the following for the nine months ended 31 December 2015 and the year ended 31 March 2015:

	Nine months ended 31 December 2015 HK$'000	Year ended 31 March 2015 HK$'000
Rental income from investment properties	**347**	455

6 Other Income

	Nine months ended 31 December 2015 HK$'000	Year ended 31 March 2015 HK$'000
Interest income on bank deposits	**2,464**	649
Dividend income from available-for-sale financial assets	**779**	30
Sundry income	**117**	219
	3,360	898

7 Other (Losses)/Gains — Net

	Nine months ended 31 December 2015 HK$'000	Year ended 31 March 2015 HK$'000
Net realised gain/(loss) on disposal of financial assets at fair value through profit or loss	**13,427**	(207)
Net unrealised fair value (loss)/gain on financial assets at fair value through profit or loss	**(18,338)**	10,587
Net unrealised gain/(loss) on available-for-sale financial assets	**1,394**	—
Net exchange gain/(loss)	**1,617**	(52)
Fair value gains on investment properties (Note 15)	**453**	1,668
Recovery of trade receivables (Note 18)	**405**	92
Others	**(1)**	—
	(1,043)	12,088

8 Expenses by Nature

Expenses included in cost of sales, selling and distribution expenses and administrative expenses are analysed as follows:

	Nine months ended 31 December 2015 HK$'000	Year ended 31 March 2015 HK$'000
Employees benefit expenses (note (a))	13,896	6,940
Legal and professional fees	3,302	555
Operating lease rentals on office buildings	2,841	4,113
Depreciation (Note 13)	1,022	2
Entertainment expenses	783	20
Registration expenses	706	461
Auditors' remuneration		
— Audit service	700	330
— Interim review	—	45
Others	4,288	3,469
Total of cost of sales, selling and distribution expenses and administrative expenses	27,538	15,955

(a) Employee benefit expenses (including directors' and chief executive's emoluments)

	Nine months ended 31 December 2015 HK$'000	Year ended 31 March 2015 HK$'000
Wages and salaries	12,936	6,805
Pension	344	111
Other welfare benefit expenses	616	25
Charged to statement of profit or loss and other comprehensive income	13,896	6,941
Number of employees	114	27

8 Expenses by Nature (continued)

(a) Employee benefit expenses (including directors' and chief executive's emoluments) (continued)

All PRC mainland employees of the Group participate in defined contribution employee social security plans, including pension, medical, housing and other welfare benefits, organised and administered by the governmental authorities. According to the relevant regulations, the premiums and welfare benefit contributions that should be borne by the Group are calculated based on percentages of the total salary of employees, subject to a certain ceiling, and are paid to the labour and social welfare authorities. The Group has no other substantial commitments to the employees.

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the nine months ended 31 December 2015 include three (Year ended 31 March 2015: three) directors whose emoluments are reflected in the analysis shown in Note 10. Details of the remuneration for the nine months ended 31 December 2015 of the remaining two (Year ended 31 March 2015: two) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	Nine months ended 31 December 2015 HK$'000	Year ended 31 March 2015 HK$'000
Salaries and other short-term employee benefits	**702**	1,176
Contribution to pension scheme	**24**	26
	726	1,202

The remuneration to the remaining two highest paid employees fell within the following band:

	Number of individuals	
	Nine months ended 31 December 2015	Year ended 31 March 2015
Emolument band		
Nil to HK$1,000,000	**2**	2

8 Expenses by Nature (continued)

(c) Senior management of the Group

Other than the directors and five highest paid individuals, the remuneration to remaining member(s) of the senior management of the Group fell within the following band:

	Number of individual(s)	
	Nine months ended 31 December 2015	Year ended 31 March 2015
Emolument band		
Nil to HK$1,000,000	**1**	3

The remaining member of senior management for the nine months ended 31 December 2015 also held position at and received all remuneration from the Company's substantial shareholder China Minsheng Jiaye Investment Co., Ltd. who did not recharge any amount to the Group. These was no such situation for the year ended 31 March 2015.

9 Finance Costs

	Nine months ended 31 December 2015 HK$'000	Year ended 31 March 2015 HK$'000
Interest expenses on convertible bond (Note 24)	**(8,340)**	(2,254)

10 Benefits and Interest of Directors

(a) Directors' and chief executive's emoluments

The remuneration of every director and the chief executive is set out below. There is no chief executive who is not also a director of the Company.

For the nine months ended 31 December 2015:

Emoluments paid or payable in respect of a person's services as a director, whether of the Company or its subsidiaries:

Name	Fees HK$'000	Salaries HK$'000	Discretionary bonuses HK$'000	Housing allowances HK$'000	Estimated money value of other benefits HK$'000	Employer's contribution to a retirement benefit scheme HK$'000	Remunerations paid or payable in respect of accepting office as director HK$'000	Emoluments paid or payable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiaries HK$'000	Total HK$'000
Executive Directors									
CHAN Chi Yuen (resigned on 3 July 2015)	–	240	–	–	–	–	–	–	240
YEUNG Chun Wai, Anthony (resigned on 8 September 2015) (former Chairman and CEO)	–	1,231	–	–	–	8	–	–	1,239
CHEN Domingo	–	990	–	–	–	14	–	–	1,004
MI Hongjun (appointed on 3 July 2015) *(Chairman)*	60	–	–	–	–	–	–	–	60
YIN Jun (appointed on 3 July 2015) *(Deputy Chairman and CEO)*	–	849	–	–	–	–	–	–	849
Non-Executive Directors									
FANG Rong (appointed on 3 July 2015)	60	–	–	–	–	–	–	–	60
ZHOU Feng (appointed on 3 July 2015)	60	–	–	–	–	–	–	–	60
Independent Non-Executive Directors									
LEE Chi Ming	150	–	–	–	–	–	–	–	150
CHAN Chi Hung, Anthony	150	–	–	–	–	–	–	–	150
JIANG Hongqing	150	–	–	–	–	–	–	–	150
	630	3,310	–	–	–	22	–	–	3,962

10 Benefits and Interest of Directors (continued)

(a) Directors' and chief executive's emoluments (continued)

For the year ended 31 March 2015:

Emoluments paid or payable in respect of a person's services as a director, whether of the Company or its subsidiaries:

Name	Fees HK$'000	Salaries HK$'000	Discretionary bonuses HK$'000	Housing allowances HK$'000	Estimated money value of other benefits HK$'000	Employer's contribution to a retirement benefit scheme HK$'000	Remunerations paid or payable in respect of accepting office as director HK$'000	Emoluments paid or payable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiaries HK$'000	Total HK$'000
Executive Directors									
CHAN Chi Yuen	480	–	–	–	–	–	–	–	480
CHEN Domingo (appointed on 5 December 2014)	–	480	–	–	–	6	–	–	486
YEUNG Chun Wai, Anthony (appointed on 5 December 2014) *(Chairman and CEO)*	–	1,242	–	–	–	6	–	–	1,248
MOCK Wai Yin (resigned on 2 February 2015)	–	520	–	–	–	16	–	–	536
YU Shengming (resigned on 2 February 2015)	520	–	–	–	–	–	–	–	520
Non-Executive Directors									
CHEN Xiaoping (resigned on 30 December 2014)	120	–	–	–	–	–	–	–	120
Independent Non-Executive Directors									
LEE Chi Ming (appointed on 30 December 2014)	30	–	–	–	–	–	–	–	30
CHAN Chi Hung, Anthony (appointed on 30 December 2014)	30	–	–	–	–	–	–	–	30
JIANG Hongqing (resigned on 2 February 2015)	20	–	–	–	–	–	–	–	20
LING Kit Wah, Joseph (resigned on 30 December 2014)	100	–	–	–	–	–	–	–	100
NG Kwok Wai (resigned on 30 December 2014)	120	–	–	–	–	–	–	–	120
LEE Chi Wah, Joshua (resigned on 2 February 2015)	130	–	–	–	–	–	–	–	130
	1,550	2,242	–	–	–	28	–	–	3,820

10 Benefits and Interest of Directors (continued)

(a) Directors' and chief executive's emoluments (continued)

During the nine months ended 31 December 2015 and the year ended 31 March 2015, the Group did not provide any termination benefit, or pay any consideration to third parties for making available directors' service.

During the nine months ended 31 December 2015 and the year ended 31 March 2015, the Group did not have any outstanding loan, quasi loan or other dealing entered into by the Company or its subsidiaries, in favour of directors.

The emoluments of the directors are decided by the Board of Directors, having regard to the Group's operating results, individual performance and comparable market statistics as well as the recommendations of the Remuneration Committee of the Board of Directors.

No significant transactions, arrangements and contracts in relation to the Group's business to which a company within the Group was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the period/year or at any time during the nine months ended 31 December 2015 and the year ended 31 March 2015.

11 Income Tax (Credit)/Expense

	Nine months ended 31 December 2015 HK$'000	Year ended 31 March 2015 HK$'000
Current income tax		
— PRC land appreciation tax	**(125)**	—
— PRC corporate income tax	**(158)**	—
	(283)	—
Deferred income tax (Note 25)	**(1,263)**	417
Total income tax (credit)/expense for the period/year	**(1,546)**	417

11 Income Tax (Credit)/Expense (Continued)

The income tax on the Group's profit before income tax differs from the theoretical amount that would arise using the enacted tax rate of the home country of the companies within the Group as follows:

	Nine months ended 31 December 2015 HK$'000	Year ended 31 March 2015 HK$'000
Profit before income tax	(194,755)	(4,795)
PRC land appreciation tax	125	—
	(194,630)	(4,795)
Income tax calculated at respective statutory rates	(32,879)	(684)
Non-deductible expenses (a)	308	677
Non-taxable income	(230)	(1,943)
Tax losses and temporary differences not recognised as deferred tax assets	31,380	2,367
PRC land appreciation tax	(125)	—
Total income tax (credit)/expense for the period/year	(1,546)	417

(a) Non-deductible expenses for income tax purposes mainly resulted from interest expenses on convertible bond, and non-deductible entertainment expenses.

The tax (charge)/credit relating to components of other comprehensive income is as follows:

	Nine months ended 31 December 2015			Year ended 31 March 2015		
	Before tax HK$'000	Tax charge HK$'000	After tax HK$'000	Before tax HK$'000	Tax charge HK$'000	After tax HK$'000
Fair value losses on available-for-sale financial assets	(9,983)	—	(9,983)	76	—	76
Currency translation differences	(10,675)	—	(10,675)	(33)	—	(33)
Other comprehensive income	(20,658)	—	(20,658)	43	—	43
Current tax		—			—	
Deferred tax		—			—	

11 Income Tax (Credit)/Expense (Continued)

Hong Kong profits tax

The applicable Hong Kong profit tax rate is 16.5%. Hong Kong profits tax has not been provided for as the Group has no estimated assessable profits in Hong Kong during the nine months ended 31 December 2015 (Year ended 31 March 2015: Nil).

PRC corporate income tax

Under the Corporate Income Tax Law of the PRC ("CIT Law"), the CIT rate applicable to the Group's subsidiaries established in mainland China is 25%.

The CIT Law and its implementation rules impose a withholding tax at 10% for dividends distributed by a PRC-resident enterprise to its immediate holding company outside PRC for earnings generated beginning 1 January 2008 and undistributed earnings generated prior to 1 January 2008 are exempted from such withholding tax. A lower 5% withholding tax rate may be applied when the immediate holding companies are established in Hong Kong according to the tax treaty arrangement between the PRC and Hong Kong. The Company's mainland China subsidiaries did not make any profit for the nine months ended 31 December 2015 and hence no such withholding tax was accrued (Year ended 31 March 2015: Nil).

Land appreciation tax

PRC land appreciation tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of properties less deductible expenditures including lease charges for land use rights and all property development expenditures, and is included in the consolidated statement of profit or loss and other comprehensive income as income tax expense.

12 Loss per Share

(a) Basic

Basic loss per share for the period/year is calculated by dividing the consolidated loss of the Group attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period/year.

	Nine months ended 31 December 2015	Year ended 31 March 2015
Consolidated profit attributable to owners of the Company (HKD'000)	**(193,209)**	(5,212)
Weighted average number of ordinary shares in issue ("000)	**8,862,330**	2,032,365
Basic loss per share (HK cent)	**(2.18)**	(0.26)

(b) Diluted

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has only one category of dilutive potential ordinary shares for both the nine months ended 31 December 2015 and the year ended 31 March 2015, which is the convertible bond (Note 24). The convertible bond is assumed to have been converted into ordinary shares, and the net loss is adjusted to eliminate the interest expense less the tax effect. For the nine months ended 31 December 2015 and the year ended 31 March 2015, the Group incurred a loss, the impact of conversion of convertible bond on loss per share is anti-dilutive. Diluted loss per share therefore is equal to basic loss per share.

13 Property, Plant and Equipment

	Computer equipment HK$'000	Motor vehicles HK$'000	Furniture and fixtures HK$'000	Equipment HK$'000	Leasehold improvements HK$'000	Plant under development for prefabricated construction business HK$'000	Total HK$'000
At 1 April 2015							
Cost	38	349	129	–	–	–	516
Accumulated depreciation	(4)	(332)	(120)	–	–	–	(456)
Net book amount	34	17	9	–	–	–	60
Nine months ended 31 December 2015							
Opening net book amount	34	17	9	–	–	–	60
Additions	280	–	102	3,964	3,859	74,164	82,369
Disposals	–	–	(2)	–	–	–	(2)
Currency translation differences	(1)	–	(6)	–	–	–	(7)
Depreciation charge	(57)	–	–	–	(965)	–	(1,022)
Closing net book amount	256	17	103	3,964	2,894	74,164	81,398
At 31 December 2015							
Cost	318	330	180	3,964	3,859	74,164	82,815
Accumulated depreciation	(62)	(313)	(77)	–	(965)	–	(1,417)
Net book amount	256	17	103	3,964	2,894	74,164	81,398

13 Property, Plant and Equipment (continued)

	Computer equipment HK$'000	Motor vehicles HK$'000	Furniture and fixtures HK$'000	Total HK$'000
At 1 April 2014				
Cost	2	349	129	480
Accumulated depreciation	(2)	(332)	(120)	(454)
Net book amount	—	17	9	26
Year ended 31 March 2015				
Opening net book amount	—	17	9	26
Additions	36	—	—	36
Disposals	—	—	—	—
Currency translation differences	—	—	—	—
Depreciation charge	(2)	—	—	(2)
Closing net book amount	34	17	9	60
At 31 March 2015				
Cost	38	349	129	516
Accumulated depreciation	(4)	(332)	(120)	(456)
Net book amount	34	17	9	60

Depreciation of property, plant and equipment of HK$1,022,000 (Year ended 31 March 2015: HK$2,000) has all been charged to administrative expenses in the consolidated statement of profit or loss and other comprehensive income.

As at 31 December 2015, no property, plant and equipment were pledged as collateral for the Group's borrowings (Note 24).

There was no interest capitalised in assets under construction for the nine months ended 31 December 2015 (Year ended 31 March 2015: Nil).

The construction in progress mainly comprises the plant under development in Guangdong Province, for the Group's construction industrialization business.

14 Intangible Assets

	Computer software HK$'000
At 1 April 2014 and 31 March 2015	—
Opening net book amount	—
Additions	41
Amortisation charge	—
Closing net book amount	41
At 31 December 2015	
Cost	41
Accumulated amortisation	—
Net book amount	41

The Group's amortisation charges of intangible assets have all been included in administrative expenses for the nine months ended 31 December 2015.

15 Investment Properties

	Nine months ended 31 December 2015 HK$'000	Year ended 31 March 2015 HK$'000
Beginning balance	39,468	37,800
Net gains from fair value adjustments (Note 7)	453	1,668
Currency translation differences	(2,198)	—
Ending balance	37,723	39,468

Investment properties held by the Group are all commercial properties located in the PRC.

15 Investment Properties (continued)

Amounts recognised in profit and loss for investment properties

	Nine months ended 31 December 2015 HK$'000	Year ended 31 March 2015 HK$'000
Rental income	**347**	455
Direct operating expenses from properties that generated rental income	**(330)**	(337)
Direct operating expenses from properties that did not generated rental income	**(213)**	(213)
	(196)	(95)

As at 31 December 2015 and 31 March 2015, the Group had no unprovided contractual obligations for future repairs and maintenance.

An independent valuation of the Group's investment properties was performed by the valuer, Grant Sherman Appraisal Limited, to determine the fair value of the investment properties as at 31 December 2015 and 31 March 2015 respectively. The revaluation gains or losses are included in `Other (losses)/gains — net' in the consolidated statement of profit or loss and other comprehensive income (Note 7). The following table analyses the investment properties carried at fair value, by valuation method.

	Nine months ended 31 December 2015			
Description	**Quoted prices in active markets for identical assets (Level 1) HK$'000**	**Significant other observable inputs (Level 2) HK$'000**	**Significant unobservable inputs (Level 3) HK$'000**	**Total HK$'000**
Investment properties located in Shandong Province, PRC:	**—**	**—**	**37,723**	**37,723**

	Year ended 31 March 2015			
Description	Quoted prices in active markets for identical assets (Level 1) HK$'000	Significant other observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
Investment properties located in Shandong Province, PRC:	—	—	39,468	39,468

There were no transfers between Level 1, 2 and 3 during the period/year.

15 Investment Properties (continued)

Fair value measurements using significant unobservable inputs (Level 3)

	Office buildings in Shandong, the PRC HKD'000
At 1 April 2015	39,468
Net gains from fair value adjustments	453
Currency translation differences	(2,198)
At 31 December 2015	37,723
Total gains or losses for the nine months period included in profit or loss for assets held at the end of the period, under 'Fair value gains on investment properties'	453
Change in unrealised gains or losses for the period included in profit or loss for assets held at the end of the period	453

	Office buildings in Shandong, the PRC HKD'000
At 1 April 2014	37,800
Net gains from fair value adjustments	1,668
At 31 March 2015	39,468
Total gains or losses for the year included in profit or loss for assets held at the end of the year, under 'Fair value gains on investment properties'	1,668
Change in unrealised gains or losses for the year included in profit or loss for assets held at the end of the year	1,668

15 Investment Properties (continued)

Valuation processes of the Group

Investment properties were revalued by an independent valuer and reviewed by the finance team of the Group.

Valuation techniques

The Group used income capitalisation approach (term and reversionary method) for the valuation of the office buildings located in Shandong Province, the PRC.

There were no changes to the valuation techniques during the nine month.

Information about fair value measurements using significant unobservable inputs (Level 3):

Description	Fair value at 31 December 2015 (RMB'000)	Valuation technique(s)	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Office buildings in Shandong, the PRC	31,700	Income capitalization approach	Market rent per month (per square meter)	RMB19-RMB30 per square meter	The higher the market rent, the higher the fair value
			Term yield	5%	The higher the term yield, the lower the fair value
			Revisionary yield	5%	The higher the revisionary yield, the lower the fair value
			Occupancy rate	54.7%	The higher the occupancy rate, the higher the fair value

Description	Fair value at 31 March 2015 (RMB'000)	Valuation technique(s)	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Office buildings in Shandong, the PRC	31,324	Income capitalization approach	Market rent per month (per square meter)	RMB16-RMB30 per square meter	The higher the market rent, the higher the fair value
			Capitalisation rate (Reversionary yield (%))	5.5% per annum	The higher the revisionary yield, the lower the fair value

The particulars of the investment properties during the nine months ended 31 December 2015 and the year ended 31 March 2015 are as follows:

Project name	Approximate site area Sq.m.	Completed GFA Sq.m.	Land use	Development status	Interest held by Group
鄒平縣經濟開發區	10,292	16,558	Commercial	Completed construction	100%

16 Available-for-sale Financial Assets

	Nine months ended 31 December 2015 HK$'000	Year Ended 31 March 2015 HK$'000
Beginning balance	**2,131**	2,082
Acquisitions	**292,820**	—
Disposals	**(184)**	—
Fair value change through other comprehensive income	**(9,983)**	76
Impairment loss on available-for-sale financial assets recognised in profit or loss	**(89,541)**	(27)
Ending balance	**195,243**	2,131
Less: Non-current portion	**(102,423)**	(2,131)
Current portion	**92,820**	—

Available-for-sale financial assets include the following:

	Nine months ended 31 December 2015 HK$'000	Year Ended 31 March 2015 HK$'000
Private funds (note (a))	**101,170**	—
Structured deposits	**92,820**	—
Listed equity securities in Hong Kong, at fair value	**1,253**	1,947
Unlisted equity investments, at cost	**—**	184
	195,243	2,131

note (a): The Group invested in the following hedge funds as at 31 December 2015:

Funds	**Investment cost** HK$'000	**Fair value at 31 December 2015** HK$'000	**Impairment losses** HK$'000	**Fair value change through other comprehensive income** HK$'000
Taiping Quantum Strategic	40,000	16,413	23,587	—
Quantum Advantage	40,000	18,588	21,412	—
Taiping Quantum China Opportunities	40,000	19,071	20,929	—
Taiping Quantum Property	40,000	16,387	23,613	—
Quantum Enhanced	40,000	30,711	—	9,289
Total	200,000	101,170	89,541	9,289

For the nine months ended 31 December 2015, fair value of the four funds as listed in the above table declined more than 50% below its cost and hence impairment losses were recognised.

16 Available-for-sale Financial Assets (continued)

Certain funds listed above hold the shares of the Company as below:

Fund	Percentage
Taiping Quantum Strategic	3.33%
Quantum Advantage	0.79%
Taiping Quantum China Opportunities	0.05%
Taiping Quantum Property	3.92%

As the individual percentage of the Company's shares held by the above funds is below 5% and so the funds do not have significant influence over the Company, and hence are not the Company's related parties.

17 Other Non-current Assets

	As at 31 December 2015 HK$'000	As at 31 March 2015 HK$'000
Prepayments for leasehold land in Hangzhou (a)	**36,416**	—
Prepayments for leasehold land in Hengyang (b)	**11,781**	—
Others	**152**	—
Total	**48,349**	—

notes:

(a) The Group acquired a parcel of land located in Hangzhou, Zhejiang Province for future development of plant with total consideration of HK$36.42 million. As at 31 December 2015, HK$36.42 million had been paid. The land use right certificate was subsequently obtained on 13 January 2016.

(b) The Group acquired a parcel land located in Hengyang, Hunan Province for future development of plant with total consideration of HK$58.91 million. As at 31 December 2015, HK$11.78 million had been paid. As at the date these consolidated financial statements were approved, the Group has not yet obtained the land use right certificate.

18 Trade and Other Receivables and Prepayments

	As at 31 December 2015 HK$'000	As at 31 March 2015 HK$'000
Trade receivables	579	984
Less: Provision for impairment of trade receivables	(579)	(984)
Total receivables, net	—	—
Earnest money for acquisition of certain properties located in Shenzhen (a)	72,000	72,000
Earnest money for acquisition of a Shanghai property company (b)	28,000	28,000
Rental deposits	3,516	350
Prepayments	2,329	1,131
Others	1,200	6,933
Less: Non-current portion of other receivables and prepayments	—	—
	107,045	108,414
Less: Provision for impairment of other receivables and prepayments (a)	(72,000)	—
Current portion	35,045	108,414

The aging of trade receivables as at 31 December 2015 and 31 March 2015 based on the invoice issue date are as follows:

	As at 31 December 2015 HK$'000	As at 31 March 2015 HK$'000
More than 2 years	579	984

The maximum exposure to credit risk as at 31 December 2015 and 31 March 2015 is the carrying value of each class of receivables mentioned above. The Group does not hold any collateral security against the receivables.

As at 31 December 2015 and 31 March 2015, the fair value of trade and other receivables approximate their carrying amounts.

As at 31 December 2015 and 31 March 2015, the carrying amounts of trade and other receivables and prepayments are primarily denominated in HK$.

18 Trade and Other Receivables and Prepayments (continued)

(a) On 26 February 2014, the Group (as purchaser) entered into a non-legally binding framework agreement (as supplemented by four supplemental framework agreements dated 23 May 2014, 22 August 2014, 25 November 2014 and 30 December 2014) with Mr. Liu Shu (as vendor) relating to a possible acquisition of certain properties in Shenzhen, the PRC by the Group at a consideration to be determined with reference to the finalised market value of such properties, which shall be satisfied in the combination of cash, consideration shares, promissory notes and/or convertible notes of the Group; and the cash portion of which shall not be less than HK$300 million. Subsequently, a total of HK$72 million was paid to the vendor as earnest money. As no formal agreement was entered into by the long stop date on 25 February 2015, the framework agreement (as supplemented by the four supplemented framework agreements as mentioned above) lapsed on 25 February 2015. The Group had made full provision for bad debt of the refund of the abovementioned earnest money owed to the Group by Mr. Liu Shu after unsuccessful claim for such refund for an extended period of time.

(b) On 24 December 2014, the Group entered into a non-legally binding framework agreement relating to a possible acquisition of the entire equity interest of Jinhong Property Development Limited (金鴻置業有限公司) by the Group. On 8 March 2016, the Group had decided not to proceed with the possible acquisition and the framework agreement had lapsed pursuant to its terms. Considering the current discussion with the seller, the Directors are of the view that the Group is likely to collect the refund of substantial part of the earnest money in due course and hence no provision was made.

Movements in provision for impairment of trade and other receivables are as follows:

	Nine months ended 31 December 2015 HK$'000	Year ended 31 March 2015 HK$'000
Opening balance	**984**	1,076
Additional provision for receivable impairment	**72,000**	—
Recovery of trade receivables (Note 7)	**(405)**	(92)
Ending balance	**72,579**	984

The creation and release of provision for impairment of receivables have been included in "Other (losses)/gains — net" in the consolidated statement of profit or loss and other comprehensive income.

19 Particulars of Subsidiaries

(a) The following is a list of the principal subsidiaries at 31 December 2015:

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued share capital	Proportion of ordinary shares directly held by parent (%)	Proportion of ordinary shares held by the Group (%)	Proportion of ordinary shares held by non-controlling interests (%)	Proportion of preference shares held by the Group (%)
Benelux (Far East) Company Limited	Hong Kong, limited liability company	Investment holding	HKD100	100%	100%	–	–
Benelux Property Development (Shanghai) Limited	China, limited liability company	Property development	USD5,000,000	100%	100%	–	–
Sunshine Universal Dev Ltd	BVI, limited liability company	Inactive	USD1	100%	100%	–	–
Happy Universal Investment Ltd	BVI, limited liability company	Investment holding	USD1	100%	100%	–	–
Shanghai Kaiyuen Computer Company Ltd	China, limited liability company	Inactive	RMB500,000	–	100%	–	–
Perfect Gold Investments Ltd	Hong Kong, limited liability company	Inactive	HKD2	100%	100%	–	–
South East Property (Shandong) Limited	China, limited liability company	Property development	RMB15,000,000	100%	100%	–	–
Ricco Mining Investment Limited	Hong Kong, limited liability company	Inactive	HKD1	100%	100%	–	–

19 Particulars of Subsidiaries (continued)

(a) The following is a list of the principal subsidiaries at 31 December 2015: (continued)

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued share capital	Proportion of ordinary shares directly held by parent (%)	Proportion of ordinary shares held by the Group (%)	Proportion of ordinary shares held by non-controlling interests (%)	Proportion of preference shares held by the Group (%)
Commit Glory Investments Ltd	Hong Kong, limited liability company	Development and sale of properties	HKD1	–	100%	–	–
佳優建築科技(上海)有限公司	China, limited liability company	Construction industrialization	HKD200,000,000	–	100%	–	–
Giant Achiever Development Ltd	Hong Kong, limited liability company	Asset operation and management	HKD1	–	100%	–	–
Fame Glory Investments Ltd	Hong Kong, limited liability company	Development and sale of properties	USD1	–	100%	–	–
Noble Walk Ltd	BVI, limited liability company	Development and sale of properties	HKD1	100%	100%	–	–
Shangheng Ltd	BVI, limited liability company	Property management	USD1	100%	100%	–	–
Noble Tide Ltd	BVI, limited liability company	Development and sale of properties	USD1	100%	100%	–	–
廣東中民築友科技有限公司	China, limited liability company	Construction industrialization	HKD200,000,000	–	100%	–	–

19 Particulars of Subsidiaries (continued)

(a) The following is a list of the principal subsidiaries at 31 December 2015: (continued)

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued share capital	Proportion of ordinary shares directly held by parent (%)	Proportion of ordinary shares held by the Group (%)	Proportion of ordinary shares held by non-controlling interests (%)	Proportion of preference shares held by the Group (%)
Zheyou Investment Limited	Hong Kong, limited liability company	Development and sale of properties	HKD10,000	100%	100%	–	–
Guiyou Investment Limited	Hong Kong, limited liability company	Construction design and consulting	HKD10,000	100%	100%	–	–
中民築友科技(江蘇)有限公司	China, limited liability company	Construction industrialization	HKD200,000,000	–	100%	–	–
浙江中民築友科技有限公司	China, limited liability company	Construction industrialization	HKD200,000,000	–	100%	–	–
中民築友科技(衡陽)有限公司	China, limited liability company	Construction industrialization	HKD100,000,000	–	100%	–	–
湖南中民築友建築科技有限公司	China, limited liability company	Construction industrialization	HKD500,000,000	–	100%	–	–

19 Particulars of Subsidiaries (continued)

(b) Companies excluded from consolidation

As reported in previous years, a claim was brought in July 1998 against Benelux Manufacturing Limited (in liquidation) ("BML") in which the Company has a direct wholly owned interest but not treated as a subsidiary, by its sub-contractor, Shenzhen Benelux Enterprise Co., Limited ("SBEC"), alleging that BML was liable for the payment of approximately HK$38 million, comprising charges in connection with the processing and assembling work rendered by SBEC and the breach of an alleged loan agreement relating to certain alleged letters of credit. SBEC further alleged that the Company had granted a guarantee to SBEC in respect of the alleged BML's indebtedness to SBEC (the "Purported Guarantee") in/around January 1999. Notwithstanding the allegation, SBEC has not initiated any proceedings against the Company based on the Purported Guarantee. BML was put into compulsory liquidation on 28 April 2000.

The directors of the Company have given due and careful consideration of the impact of the liquidation of BML on the Group's operations and financial position and are of the opinion that it will not have a material adverse effect on the Group. As BML was put under severe restrictions which significantly impaired control by the Company over BML's assets and operations, the directors of the Company have decided to exclude BML and the interest of BML from the consolidated financial statements from the date of appointment of the provisional liquidators since 2000.

Details of the companies excluded from consolidation as at 31 December 2015 and 31 March 2015 are as follows:

Name	Place of incorporation/ operation	Issued and fully paid-up capital/ capital contribution	Effective equity interest held before liquidation	Principal activities
Direct interest:				
Benelux Manufacturing Limited (note (i))	Hong Kong	Ordinary HK$100 Non-voting deferred HK$5,000,000	100%	In liquidation
Indirect interest:				
Prime Standard Limited (note (ii))	Hong Kong	Ordinary HK$100,000	90%	Ceased operations
P.T. Beneluxindo (note (iii))	Indonesia	Ordinary US$10,000,000	100%	Ceased operations

19 Particulars of Subsidiaries (continued)

(b) (continued)

notes:

(i) Benelux Manufacturing Limited (in liquidation) ("BML") is excluded from consolidation because of severe restrictions which significantly impaired control by the Group over BML's assets and operations.

(ii) Prime Standard Limited ("PSL") which is a subsidiary of BML, is excluded from consolidation because the Group's control over PSL has been significantly impaired following the appointment of provisional liquidators to BML.

(iii) P.T. Beneluxindo ("PTB") which is a wholly owned subsidiary of BML, is excluded from consolidation because the Group's control over PTB has been significantly impaired following the appointment of provisional liquidators to BML.

20 Financial Assets at Fair Value through Profit or Loss

	As at 31 December 2015 HK$'000	As at 31 March 2015 HK$'000
Equity securities, at fair value		
— Listed in Hong Kong	**90,169**	70,384

Financial assets at fair value through profit or loss are presented within 'Operating activities' as part of changes in working capital in the consolidated statement of cash flows (Note 27).

Changes in fair values of financial assets at fair value through profit or loss are recorded in 'Other (losses)/gains — net' in the consolidated statement of profit or loss and other comprehensive income (Note 7).

The fair value of all equity securities is based on their current bid prices in an active market.

21 Cash at Bank and on Hand

	As at 31 December 2015 HK$'000	As at 31 March 2015 HK$'000
Cash at bank and on hand		
— Denominated in HKD	**1,131,354**	110,106
— Denominated in RMB	**50,323**	20,543
— Denominated in USD	**2,921**	1,046
	1,184,598	131,695

22 Share Capital

(a) Authorised shares

	Number of authorised shares
As at 1 April 2014 and 31 March 2015	4,000,000,000
As at 31 December 2015	25,000,000,000

(b) Issued shares

	Number of issued shares (at HK$ 0.1 each)	Ordinary shares (nominal value) HK$'000
As at 1 April 2014	364,956,000	36,496
Rights issue (i)	2,919,647,000	291,964
Conversion of convertible bond (ii)	425,000,000	42,500
As at 1 April 2015	3,709,603,000	370,960
Issuance of ordinary shares (iii)	6,500,000,000	650,000
As at 31 December 2015	10,209,603,000	1,020,960

notes:

(i) On 30 October 2014, the Company completed the rights issue on the basis of eight rights shares for every one share held on the record date. Approximately 2,919,647,000 shares were issued at a subscription price of HK$0.1 per rights share. No share premium had credited to share premium account. The Company incurred expenses of HK$6,657,000 for the rights issue.

(ii) On 17 December 2014, the bondholder of the convertible bond has completed the conversion of convertible bond with principal amount of HK$68,000,000 in full into 425,000,000 shares at the conversion price of HK$0.16 per share. This conversion resulted in conversion into approximately 11.46% of ordinary shares or the issued share capital of the Company.

(iii) On 27 May 2015, 6,500,000,000 new shares were allotted and issued to Jiayao Global Investments Limited (which is wholly-owned by China Minsheng Jiaye Investment Co., Ltd. (Note 1)) at the price of HK$0.2 per share.

All the share issued during the period/year rank pari passu with the then existing share in all respects.

23 Reserves attributable to Owners of the Company

	Share premium HK$'000	Available-for-sale financial assets revaluation reserve HK$'000	Convertible bond – equity component HK$'000	Exchange reserve HK$'000	Contributed surplus reserve HK$'000	Employee share option reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
Balance at 1 April 2014	15,641	29	5,888	17,071	131,166	–	(206,113)	(36,318)
Comprehensive income								
Loss for the year	–	–	–	–	–	–	(5,212)	(5,212)
Other comprehensive income/(loss):								
Changes in fair value of available-for-sale financial assets	–	76	–	–	–	–	–	76
Currency translation differences	–	–	–	(33)	–	–	–	(33)
Total comprehensive income/(loss) for the year	–	76	–	(33)	–	–	(5,212)	(5,169)
Transactions with owners in their capacity as owners								
Rights issue expenses	(6,657)	–	–	–	–	–	–	(6,657)
Issue of shares upon conversion of convertible bond	29,586	–	(5,888)	–	–	–	–	23,698
Total transactions with owners in their capacity as owners	22,929	–	(5,888)	–	–	–	–	17,041
Balance at 1 March 2015	38,570	105	–	17,038	131,166	–	(211,325)	(24,446)
Comprehensive income								
Loss for the period	–	–	–	–	–	–	(193,209)	(193,209)
Other comprehensive income/(loss):								
Changes in fair value of available-for-sale financial assets	–	(9,983)	–	–	–	–	–	(9,983)
Currency translation differences	–	–	–	(10,675)	–	–	–	(10,675)
Total comprehensive income/(loss) for the period	–	(9,983)	–	(10,675)	–	–	(193,209)	(213,867)
Transactions with owners in their capacity as owners								
Issue of ordinary shares	648,320	–	–	–	–	–	–	648,320
Issue of convertible bond	–	–	45,118	–	–	–	–	45,118
Deferred tax liabilities arising from the issuance of convertible bond	–	–	(7,518)	–	–	–	–	(7,518)
Total transactions with owners in their capacity as owners	648,320	–	37,600	–	–	–	–	685,920
Balance at 31 December 2015	686,890	(9,878)	37,600	6,363	131,166	–	(404,534)	447,607

24 Convertible Bond

(1) Convertible bond issued in 2015

The Company issued a zero coupon convertible bond at a par value of HK$200 million on 27 May 2015. The bond matures on the third anniversary of the date of issue at the nominal price of HK$200 million or can be converted into shares at the holder's option during the period from the date which is 6 months from the date of the issue and up to ten business days prior to the maturity date at the conversion price of HK$0.2 per conversion share. The value of the liability component and the equity conversion component were determined at issuance of the bond.

(2) Convertible bond issued on 7 May 2008

The Company issued a convertible bond with par value of HK$18,000,000 on 7 May 2008 and recorded an equity component of HK$5,888,000 and a liability component using a 5% per annum interest rate. On 12 December 2014, the convertible bondholder converted the bond into Company's shares at HK$0.16 per share. Accordingly, the equity component of HK$5,888,000 and the liability component of HK$66,198,000 were de-recognised, and share capital and share premium with the amount of HK$42,500,000 and HK$29,586,000 was recorded accordingly.

The convertible bond recognised in the balance sheet is calculated as follows:

	As at 31 December 2015 HK$'000	As at 31 March 2015 HK'000
Nominal value of the convertible bond	**200,000**	68,000
Less: Equity component	**(45,118)**	(5,888)
	154,882	62,112
Interest expenses	**8,340**	4,086
Professional fees	**(446)**	—
Conversion of convertible bond	**—**	(66,198)
Liability component	**(162,776)**	—
Analysed for reporting purposes as:		
Current liabilities	**—**	—
Non-current liabilities	**(162,776)**	—
	(162,776)	—

24 Convertible Bond (continued)

(2) Convertible bond issued on 7 May 2008: (continued)

The fair value of the liability component of the convertible bond as at 31 December 2015 approximates its book value. The fair valued is calculated using cash flows discounted at a rate based on borrowing rate of 8.9% and are within Level 2 of the fair value hierarchy.

25 Deferred Income Tax

	As at 31 December 2015 HK$'000	As at 31 March 2015 HK$'000
Deferred tax assets to be recovered		
— within 12 months	—	—
— after 12 months	—	—
	—	—
Deferred tax liabilities to be settled		
— within 12 months	(2,359)	—
— after 12 months	(7,910)	(4,251)
	(10,269)	(4,251)
Deferred tax (liabilities)/assets, net	(10,269)	(4,251)

The gross movement on the deferred income tax account is as follows:

	Nine months ended 31 December 2015 HK$'000	Year ended 31 March 2015 HK$'000
At beginning of the period/year	4,251	3,834
Income statement charge (Note 11)	(1,263)	417
Tax charge through equity	7,518	—
Currency translation differences	(237)	—
At end of the period/year	10,269	4,251

The gross movement in deferred income tax assets and liabilities for the nine months ended 31 December 2015 and the year ended 31 March 2015, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

25 Deferred Income Tax (continued)

Deferred income tax liabilities

	Fair value gains on investment properties HK$'000	Convertible bond HK$'000	Total HK$'000
At 1 April 2015	4,251	—	4,251
Charged/(credited) to profit or loss	113	(1,376)	(1,263)
Deferred income tax liabilities arising from the issuance of convertible bond	—	7,518	7,518
Currency translation differences	(237)	—	(237)
At 31 December 2015	4,127	6,142	10,269
At 1 April 2014	3,834	—	3,834
Charged/(credited) to profit or loss	417	—	417
At 31 March 2015	4,251	—	4,251

At the end of the reporting period, the Group has unused tax losses of approximately HK$58,483,613 (31 March 2015: HK$37,489,000) that are available for offsetting against future taxable profits. These tax losses have no expiry dates except for the tax losses of approximately HK$9,235,350 (31 March 2015: HK$1,261,000) which will expire at various dates up to and including year of 2020 (31 March 2015: year of 2019). Deferred tax asset arising from the unused tax losses has not been recognised in the consolidated financial statements as, in the opinion of the directors of the Company, it is not probable to determine whether sufficient future profits will be available to utilise the tax losses. In addition, no deferred tax asset was recognised on other items as at 31 December 2015 including mainly impairment provision on available-for-sale financial assets amounted to HK$89,541,000 (31 March 2015: HK$27,000) and impairment provision on other receivables amounted to HK$72,000,000 (31 March 2015: Nil), as it is uncertain whether such deferred tax asset can be recovered.

26 Trade and Other Payables

	As at 31 December 2015 HK$'000	As at 31 March 2015 HK$'000
Trade payables	**1,030**	334
Amount due to a related party	**12,614**	—
Payable related to acquisition Guangzhou plant (a)	**10,974**	—
Accrued payroll	**5,701**	2
Others	**397**	886
	30,716	1,222

(a) During the nine months ended 31 December 2015, the Group acquired a plant, together with certain equipment in Guangzhou. Total consideration is HK$75,565,000, of which HK$10,974,000 has not yet been paid as of 31 December 2015.

The aging analysis of trade payables and notes payable as at 31 December 2015 and 31 March 2015 are as follows:

	As at 31 December 2015 HK$'000	As at 31 March 2015 HK$'000
Less than 1 year	**1,030**	334

As at 31 December 2015 and 31 March 2015, the fair value of trade and other payables approximate their carrying amounts.

As at 31 December 2015 and 31 March 2015, the carrying amounts of trade and other payables are primarily denominated in RMB.

27 Cash used in Operations

	Nine months ended 31 December 2015 HK$'000	Year ended 31 March 2015 HK$'000
Profit before income tax	**(194,755)**	(4,795)
Adjustments for:		
Depreciation (Note 13)	**1,022**	2
Recovery of trade receivables (Note 7)	**(405)**	(92)
Fair value gains on investment properties (Note 7)	**(453)**	(1,668)
Fair value losses/(gains) on financial assets at fair value through profit or loss (Note 7)	**18,338**	(10,587)
(Gains)/losses on disposal of financial assets at fair value though profit or loss (Note 7)	**(13,427)**	207
Gains on disposal of available-for-sale financial assets (Note 7)	**(1,394)**	—
Losses on disposal of fixed assets	**2**	—
Interest expenses (Note 9)	**8,340**	2,254
Interest income on bank deposits (Note 6)	**(2,464)**	(649)
Interest income on held-to-maturity investments	**—**	(43)
Dividend income (Note 6)	**(779)**	(30)
Impairment loss on other receivables (Note 18)	**72,000**	—
Impairment loss on available-for-sale financial assets (Note 16)	**89,541**	27
Operating loss before changes in working capital	**(24,434)**	(15,374)
Working capital changes:		
Decrease/(increase) in trade and other receivables and prepayments	**1,622**	(104,730)
Increase/(decrease) in trade and other payables	**18,520**	(637)
Increase in financial assets at fair value through profit or loss	**(24,696)**	(60,004)
Increase in advances from customers	**238**	—
Cash used in operations	**(28,750)**	(180,745)

28 Commitments

(a) Capital commitments

As at 31 December 2015 and 31 March 2015, capital expenditure contracted for but not yet incurred is as follows:

	As at 31 December 2015 HK$'000	As at 31 March 2015 HK$'000
Property, plant and equipment	**57,582**	—
Land use rights	**47,124**	—
	104,706	—

(b) Operating lease commitments

As at 31 December 2015 and 31 March 2015, the future aggregate minimum rental expenses in respect of certain office buildings held under non-cancellable operating leases are payable in the following periods:

	As at 31 December 2015 HK$'000	As at 31 March 2015 HK$'000
Within 1 year	**8,785**	10,146
1 to 5 years	**9,912**	13,085
	18,697	23,231

(c) Operating lease rentals receivable

As at 31 December 2015 and 31 March 2015, the future aggregate minimum rental receipts under non-cancellable operating leases in respect of land and buildings are receivable in the following periods:

	As at 31 December 2015 HK$'000	As at 31 March 2015 HK$'000
Within 1 year	**252**	—

29 Related-party Transactions

(a) Name and relationship with a related party

Name	Relationship
China Minsheng Drawin Co., Ltd.	Controlled by the same ultimate holding company (China Minsheng Investment Corp., Ltd.)

(b) Transactions with a related party

During the nine months ended 31 December 2015 and the year ended 31 March 2015, the Group has the following related party transactions:

	Nine months ended 31 December 2015 HK$'000	Year ended 31 March 2015 HK$'000
(i) **Paid on behalf of the Group by** China Minsheng Drawin Co., Ltd.	**12,614**	—

(c) Related-party balance

	As at 31 December 2015 HK$'000	As at 31 December 2014 HK$'000
Amount due to a related party (Note 26)		
China Minsheng Drawin Co., Ltd.	**12,614**	—

The amount due to a related party is unsecured, bears no interest and is repayable on demand.

29 Related-party Transactions (continued)

(d) Key management compensation

Key management includes directors (executive and non-executive), chief financial officer and other personnel who are considered critical to the Group's business. The compensation paid or payable to key management for employee services is shown below:

	Nine months ended 31 December 2015 HK$'000	Year ended 31 March 2015 HK$'000
Salaries and other short-term employee benefits	**4,642**	5,163
Employer's contribution to pension scheme	**46**	60
	4,688	5,223

30 Events after the Reporting Period

On 3 March 2016, the Group and a non-wholly owned subsidiary of China Minsheng Jiaye Investment Co., Ltd. entered into a joint venture agreement (the "Agreement"). Pursuant to the Agreement, the Group will contribute cash in the amount of approximately RMB476 million, and the newly set up entity will be held as to 51% by the Group. The Group intends to hold the newly set up entity as a subsidiary. The main operation of the entity is the production of property prefabricated units and building materials. The transaction is subject to shareholders' approval at the general meeting of the Company and/or filings.

31 Statement of Financial Position and Reserve Movements of the Company

	As at 31 December 2015 HK$'000	As at 31 March 2015 HK$'000
ASSETS		
Non-current assets		
Property, plant and equipment	**3,096**	28
Investments in subsidiaries	**14,271**	14,251
Available-for-sale financial assets	**102,423**	1,947
Other non-current assets	**350,104**	—
	469,894	16,226
Current assets		
Trade and other receivables and prepayments	**34,560**	108,181
Cash and cash equivalents	**1,031,184**	120,618
Financial assets at fair value through profit or loss	**90,169**	70,384
	1,155,913	299,183
Total assets	**1,625,807**	315,409
EQUITY		
Equity attributable to owners of the Company		
Share capital: nominal value	**1,020,960**	370,960
Reserves (note (a))	**434,129**	(55,907)
Total equity	**1,455,089**	315,053
Non-current liabilities		
Convertible bond	**162,776**	—
Deferred income tax liabilities	**6,142**	—
	168,918	—
Current liabilities		
Trade and other payables	**1,800**	356
Total liabilities	**170,718**	356
Total equity and liabilities	**1,625,807**	315,409

The statement of financial position of the Company was approved by the Board of Directors on 30 March 2016 and was signed on its behalf by:

Mi Hongjun
Director

Yin Jun
Director

31 Statement of Financial Position and Reserve Movements of the Company (continued)

(a) Reserve movements of the Company

	Share premium HK$'000	Available-for-sale financial assets revaluation reserve HK$'000	Convertible bond – equity component HK$'000	Contributed surplus reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2014 (restated)	15,641	29	5,888	157,955	(259,272)	(79,759)
Profit for the year	–	–	–	–	6,735	6,735
Other comprehensive income:						
Changes in fair value of available-for-sale financial assets	–	76	–	–	–	76
Total comprehensive income for the year	–	76	–	–	6,735	6,811
Rights issue expenses	(6,657)	–	–	–	–	(6,657)
Issue of shares upon conversion of convertible bond	29,586	–	(5,888)	–	–	23,698
At 31 March 2015	**38,570**	**105**	**–**	**157,955**	**(252,537)**	**(55,907)**
Loss for the period	–	–	–	–	(185,901)	(185,901)
Other comprehensive income:						
Changes in fair value of available-for-sale financial assets	–	(9,983)	–	–	–	(9,983)
Total comprehensive loss for the period	–	(9,983)	–	–	(185,901)	(195,884)
Issuance of ordinary shares	648,320	–	–	–	–	648,320
Issue of convertible bond (Note 24)	–	–	45,118	–	–	45,118
Deferred tax liabilities arising from the issuance of convertible bond	–	–	(7,518)	–	–	(7,518)
At 31 December 2015	**686,890**	**(9,878)**	**37,600**	**157,955**	**(438,438)**	**434,129**

Five Year Financial Summary

Summary of the results, assets and liabilities of the Group for the last five years/period is as follows:

	For the year ended 31 March				
	2012 HK$'000	2013 HK$'000	2014 HK$'000 (restated)	2015 HK$'000	**For the period from 1 April 2015 to 31 December 2015 HK$'000**
Results					
Revenue	940	732	817	455	**347**
Loss before income tax	(16,717)	(16,428)	(3,591)	(4,795)	**(194,755)**
Income tax	(147)	(429)	(3,804)	(417)	**1,546**
Loss for the period/year	(16,864)	(16,857)	(7,395)	(5,212)	**(193,209)**
Loss attributable to owners of the Company	(16,864)	(16,857)	(7,395)	(5,212)	**(193,209)**

	As at 31 March				
	2012 HK$'000	2013 HK$'000	2014 HK$'000	2015 HK$'000	**As at 31 December 2015 HK$'000**
Assets and liabilities					
Total assets	86,498	69,826	71,388	352,152	**1,672,566**
Total liabilities	(66,255)	(67,163)	(71,210)	(5,638)	**(203,999)**
Total equity	20,243	2,663	178	346,514	**1,468,567**