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CORPORATE INFORMATION

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Xu Dong *(Chairman)*
Au Tat On

NON-EXECUTIVE DIRECTOR

Yu Wai Fong

INDEPENDENT NON-EXECUTIVE DIRECTORS

Lai Wai Yin, Wilson
Cao Jie Min
Tse Kwong Wah

COMPANY SECRETARY

Yip Yuk Sing

AUTHORISED REPRESENTATIVES

Yu Wai Fong
Yip Yuk Sing

AUDITOR

Crowe Horwath (HK) CPA Limited

LEGAL ADVISER

Li, Wong, Lam & W.I. Cheung

PRINCIPAL BANKER

ICBC (Asia)
Wing Lung Bank

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Room 4303, 43/F
China Resources Building,
26 Harbour Road, Wanchai
Hong Kong

BERMUDA SHARE REGISTRAR AND TRANSFER AGENT

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

HONG KONG SHARE REGISTRAR

Tricor Secretaries Limited
Level 22, Hopewell Centre,
183 Queen's Road East,
Hong Kong

WEBSITE

http://www.736.com.hk

STOCK CODE

736

LETTER FROM THE BOARD

On behalf of the board (the "board") of directors (the "directors") of China Properties Investment Holdings Limited (the "company"), I am pleased to present the annual results of the company and its subsidiaries (together the "group") for the year ended 31 March 2016 to the shareholders of the company (the "shareholders").

OPERATING RESULTS

For the year under review, the group's turnover for the continuing operations was approximately RMB28.67 million (2015: approximately RMB10.58 million), representing an increase of approximately 171% compared with last year. The increase in turnover was mainly due to the contribution from the educational support services and interest income from money lending business.

The audited net loss for the continuing operations for the year was approximately RMB79.57 million (2015: approximately RMB1.18 million) and the basic loss per share was RMB10.00 cents (2015: RMB0.31 cents). The increase in loss for the year was mainly attributable to (i) the valuation loss on change of fair value of the investment properties of the group in the amount of RMB16.40 million (2015: valuation gain approximate RMB28.73 million); (ii) decrease in interest income amounted approximately RMB6.60 million, which was due to settlement of the promissory note in April 2015 and the related interest income was not available for the year ended 31 March 2016; and (iii) the loss on fair value change in warrants issued by the company of approximately RMB20.09 million (2015: gain on fair value change approximate RMB17.83 million). However, there was no cash flow impact on the group for such changes of fair value.

The administrative and selling expenses for the continuing operations of the group for the year amounted to approximately RMB51.20 million (2015: approximately RMB44.66 million). The finance cost of the group amounted to approximately RMB8.75 million (2015: approximately RMB8.59 million) which was incurred for the bank loans under the security of investment properties in Shanghai and the unconvertible bonds and promissory note issued by the company.

For the discontinued operation, representing the investment in mining activities which was disposed during the year, the loss for the year under review was approximately RMB26.93 million (2015: RMB21.58 million). The increase in loss was mainly attributable to the loss on disposal of the Mining Group and the income tax expense amounted approximately RMB2.16 million and RMB4.80 million, respectively.

BUSINESS REVIEW

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

PROPERTIES INVESTMENT BUSINESS

As at 31 March 2016, the aggregate gross floor area of the investment properties located in Shanghai being held by the group was approximately 7,004 square meters, all of which were leased to third parties under operating leases with lease terms ranging up to twelve years.

LETTER FROM THE BOARD

For the year under review, the company acquired a land (the "Land") located in Port Moody of Vancouver through China Properties Investment North America Inc., a wholly-owned subsidiary of the company, at a total consideration of approximately CAD2.9 million (equivalent to approximately RMB14.42 million). The land has an approximate land area of 5.49 acre with the intention to develop as a residential site (the "Canada Project"). According to a preliminary development plan prepared by the said subsidiary, the Canada Project will be divided into two phases, of which phase one will be focused on site servicing while phase two will be focused on the construction of a total of 7 luxury residential houses, representing a total gross floor area of approximately 21,900 square meters. The total investment and construction cost for the Canada Project is estimated to be approximately CAD10.5 million (equivalent to approximately RMB52.20 million). The phase one development will be commenced once after the development permits are granted from the local authority of Port Moody, which is expected in the fourth quarter of 2016.

MINING BUSINESS

On 17 February 2016, the company, as vendor, and an independent third party (the "Purchaser") entered into a sales and purchase agreement (the "SPA I"), pursuant to which the company has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire the entire shares of Main Pacific Group Limited and Universe Prosper Limited (the "Mining Group"), which have indirect interest of 91% in 克什克騰旗大地礦業有限責任公司 (Keshi Ketengqi Great Land Mine Industries Company Limited*), a company incorporated in the PRC and held a mining license with the right to conduct mining and exploitation works for copper and molybdenum in the Mine located at 內蒙古自治區赤峰市克什克騰旗三義鄉永勝村經棚鎮 (Keshi Ketengqi Sanyixiang, Yongsheng Cun, Jingpeng Zhen, Chifeng City, Inner Mongolia, the PRC*), at the consideration of HK$64.8 million (equivalent to approximately RMB53.87 million) payable by the Purchaser in accordance with the terms and conditions of the SPA I.

The Mining Group was acquired by the group several years ago when the commodity market was relatively stable and positive. With the recent depression of commodity market, the fair value of the group's mining right has decreased substantially in recent years. It is also expected that after disposal of the Mining Group, the overall gearing position of the group will be improved and it will generate funds for higher return in money lending business and/or other potential investment to enhance the value of the company and the shareholders as a whole. After disposal of the Mining Group, the company will cease to hold any equity interest of the Mining Group and the results of the Mining Group will no longer be consolidated into the consolidated financial statements of the group. Disposal of the Mining Group was completed on 11 March 2016.

MONEY LENDING BUSINESS

The group has been proactively expanding the money lending business in Hong Kong. For the year ended 31 March 2016, the group had an existing loan portfolio amounted to HK$120 million (equivalent to approximately RMB99.77 million) with the terms ranging from 6 months to 12 months (the "Existing Loan Portfolio") with the average interest rate of 18% per annum. The Existing Loan Portfolio will generate a total interest income of approximately HK$10.78 million (equivalent to approximately RMB8.96 million) of which approximately HK$4.25 million (equivalent to approximately RMB3.46 million) was accrued for the year ended 31 March 2016. For the sake of the recoverability and the quality of the money lending portfolio, the company has adopted prudence approach that all the loans must be secured by proper collaterals.

* For identification purpose only

LETTER FROM THE BOARD

EDUCATIONAL SUPPORT SERVICES

In the educational support services segment, the group recorded a revenue of approximately RMB16.35 million for the year ended 31 March 2016, which is mainly attributable to services provided by the group in the areas of smart electronic building blocks, 3D printing, English learning, student referral and overseas education counselling.

During the period under review, the business in supporting local schools to make use of Quality Education Fund to develop educational projects was not optimistic as expected. However, the management team of Kotech Education Limited ("Kotech Education"), a subsidiary of the company, has put much effort in improving and expanding its product line and services, which created different business opportunity with both existing customers and potential customers. Kotech Education started collaboration with certain local schools and organizations in providing services and products sales in smart electronic building blocks, 3D Printing, creativity course and English e-learning. We expect Kotech Education to have positive contribution both in terms of revenue and profit to the group for the year come.

Pursuant to the sale and purchase agreement ("SPA II") dated 16 October 2014 among Wan Cheng Investments Limited as the vendor, the company as the purchaser and three individuals as guarantors, for the sale and purchase of interest in Kotech Education, each of the vendor and the guarantors, on a joint and several basis, irrevocably warrants and guarantees to the company that Kotech Education shall attain the prescribed performance targets (the "Guaranteed Profit") for the periods as indicated in SPA II, and the Guaranteed Profit for the six months ending 30 September 2015 is a net profit after tax of not less than HK$1.5 million (equivalent to approximately RMB1.25 million). According to the management accounts of Kotech Education, the net profit after tax for the six months ended 30 September 2015 was approximately HK$2.3 million (equivalent to approximately RMB1.91 million) which exceeded the Guaranteed Profit. As such, the company has redeemed part of the outstanding promissory note, which have been issued to satisfy the consideration of the acquisition, in the principal amount of HK$10 million (equivalent to approximately RMB8.31 million) in November 2015 pursuant to the terms and conditions of the SPA II and the promissory note.

TERMINATION OF SUBSCRIPTION AGREEMENT

On 4 June 2015, CSR (Hong Kong) Co. Limited (the "Subscriber") and the company entered into a subscription agreement (the "Subscription Agreement") pursuant to which the Subscriber conditionally agreed to subscribe for and the company conditionally agreed to allot and issue 6,500,000,000 new shares of the company at the Subscription Price of HK$0.10 (the "Subscription"). Completion of the Subscription is conditional upon the satisfaction (if applicable, waiver) of certain conditions, one of which being the notification by the Subscriber in writing to the company that the Subscriber is satisfied with the results of its due diligence exercise conducted on each group member.

The company has been informed by the Subscriber in August 2015 that the aforesaid condition precedent to completion of the Subscription relating to due diligence exercise conducted on each group member to the satisfaction of the Subscriber, has not been satisfied. As a result, the Subscriber decided not to proceed with the completion of Subscription pursuant to the Subscription Agreement and the relevant terms of the Subscription Agreement will be of no further effect. Accordingly, there will not be any issue of new shares under Subscription Agreement.

LETTER FROM THE BOARD

OUTLOOK

In April 2016, the group has acquired a company which is principally engaged in the business of securities brokerage and is a licensed corporation to carry out Type 1 (Dealing in Securities) regulated activity under the Securities and Futures Ordinance (the"SFO"). In addition, the company also entered into a sale and purchase agreement with an independent third party in May 2016 to purchase the entire issued share capital of a company, which is principally engaged in the business of assets management and is licensed under the SFO to carry on Type 9 (asset management) regulated activity. Such acquisitions enable the group to enter into securities brokerage business and asset management business. The group is expected to be benefited from the synergy arising from these new business segments. The company intends to develop the financial services business, including the provision of securities trading, margin financing, underwriting and assets management which will help diversifying the businesses of the group for maximizing returns to the shareholders.

Whilst the group remains focused on developing its existing businesses, the directors consider that it is beneficial for the group to seek suitable investment opportunities from time to time to develop its existing business portfolio and engage in new lines of business with growth potential and broaden its source of income.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2016, the group's net current assets were approximately RMB168.33 million (2015: approximately RMB126.59 million), including cash and bank deposit of approximately RMB52.44 million (2015: approximately RMB34.93 million).

The group had bank borrowings of approximately RMB27 million as at 31 March 2016 (2015: approximately RMB38.5 million), of which 66.67% were due within one year from balance sheet date, 33.33% were due more than one year but not exceeding two years. The gearing ratio, defined as the percentage of net debts to the total equity of the company, was nil (2015: approximately 8.40%).

SIGNIFICANT INVESTMENTS

For the year ended 31 March 2016, the company has the following significant investments.

AVANT CAPITAL DRAGON FUND SP

On 8 July 2015, the company subscribed for an aggregate amount of HK$200 million (equivalent to approximately RMB166.28 million) of the class S participating segregated portfolio redeemable shares of US$0.01 par value each of Avant Capital Dragon Fund SP (the "AC Fund"), a segregated portfolio of Avant Capital SPC, an exempted segregated portfolio company incorporated on 27 April 2015 under the laws of the Cayman Islands.

The investment strategy of the AC Fund is to generate return via capturing inefficiencies in the financial markets with flexibility in its approach to investing and taking calculated risks when appropriate opportunities arise. The investment manager of the AC Fund will generally invest in global equities and equity-based securities (including OTC CFDs, convertible bonds, equity options and stock index options and futures types if investment), foreign exchange,

LETTER FROM THE BOARD

commodities, fixed income, futures or derivatives on any asset classes, any securities or derivatives issued by publicly listed companies and secondary market activities including share lending and monetization of the AC Fund, as part of the AC Fund's risk management process to minimize downside risk and generate additional income for the AC Fund. The investment manager of the AC Fund may also invest in non-listed assets including but not limited to pre-IPO companies.

As at 31 March 2016, the fair value of the AC fund was approximately RMB166.28 million.

TIGER HIGH YIELD FUND

On 31 July 2015, the company subscribed for an aggregate amount of HK$150 million (equivalent to approximately RMB124.71 million) of the non-voting participating redeemable preference shares of US$0.01 par value each of Tiger High Yield Fund Segregated Portfolio (the "Tiger Fund"), a segregated portfolio of Tiger Super Fund SPC, an exempted segregated portfolio company incorporated under the laws of the Cayman Islands.

Investment strategy of the Tiger Fund is to invest in both short and long term Hong Kong listed securities, including IPO securities. In general, the fund will invest in high yield but medium to high risk securities.

As at 31 March 2016, the fair value of the Tiger Fund was approximately RMB147.54 million.

Save as disclosed above, the group did not have any other significant investment position in stocks, bonds and other financial derivatives as at 31 March 2016.

FOREIGN EXCHANGE EXPOSURE

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

FUND RAISINGS THROUGH ISSUE OF EQUITY

On 10 March 2015, the company entered into the placing agreement ("Placing Agreement I") with Tanrich Securities Company Limited ("Placing Agent I"), pursuant to which the company has conditionally agreed to place, through the Placing Agent I, on a best effort basis, up to 2,500,000,000 new ordinary shares of the company to not less than six placees at the placing price of HK$0.1 per share under the specific mandate to be sought from the approval of the shareholders of the company at the special general meeting of the company held on 30 April 2015 ("Placing I"). The placing price of HK$0.1 represented a discount of approximately 15.25% to the closing price of HK$0.118 per share as quoted on The Stock Exchange of Hong Kong Limited on 10 March 2015, being the date of the Placing Agreement I. The net proceeds from the Placing I was approximately HK$246.5 million (equivalent to approximately RMB204.94 million). The Placing I was completed on 28 May 2015 and the company issued 2,500,000,000 new shares, which rank pari passu with all the existing issued ordinary shares of the company, to not less than six placees.

LETTER FROM THE BOARD

On 27 October 2015, the company entered into the placing agreement ("Placing Agreement II") with Gransing Securities Co., Limited ("Placing Agent II"), pursuant to which the company has conditionally agreed to place, through the Placing Agent II, on a best effort basis, up to 809,000,000 new ordinary shares of the company to not less than six placees at the placing price of HK$0.19 per share under the general mandate granted to the directors by a resolution of the shareholders passed at the annual general meeting of the company held on 26 August 2015 ("Placing II"). The placing price of HK$0.19 represented a discount of approximately 16.3% to the closing price of HK$0.227 per share as quoted on The Stock Exchange of Hong Kong Limited on 27 October 2015, being the date of the Placing Agreement II. The net proceeds from the Placing II was approximately HK$152 million (equivalent to approximately RMB126.37 million). The Placing II was completed on 13 November 2015 and the company issued 809,000,000 new ordinary shares, which rank pari passu with all the existing issued shares of the company, to not less than six placees.

Set out below is the breakdown of the approximate application of the net proceeds from the Placing I and Placing II up to 31 March 2016:

	Approximate amount RMB'000
Repayment of debts and related interest	19,288
Investment in Funds	153,809
Investment in a land in Canada	15,131
Money lending	83,140
Acquisition of a securities brokerage firm (deposit)	1,297
Professional fees	5,404
General operating expenses	14,799
Total proceeds used	292,868

CAPITAL STRUCTURE

On 21 November 2014, the company issued a promissory note (the "PN") in the principal amount of HK$70 million (equivalent to approximately RMB58.70 million) at the interest rate of 8% per annum to Wan Cheng Investments Limited as the consideration for the acquisition of the entire issued share capital of Liqun Investments Limited. During the year ended 31 March 2016, the company has redeemed part of the PN in the principal amount of HK$10 million (equivalent to approximately RMB8.31 million).

Save as disclosed above, there was no other change in the capital structure of the company for the year ended 31 March 2016.

CHARGES ON GROUP'S ASSETS

As at 31 March 2016, the group's investment properties with a fair value of approximately RMB159 million were pledged to secure general banking facilities granted to Shanghai Xiang Chen Hang Place The Industry Co. Limited, a wholly-owned subsidiary of the group.

LETTER FROM THE BOARD

CONTINGENT LIABILITIES

As at 31 March 2016, the group did not have any material contingent liability (2015: Nil).

ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

On 17 February 2016, the company, as vendor, and an independent third party (the "Purchaser") entered into a sales and purchase agreement (the "Agreement"), pursuant to which the company has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire the entire shares of Main Pacific Group Limited and Universe Prosper Limited (together the "Subsidiaries") at the consideration of HK$64.8 million (equivalent to approximately RMB53.87 million) payable by the Purchaser in accordance with the terms and conditions of the Agreement. Upon completion of the Agreement on 11 March 2016, the company will cease to hold any equity interest of the Subsidiaries and the results of the Subsidiaries will no longer be consolidated into the consolidated financial statements of the group.

Save as disclosed above, the company did not have other acquisition or disposal of subsidiaries or associated companies for the year ended 31 March 2016.

EMPLOYEES

As at 31 March 2016, the group had 40 employees. The remuneration of employees was determined with reference to statutory minimum wages, market terms and the performance, qualification and experience of individual employees. The group provides mandatory provident fund and insurance scheme to the employees. Share option scheme and incentive schemes are adopted to encourage personal commitment of employees.

APPRECIATION

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

On behalf on the board

Xu Dong
Chairman

Hong Kong, 30 June 2016

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Xu Dong, aged 38, was appointed as an executive director of the company in May 2010 and was re-designated as the chairman and chief executive officer of the company in August 2010. Mr. Xu holds a bachelor's degree in Japanese from the Shanghai International Studies University. Mr. Xu has extensive experience in business investment and management of mineral corporations. He is responsible for the overall management, strategic planning and business development of the company.

Mr. Au Tat On, aged 60, was appointed as an executive director of the company in May 2006. Mr. Au received a bachelor's degree in business administration from Chu Hai College in 1989 and has nearly 28-year experience in banking operations and financing. He is responsible for the general management and business development of the group.

NON-EXECUTIVE DIRECTOR

Ms. Yu Wai Fong, aged 53, was appointed as the chairman, executive director and chief executive officer of the company in March 2009 and was re-designated as non-executive director of the company in August 2010. Ms. Yu has extensive experience in corporate management, corporate finance, mergers and acquisitions. She is responsible for strategic planning and business development of the company.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lai Wai Yin, Wilson, aged 51, was appointed as an independent non-executive director, member of audit committee and member of remuneration and nomination committee of the company in April 2009. Mr. Lai is a fellow member of the Association of International Accountants, United Kingdom and a practising member of the Hong Kong Institute of Certified Public Accountants. He graduated from Hong Kong Shue Yan University majoring in accounting. During the 20 years in the audit profession, Mr. Lai gained extensive experience in the audits of Hong Kong listed companies and multi-national companies engaged in manufacturing, construction, property investment and software development businesses as well as audits of US Securities and Future Commission regulated clients. In addition, he had involved in many initial public offering projects and due diligence works in the PRC, Hong Kong, Singapore and the United States. He is currently the sole proprietor of Wilson W.Y. Lai & Co., Certified Public Accountants.

Ms. Cao Jie Min, aged 31, was appointed as an independent non-executive director, member of audit committee and member of remuneration and nomination committee of the company in May 2009. Ms. Cao holds a bachelor of laws degree in international economy from the Shanghai Institute of Foreign Trade. Ms. Cao currently holds a practicing certificate issued by the Ministry of Justice of the PRC. She is currently working in the legal & compliance department of Ford Automotive Finance (China) Limited.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Tse Kwong Wah, aged 43, was appointed as an independent non-executive director, member of audit committee and member of remuneration and nomination committee of the company in March 2011. Mr. Tse graduated from Concordia University, Canada with a Bachelor of Arts degree majoring in applied mathematics in 1998. He also obtained certificate on business management and import/export & logistics practices from Hong Kong Baptist University and The Hong Kong Management Association respectively in 2001 and 2010. Mr. Tse has over 10 years of working experience in the area of marketing, merchandising and management.

SENIOR MANAGEMENT

Mr. Han Wei, aged 45, was appointed as the director and authorised representative of Shanghai Xiang Chen Hang Place The Industry Co. Limited, a wholly-owned subsidiary of the company, in December 2008. He is also the director of an indirect wholly owned subsidiary of the company in Canada. Mr. Han has extensive experience in banking and business management. Prior to his appointment, Mr. Han served as the general manager of an investment company in Shanghai for about five years and served as a manager of Bank of Shanghai.

Mr. Zhou Hong Tao, aged 38. He is the director and legal representative of certain indirect wholly owned subsidiaries of the company in the PRC and Hong Kong. Mr. Zhou obtained a bachelor's degree in Engineering from the Dalian University of Technology and a master degree in Business Administration from the Beijing Jiaotong University. He also obtained the IFM certificate from U.S.A. in 2005 and has over ten years of experience in management and merger and acquisition of resource related projects. Prior to joining the Company, Mr. Zhou served (i) at the office of Yanshan District Committee, Beijing City as deputy general manager; (ii) at PKU Resource Group as director of the project operation centre; (iii) at Shanghai Xiang Chen Hang Place The Industry Co. Limited as deputy general manager.

REPORT OF THE DIRECTORS

The directors of the company herein present their report and the audited financial statements of the company and the group for the year ended 31 March 2016.

PRINCIPAL ACTIVITIES

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

BUSINESS REVIEW

The business review of the group's performance during the year required under Schedule 5 to the Hong Kong Companies Ordinance (Chapter 632 of the Laws of Hong Kong), including financial key performance and the likely future development in the business of the group is set out in the "Letter from the Board" on pages 3 to 9 of this annual report. Description of the principal risks and uncertainties facing the company can be found throughout this annual report particularly in note 4 to the financial statements. This discussion forms part of this "Report of the Directors".

RESULTS AND DIVIDENDS

The results of the group for the year ended 31 March 2016 are set out in the consolidated statement of profit or loss on pages 30 and 31 of this annual report.

The directors do not recommend payment of any dividends in respect of the year ended 31 March 2016.

SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets and liabilities of the group for the last five financial years, as extracted from the audited financial statements and reclassified as appropriate, is set out on page 151 of this annual report. This summary does not form part of the audited financial statements.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

For the year ended 31 March 2016, as far as the board is aware, there was no material breach of the laws or regulations that have a significant impact on the company's business and operation by the company.

REPORT OF THE DIRECTORS

ENVIRONMENTAL PROTECTION POLICY

The group is committed to build up an environmental-friendly working environment. The group encourage environmental protection and promote awareness towards environmental protection to the employees. During the year, the group has implemented various measure to reduce electricity consumption and wastage, including keeping office temperature at reasonable level, switching off idle lightings and electrical appliance, promoting using recycled paper and double-sided printing. The group will continue to make endeavors in lowering resources consumption and seek to minimize the negative impact of the group's operations on the environment.

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

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

SHARE CAPITAL AND SHARE OPTIONS

Details of movements in the company's share capital and share options during the year, together with the reasons therefor, are set out in notes 37 and 38 to the financial statements.

EQUITY-LINKED AGREEMENTS

Save as the company's share option scheme disclosed in note 38 to the financial statements, no equity-linked agreements were entered into by the company during the year ended 31 March 2016.

PRE-EMPTIVE RIGHTS

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

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the company nor any of its subsidiaries purchased, redeemed or sold any of the company's listed securities for the year ended 31 March 2016.

REPORT OF THE DIRECTORS

RESERVES

Details of movements in the reserves of the company and the group during the year are set out in note 39 to the financial statements and in the consolidated statement of changes in equity respectively.

DISTRIBUTABLE RESERVES

The aggregate amount of reserves available for distribution to owners of the company as at 31 March 2016 is set out in note 39 to the financial statement.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, turnover attributable to the group's five largest customers accounted for approximately 91% of the total turnover for the year and turnover attributable to the largest customer included therein amounted to approximately 49%. Purchases from the group's five largest suppliers accounted for 55% of the total purchases for the year and purchases from the largest supplier included therein amounted to approximately 47%.

None of the directors of the company or any of their associates or any shareholders (which, to the best knowledge of the directors, own more than 5% of the company's issued share capital) had any beneficial interest in the group's five largest customers or five largest suppliers.

DIRECTORS

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

EXECUTIVE DIRECTORS:

Xu Dong *(Chairman)*
Au Tat On

NON-EXECUTIVE DIRECTOR:

Yu Wai Fong

INDEPENDENT NON-EXECUTIVE DIRECTORS:

Lai Wai Yin, Wilson
Cao Jie Min
Tse Kwong Wah

REPORT OF THE DIRECTORS

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

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

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

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

DIRECTORS' BIOGRAPHIES

Biographical details of the directors are set out on pages 10 and 11 of the annual report.

DIRECTORS' REMUNERATION

The directors' fees are subject to shareholders' approval at general meetings. Other emoluments are determined by the company's remuneration and nomination committee with reference to the directors' duties, responsibilities and performance and the results of the group.

DIRECTORS' SERVICE CONTRACTS

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

DIRECTORS' INTERESTS IN COMPETING BUSINESS

For the year ended 31 March 2016, none of the directors or their associates (if any, as defined under the Listing Rules) was interested in any business which competes or is likely to compete with the businesses of the group.

REPORT OF THE DIRECTORS

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENT OR CONTRACTS

Save as disclosed in note 42 to the financial statements, none of directors of the company or their connected entities had a material interest, whether directly or indirectly, in any transactions, arrangements or contracts of significance in relation to the group's business to which the company or any of its subsidiaries was a party at any time during the year ended 31 March 2016.

DIRECTORS' INTEREST AND SHORT POSITIONS IN SHARES

As at 31 March 2016, the interests and short positions of the directors of the company in the share capital (the "Shares") of the company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the company pursuant to Section 352 of the SFO, or as otherwise notified to the company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules, were as follows:

LONG POSITIONS IN SHARES OF THE COMPANY

Name of Director	Capacity of Shares held	No.of Shares held	Percentage of issued Shares
Xu Dong	Beneficial owner	2,000,000	0.21%
Yu Wai Fong	Beneficial owner	423,774	0.04%

The interests of directors in the share options of the company are separately disclosed in the note 38 to the financial statements.

Save as disclosed above, as at 31 March 2016, no directors has registered an interest or short position in the Shares or any shares of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the share option scheme in note 38 to the financial statements, at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the company granted to any director or their respective spouse or minor children, or were any such rights exercised by them; or was the company or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

REPORT OF THE DIRECTORS

PERMITTED INDEMNITY PROVISION

Pursuant to the Bye-Laws of the company, every director shall be indemnified and secured harmless out of the assets and profits of the company against all losses, damages and expenses which he/she may incur or sustain by reason of any act done about the execution of duties of his/her office or otherwise in relation thereto.

There is appropriate directors' and officers' liabilities insurance coverage for the directors and officers of the group.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES

As at 31 March 2016, so far as known to the directors, there was no person who had an interest or short position in the Shares and underlying Shares which would require disclosure to the company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who was, directly or indirectly, beneficially interested in 5% or more of the Shares.

CONNECTED TRANSACTIONS

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

Significant related party transactions entered into by the group during the year ended 31 March 2016, which do not constitute connected transactions under the Listing Rules, are disclosed in note 42 to the financial statements.

NON-ADUSTING EVENTS AFTER THE REPORTING PERIOD

Details of the significant events of the group after the reporting period are set out in note 48 to the financial statements.

PUBLIC FLOAT

Based on information that is publicly available to the company and within the knowledge of directors, the company maintained a sufficient public float throughout the year ended 31 March 2016.

REPORT OF THE DIRECTORS

AUDITOR

The financial statements of the company for year ended 31 March 2016 were audited by Crowe Horwath (HK) CPA Limited. A resolution will be submitted to the forthcoming annual general meeting of the company to re-appoint Crowe Horwath (HK) CPA Limited as auditor of the company.

ON BEHALF OF THE BOARD

Xu Dong
Chairman

Hong Kong, 30 June 2016

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICE

In view of the corporate governance practices, the company has adopted a set of clear guidelines to explain its policies, practices and procedures which aim at meeting our shareholders' expectations. The company has committed to maintain a high standard of corporate governance based on the principles of the code provisions set out in the Corporate Governance Code and Corporate Governance Report (the "CG Code") in Appendix 14 to the Listing Rules. The company recognizes the maintenance of good corporate governance practices is essential to the growth of the company. In the opinion of the directors, the company had complied with the CG Code throughout the year ended 31 March 2016 except for the code provisions A.2.1 and E.1.2. Details of the deviation are set out in the relevant section below.

DIRECTORS' SECURITIES TRANSACTION

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

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

BOARD OF DIRECTORS

The board comprises six Directors, including two executive directors, one non-executive director and three independent non-executive directors. Details of the board composition are set out in the Report of Directors on page 14.

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

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

CORPORATE GOVERNANCE REPORT

The board members are fully committed to their roles and have always acted, individually and collectively, in the best interests of the company and its shareholders at all times. To the best knowledge of the company, there is no financial, business, family or other relevant relationship amongst directors. Biographical details of the directors are set out on pages 10 and 11 under the section headed "Biographical details of the Directors and Senior Management" of this annual report.

The number of full board meetings and general meetings held during the year ended 31 March 2016 and the directors' respective attendance record are summarised as follows:

	Number of general meeting Attended/Held	Number of Board meeting Attended/Held
Executive Directors		
Xu Dong *(Chairman)*	1/3	31/31
Au Tat On	3/3	31/31
Non-executive Director		
Yu Wai Fong	2/3	31/31
Independent Non-executive Directors		
Lai Wai Yin, Wilson	2/3	31/31
Cao Jie Min	0/3	31/31
Tse Kwong Wah	1/3	31/31

The code provision E.1.2 stipulates that the Chairman of the board should attend the annual general meeting. The Chairman was unable to attend the company's annual general meeting held on 26 August 2015 due to his other work commitments.

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

CORPORATE GOVERNANCE REPORT

CHAIRMAN AND CHIEF EXECUTIVE

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

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

EXECUTIVE DIRECTORS

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

CONTINUING PROFESSIONAL DEVELOPMENT OF DIRECTORS

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

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

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE FUNCTIONS AND BOARD COMMITTEES

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

AUDIT COMMITTEE

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

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

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

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

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

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

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

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

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

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

CORPORATE GOVERNANCE REPORT

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

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

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

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

During the year ended 31 March 2016 the Audit Committee held 2 meetings, details of attendance are set out below:–

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

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

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

REMUNERATION COMMITTEE AND NOMINATION COMMITTEE

The remuneration committee (the "Remuneration Committee") and the nomination committee (the "Nomination Committee") of the company have been established by the board. Both committees currently comprise three independent non-executive directors. The duties of the Remuneration Committee include the following:

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

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

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

CORPORATE GOVERNANCE REPORT

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

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

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

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

The duties of the Nomination Committee include the following:

- To review the structure, size and composition (including the skills, knowledge and experience) of the board at least annually and make recommendations on any proposed changes to the board to complement the company's corporate strategy.

- To identify individuals suitably qualified to become board members and select or make recommendations to the board on the selection of individuals nominated for directorships.

- To assess the independence of independent non-executive directors.

- To make recommendations to the board on the appointment or reappointment of directors and succession planning for directors, in particular the chairman of the board and the chief executive officer.

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

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

CORPORATE GOVERNANCE REPORT

During the year ended 31 March 2016, the Remuneration and Nomination Committee held 2 meetings, details of attendance are set out below:–

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

ACCOUNTABILITY AND AUDIT

FINANCIAL REPORTING

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

The statement of the auditor of the company regarding their responsibilities on the financial statements is set out in the Independent Auditor's Report on pages 28 and 29 of this annual report.

INTERNAL CONTROLS

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

CORPORATE GOVERNANCE REPORT

AUDITOR'S REMUNERATION

An analysis of the remuneration of the company's auditor, Crowe Horwath (HK) CPA Limited, for the year is set out as follows:

Services rendered	Fee paid/payable Approximately RMB'000
Audit services (2015: approximately RMB967,000)	1,117
Non-audit services (2015: approximately RMB538,000)	894
Total:	2,011

SHAREHOLDERS' RIGHTS

Pursuant to Article 58 of the Bye-laws and the Companies Act 1981 of Bermuda (the "Companies Act"), the board may whenever it thinks fit call special general meetings, and shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the company carrying the right of voting at general meetings of the company shall at all times have the right, by written requisition to the board or the secretary of the company, to require a special general meeting to be called by the board and such meeting shall be held within two (2) months after the deposit of such requisition. The requisition must state the purposes of the meeting and the matter referred to in any proposed resolution or the business to be dealt with at that meeting, and must be signed by the requisitionists and deposited at the registered office of the company. If within twenty-one (21) days of such deposit the board fails to proceed to convene such meeting the requisitionists themselves may do so in accordance with the provisions of Section 74(3) of the Companies Act.

Shareholders may send written enquiries to the company, for the attention of the board or the secretary of the company, by post to Room 4303, 43/F, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong. Shareholders may also direct their questions about their shareholdings to Tricor Secretaries Limited, the company's Hong Kong share registrar, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

CORPORATE GOVERNANCE REPORT

COMMUNICATION WITH SHAREHOLDERS

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

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

CONSTITUTIONAL DOCUMENTS

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

During the year ended 31 March 2016, there was no significant change in the company's constitutional documents.

INDEPENDENT AUDITOR'S REPORT

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

9/F Leighton Centre,
77 Leighton Road,
Causeway Bay, Hong Kong

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

We have audited the consolidated financial statements of China Properties Investment Holdings Limited (the "company") and its subsidiaries (together the "group") set out on pages 30 to 150, which comprise the consolidated statement of financial position as at 31 March 2016, and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

INDEPENDENT AUDITOR'S REPORT

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

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the group as at 31 March 2016 and of the group's financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Crowe Horwath (HK) CPA Limited
Certified Public Accountants
Hong Kong, 30 June 2016

Kwok Cheuk Yuen
Practising Certificate Number P02412

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2016

	Note	2016 RMB'000	2015 RMB'000 (Restated)
Continuing operations:			
Revenue	7	**28,669**	10,580
Cost of sales and services rendered		**(15,830)**	(1,355)
Gross profit		**12,839**	9,225
Valuation (loss)/gain on investment properties	17	**(16,401)**	28,725
Other income	8(a)	**741**	11,698
Other gains and losses	8(b)	**(21,507)**	18,254
Selling expenses		**(152)**	(150)
Administrative expenses		**(51,057)**	(44,505)
Other expenses	9(d)	**(305)**	(8,941)
(Loss)/profit from operations		**(75,842)**	14,306
Finance costs	9(a)	**(8,752)**	(8,588)
Share of loss of an associate		**(137)**	(42)
(Loss)/profit before taxation	9	**(84,731)**	5,676
Income tax credit/(expenses)	13	**5,165**	(6,860)
Loss for the year from continuing operations		**(79,566)**	(1,184)
Discontinued operation:			
Loss for the year from discontinued operation	10	**(26,932)**	(21,582)
Loss for the year		**(106,498)**	(22,766)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2016

	Note	2016 RMB'000	2015 RMB'000 (Restated)
Attributable to:			
Owners of the company		**(104,673)**	(20,380)
Non-controlling interests		**(1,825)**	(2,386)
Loss for the year		**(106,498)**	(22,766)
Loss attributable to owners of the company arises from:			
Continuing operations		**(79,324)**	(755)
Discontinued operation		**(25,349)**	(19,625)
		(104,673)	(20,380)
LOSS PER SHARE	15		
From continuing and discontinued operations			
Basic		**(RMB13.20 cents)**	(RMB8.35 cents)
Diluted		**(RMB13.20 cents)**	(RMB14.62 cents)
From continuing operations			
Basic		**(RMB10.00 cents)**	(RMB0.31 cents)
Diluted		**(RMB10.00 cents)**	(RMB7.09 cents)

The notes on pages 38 to 150 form part of these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2016

	2016 RMB'000	2015 RMB'000
Loss for the year	**(106,498)**	(22,766)
Other comprehensive income/(loss) for the year		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of:		
– financial statements of group entities	**3,062**	(2,616)
– financial statements of an associate	**60**	(18)
	3,122	(2,634)
Release of exchange fluctuation reserve upon disposal of subsidiaries	**(156)**	–
Available-for-sale investments:		
Changes in fair value	**36,724**	–
Total other comprehensive income/(loss) for the year	**39,690**	(2,634)
Total comprehensive loss for the year	**(66,808)**	(25,400)
Attributable to:		
Owners of the company	**(64,983)**	(23,014)
Non-controlling interests	**(1,825)**	(2,386)
Total comprehensive loss for the year	**(66,808)**	(25,400)
Total comprehensive loss attributable to owners of the company arises from		
Continuing operations	**(39,478)**	(3,389)
Discontinued operation	**(25,505)**	(19,625)
	(64,983)	(23,014)

The notes on pages 38 to 150 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2016

	Note	2016 RMB'000	2015 RMB'000
Non-current assets			
Plant and equipment	16	**7,063**	10,218
Investment properties	17	**190,196**	206,597
Intangible assets	19	**11,674**	99,491
Goodwill	20	**17,676**	16,846
Deposit for acquisition of subsidiaries	21	**1,297**	–
Interest in an associate	22	**7,564**	7,642
Available-for-sale investments	23	**313,819**	–
Contingent consideration receivable	36	**2,649**	–
		551,938	340,794
Current assets			
Property under development	24	**15,011**	–
Trade and other receivables	25	**21,846**	18,962
Loan receivables	26	**99,768**	–
Trading securities	27	**106**	119
Promissory notes receivables	28	**–**	97,057
Tax recoverable	32(a)	**149**	88
Consideration receivable	40	**17,958**	–
Fixed deposits	29	**13,921**	7,730
Cash and cash equivalents	29	**38,514**	27,204
		207,273	151,160
Current liabilities			
Trade and other payables	30	**20,884**	12,940
Interest-bearing bank borrowings	31	**18,000**	11,500
Tax payable	32(a)	**1**	135
Warrants	33	**61**	–
		38,946	24,575
Net current assets		**168,327**	126,585
Total assets less current liabilities		**720,265**	467,379
Non-current liabilities			
Other payable	30	**–**	110
Interest-bearing bank borrowings	31	**9,000**	27,000
Deferred tax liabilities	32(b)	**10,991**	16,153
Warrants	33	**–**	13,764
Unconvertible bonds	34	**16,628**	15,756
Purchase consideration payable	36	**–**	916
		36,619	73,699
NET ASSETS		**683,646**	393,680

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2016

	Note	2016 RMB'000	2015 RMB'000
EQUITY			
Equity attributable to owners of the company			
Share capital	37	**7,745**	36,260
Reserves	39	**674,563**	349,053
		682,308	385,313
Non-controlling interests		**1,338**	8,367
TOTAL EQUITY		**683,646**	393,680

Approved and authorised for issue by the board of directors on 30 June 2016.

On behalf of the board

Xu Dong
Director

Au Tat On
Director

The notes on pages 38 to 150 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2016

	Attributable to owners of the company										
	Share capital RMB'000	Share premium RMB'000	Special reserve RMB'000	Contributed surplus RMB'000	Employee share-based compensation reserve RMB'000	Exchange fluctuation reserve RMB'000	Investment revaluation reserve RMB'000	Accumulated losses RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 April 2014	14,456	987,076	(56,225)	–	–	33,560	–	(653,668)	325,199	9,000	334,199
Changes in equity for 2014/2015:											
Loss for the year	–	–	–	–	–	–	–	(20,380)	(20,380)	(2,386)	(22,766)
Other comprehensive loss											
Exchange differences on translation of:											
– financial statements of group entities	–	–	–	–	–	(2,616)	–	–	(2,616)	–	(2,616)
– financial statements of an associate	–	–	–	–	–	(18)	–	–	(18)	–	(18)
Total comprehensive loss for the year	–	–	–	–	–	(2,634)	–	(20,380)	(23,014)	(2,386)	(25,400)
Equity-settled share-based transactions	–	–	–	–	4,191	–	–	–	4,191	–	4,191
Conversion of convertible bonds (note 37(iv))	21,466	51,355	–	–	–	–	–	–	72,821	–	72,821
Exercise of warrants (note 37(v))	338	5,778	–	–	–	–	–	–	6,116	–	6,116
Acquisition of subsidiaries (note 47)	–	–	–	–	–	–	–	–	–	1,753	1,753
Total transactions with owners	21,804	57,133	–	–	4,191	–	–	–	83,128	1,753	84,881
At 31 March 2015	36,260	1,044,209	(56,225)	–	4,191	30,926	–	(674,048)	385,313	8,367	393,680
At 1 April 2015	**36,260**	**1,044,209**	**(56,225)**	**–**	**4,191**	**30,926**	**–**	**(674,048)**	**385,313**	**8,367**	**393,680**
Changes in equity for 2015/2016:											
Loss for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(104,673)**	**(104,673)**	**(1,825)**	**(106,498)**
Other comprehensive income/(loss)											
Exchange differences on translation of:											
– financial statements of group entities	**–**	**–**	**–**	**–**	**–**	**3,062**	**–**	**–**	**3,062**	**–**	**3,062**
– financial statements of an associate	**–**	**–**	**–**	**–**	**–**	**60**	**–**	**–**	**60**	**–**	**60**
Release of exchange fluctuation reserve upon disposal of subsidiaries (note 40)	**–**	**–**	**–**	**–**	**–**	**(156)**	**–**	**–**	**(156)**	**–**	**(156)**
Changes in fair value of available-for-sale investments	**–**	**–**	**–**	**–**	**–**	**–**	**36,724**	**–**	**36,724**	**–**	**36,724**
Total comprehensive loss for the year	**–**	**–**	**–**	**–**	**–**	**2,966**	**36,724**	**(104,673)**	**(64,983)**	**(1,825)**	**(66,808)**
Exercise of share options (note 37(iii))	**578**	**8,257**	**–**	**–**	**(4,191)**	**–**	**–**	**–**	**4,644**	**–**	**4,644**
Share issues expenses	**–**	**(3,228)**	**–**	**–**	**–**	**–**	**–**	**–**	**(3,228)**	**–**	**(3,228)**
Exercise of warrants (note 37(v))	**472**	**37,333**	**–**	**–**	**–**	**–**	**–**	**–**	**37,805**	**–**	**37,805**
Disposal of subsidiaries (note 40)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(5,204)**	**(5,204)**
Placing of new shares (note 37(i) and (ii))	**78,864**	**243,893**	**–**	**–**	**–**	**–**	**–**	**–**	**322,757**	**–**	**322,757**
Capital reduction (note 37(vi))	**(108,429)**	**–**	**–**	**108,429**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total transactions with owners	**(28,515)**	**286,255**	**–**	**108,429**	**(4,191)**	**–**	**–**	**–**	**361,978**	**(5,204)**	**356,774**
At 31 March 2016	**7,745**	**1,330,464**	**(56,225)**	**108,429**	**–**	**33,892**	**36,724**	**(778,721)**	**682,308**	**1,338**	**683,646**

The notes on pages 38 to 150 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2016

	Note	2016 RMB'000	2015 RMB'000
Operating activities			
Loss before taxation including discontinued operation		**(109,502)**	(15,906)
Adjustments for:			
Finance costs		**8,771**	8,607
Interest income	8	**(688)**	(7,244)
Depreciation		**3,004**	3,143
Valuation loss/(gain) on investment properties	17	**16,401**	(28,725)
Write off of prepayment		**285**	–
Expenses of equity-settled share-based payments	9(d)	**–**	4,191
Impairment of interest in an associate	9(d)	**–**	1,417
Fair values loss on trading securities		**20**	17
Fair value loss on contingent consideration receivable	8(b)	**3,067**	–
Amortisation of intangible asset	19	**6,550**	3,316
Impairment loss of intangible assets		**18,000**	18,006
Gain on disposal of plant and equipment		**(491)**	–
Fair values loss/(gain) on convertible bonds and warrants	8(b)	**20,090**	(17,832)
Share of loss of an associate		**137**	42
Exchange difference, net		**581**	(775)
		(33,775)	(31,743)
Changes in working capital			
Increase in trade and other receivables		**(11,327)**	(4,950)
Increase in loan receivables		**(99,768)**	–
Increase/(decrease) in trade and other payables		**14,646**	(13,522)
Payment to acquire property under development		**(15,011)**	–
Cash used in operations		**(145,235)**	(50,215)
Hong Kong Profit Tax paid		**(201)**	(259)
Net cash used in operating activities		**(145,436)**	(50,474)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2016

	Note	2016 RMB'000	2015 RMB'000
Investing activities			
Payment to acquire plant and equipment		**(6,814)**	(6,145)
Repayment of promissory note		**96,712**	–
Deposit for acquisition of subsidiaries		**(1,288)**	–
Increase in fixed deposit		**(6,415)**	(8,666)
Acquisition of subsidiaries, net of cash acquired		**–**	(21,583)
Payments for acquisition of intangible assets		**–**	(6)
Interest received on bank deposits		**73**	32
Interest received on promissory notes		**7,784**	–
Disposal of subsidiaries, net of cash disposed of	40	**35,282**	–
Proceed from disposal of plant and equipment		**1,531**	–
Payment to acquire available-for-sale investments		**(277,095)**	–
Net cash used in investing activities		**(150,230)**	(36,368)
Financing activities			
Proceeds from issuance of new shares		**322,757**	–
Share issue expenses		**(3,228)**	–
Repayment of bank borrowings		**(11,500)**	(5,000)
Repayment of promissory notes		**(8,224)**	(15,059)
Proceeds from issuance of convertible bonds	33	**–**	107,298
Proceeds from exercise of share options		**4,644**	–
Interest paid for interest-bearing bank borrowings	9(a)	**(2,076)**	(2,956)
Interest paid for other borrowings		**(19)**	(19)
Interest paid for unconvertible bonds	9(a)	**(814)**	(793)
Interest paid for promissory notes		**(577)**	(389)
Placing commission on convertible bonds	9(a)	**–**	(2,675)
Repayment to a related party		**(146)**	(146)
Proceeds from issuance of new shares upon exercise of warrants		**4,720**	3,382
Net cash generated from financing activities		**305,537**	83,643
Net increase/(decrease) in cash and cash equivalents		**9,871**	(3,199)
Cash and cash equivalents at 1 April		**27,204**	30,645
Effect of foreign exchange rate changes		**1,439**	(242)
Cash and cash equivalents at 31 March	29	**38,514**	27,204

The notes on pages 38 to 150 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

1. CORPORATE INFORMATION

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

The company was incorporated and domiciled in Bermuda with limited liability under the Companies Act (1981) of Bermuda and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The registered office is located at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The address of its principal place of business is Room 4303, 43/F., China Resources Building, 26 Harbour Road, Wanchai, Hong Kong.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) STATEMENT OF COMPLIANCE

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

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

b) BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

Basis of measurement

The consolidated financial statements for the year ended 31 March 2016 comprise the company and its subsidiaries and the group's interest in an associate.

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Basis of measurement (Continued)

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

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

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

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 5.

c) SUBSIDIARIES AND NON-CONTROLLING INTERESTS

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) SUBSIDIARIES AND NON-CONTROLLING INTERESTS (Continued)

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

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

Changes in the group's ownership interests in existing subsidiaries

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) ASSOCIATE

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) i) BUSINESS COMBINATION

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) i) BUSINESS COMBINATION (Continued)

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

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

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

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

e) ii) GOODWILL

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) ii) GOODWILL (Continued)

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

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

f) OTHER INVESTMENTS IN EQUITY SECURITIES

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

Investments in equity securities are initially stated at fair value, which is their transaction price unless it is determined that the fair value at initial recognition differs from the transaction price and that fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets. Cost includes attributable transaction costs, except where indicated otherwise below. These investments are subsequently accounted for as follows, depending on their classification.

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

Investments in securities which do not fall into any of the above categories are classified as available-for-sale investments. At the end of each reporting period, the fair value is remeasured with any resultant gain or loss being recognised in other comprehensive income and accumulated separately in equity in the investment revaluation reserve. As an exception to this, investments in equity securities that do not have a quoted price in an active market for an identical instrument and whose fair value cannot otherwise be reliably measured are recognised in the statement of financial position at cost less impairment losses (see note 2(k)). Dividend income from equity securities are recognised in profit or loss in accordance with the policies set out in note 2(s)(ii).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) OTHER INVESTMENTS IN EQUITY SECURITIES (Continued)

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

g) PLANT AND EQUIPMENT

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

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

Leasehold improvements	5 years or over the remaining term of the lease, if shorter
Furniture and equipment	5 years
Motor vehicles	4 to 5 years

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

Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) INVESTMENT PROPERTIES

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

Investment properties are stated at fair value, unless they are still in the course of construction or development at the end of the reporting period and their fair value cannot be reliably measured at that time. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in profit or loss. Rental income from investment properties is accounted for as described in note 2(s)(i).

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

i) INTANGIBLE ASSETS (OTHER THAN GOODWILL)

Intangible assets acquired in a business combination

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

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses.

The following intangible assets with finite useful lives are amortised from the date they are available for use on a straight-line basis and their estimated useful lives are as follows:

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Intangible assets acquired in a business combination (Continued)

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

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

j) LEASED ASSETS

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

i) Classification of assets leased to the group

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

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

ii) Operating lease charges

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) IMPAIRMENT OF ASSETS

i) *Impairment of investments in equity securities and other receivables*

Investments in equity securities and other current and non-current receivables that are stated at cost or amortised cost or are classified as available-for-sale securities are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the group about one or more of the following loss events:

– significant financial difficulty of the debtor;

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

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

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

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

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

– For investment in an associate accounted for under the equity method in the consolidated financial statements (see note 2(d)), the impairment loss is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with note 2(k)(ii). The impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount in accordance with note 2(k)(ii).

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) IMPAIRMENT OF ASSETS (Continued)

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

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

– For available-for-sale investments which are stated at fair value, when a decline in the fair value has been recognised in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised in other comprehensive income shall be reclassified from equity to profit or loss as a reclassification adjustment even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that asset previously recognised in profit or loss.

  Impairment losses recognised in profit or loss in respect of available-for-sale investments are not reversed through profit or loss. Any subsequent increase in the fair value of such assets is recognised in other comprehensive income.

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) IMPAIRMENT OF ASSETS (Continued)

ii) Impairment of other assets

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

– plant and equipment;

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

– deposit for acquisition of subsidiaries;

– intangible assets; and

– goodwill

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

– Calculation of recoverable amount

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

– Recognition of impairment losses

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) IMPAIRMENT OF ASSETS (Continued)

ii) Impairment of other assets (Continued)

– Reversals of impairment losses

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

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

iii) Interim financial reporting and impairment

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

Impairment losses recognised in an interim period in respect of goodwill and available-for-sale investments are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates. Consequently, if the fair value of an available-for-sale equity securities increases in the remainder of the annual period, or in any other period subsequently, the increase is recognised in other comprehensive income and not profit or loss.

l) LOAN AND RECEIVABLES

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method less allowance for impairment of doubtful debts (see note 2(k)(i)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such case, loan and receivables are stated at cost less allowance for impairment of doubtful debts. 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 reporting period. These are classified as non-current assets.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

l) LOAN AND RECEIVABLES (Continued)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

m) CASH AND CASH EQUIVALENTS

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

n) TRADE AND OTHER PAYABLES

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) CONVERTIBLE BONDS AND WARRANTS

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

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

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

Warrants that will be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the company's own equity instrument are accounted as derivatives. The warrants are initially recognised at fair value and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately.

q) OFFSETTING FINANCIAL INSTRUMENTS

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

r) INCOME TAX

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

r) INCOME TAX (Continued)

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

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

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

Where investment properties are carried at their fair value in accordance with the accounting policy set out in note 2(h), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

r) INCOME TAX (Continued)

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

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

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

  – the same taxable entity; or

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

s) REVENUE RECOGNITION

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

i) Rental income from operating leases

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

ii) Dividend income

Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

s) REVENUE RECOGNITION (Continued)

iii) Interest income

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

iv) Commission income and service income

Commission income and service income are recognised when the relevant services are rendered.

v) Sales of goods

Revenue is recognised when goods are delivered at the customers' premises which are taken to be the point in time when the customer has accepted the goods and the related risks and rewards of ownership. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

t) TRANSLATION OF FOREIGN CURRENCIES

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

t) TRANSLATION OF FOREIGN CURRENCIES (Continued)

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

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

u) BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

v) RELATED PARTIES

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

i) has control or joint control over the group;

ii) has significant influence over the group; or

iii) is a member of the key management personnel of the group or the group's parent.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

v) RELATED PARTIES (Continued)

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

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

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

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

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

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

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

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

viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the group or the group's parent.

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

w) EMPLOYEE BENEFITS

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

w) EMPLOYEE BENEFITS (Continued)

ii) Share-based payments

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

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

iii) Termination benefits

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

x) SEGMENT REPORTING

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the board of directors, which is the chief operating decision maker ("CODM") for the purposes of allocating resources to, and accessing the performance, the group's various lines of business and geographical locations.

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

y) PROVISIONS AND CONTINGENT LIABILITIES

(i) Contingent liabilities assumed in business combinations

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

(ii) Other provisions and contingent liabilities

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

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

z) DISCONTINUED OPERATION

A discontinued operation is a component of the group's business, the operations and cash flows of which can be clearly distinguished from the rest of the group and which represents a separate major line of business or geographical area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. It also occurs if the operation is abandoned.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

z) DISCONTINUED OPERATION (Continued)

Where an operation is classified as discontinued, a single amount is presented on the face of the statement of profit or loss, which comprises:

– the post-tax profit or loss of the discontinued operation; and

– the post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group(s) constituting the discontinued operation.

aa) PROPERTY UNDER DEVELOPMENT

Property under development is stated at the lower of cost and net realisable value on an individual basis. Costs comprise the acquisition costs and other direct costs attributable to such properties.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

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

Amendments to HKAS 19	Employee benefits: Defined Benefit Plans: Employee Contributions
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle

The group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Except as described below, the application of the amendments to HKFRSs in the current year has had no material impact on the group’s financial performance and positions for the current and prior years and/or on the disclosures set out in these financial statements.

ANNUAL IMPROVEMENTS TO HKFRSs 2010-2012 CYCLE AND 2011-2013 CYCLE

These two cycles of annual improvements contain amendments to nine standards with consequential amendments to other standards. Among them, HKAS 24 “Related Party Disclosures” has been amended to expand the definition of a “related party” to include a management entity that provides key management personnel services to the reporting entity, and to require the disclosure of the amounts incurred for obtaining the key management personnel services provided by the management entity. These amendments do not have an impact on the group’s related party disclosures as the group does not obtain key management personnel services from management entities.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

The group's major financial instruments include trade and other receivables, loans receivables, trading securities, promissory notes receivable, cash and cash equivalents, available-for-sale investments, fixed deposits, interest-bearing bank borrowings, trade and other payables, unconvertible bonds, consideration receivable, contingent consideration receivable/purchase consideration payable and warrants.

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

i) CREDIT RISK

a) As at 31 March 2016 and 2015, the maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position after deducting any impairment allowance.

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

As at 31 March 2016, the group has certain concentration of credit risk as 52% (2015: 43%) of total cash at bank and on hand and fixed deposits with maturity of 3 months or more were deposited at one financial institution in the Hong Kong with high credit ratings.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

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

i) CREDIT RISK (CONTINUED)

c) In respect of trade receivables arising from sales of educational products and commission income from educational support services, in order to minimize the credit risk, the management has a credit policy in place and the exposures to these credit risks are monitored on an on-going basis. Credit evaluations of its customers' financial position and condition are performed on each and every major customer periodically. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. The group has trade receivables of RMB4,698,000 (2015: RMB229,000) from the customers of sales of educational products and commission income from educational support services. Receivables due from customers are due within the settlement period commonly adopted by the relevant market convention, which is usually within 0-60 days from the trade date. Normally, the group does not obtain collateral from its customers.

In respect of trade receivables arising from rental income from investment properties, in order to minimise the credit risk, the management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. Credit evaluations of its tenants' financial position and condition are performed on each and every major tenant periodically. These evaluations focus on the tenant's past history of making payments when due and current ability to pay, and take into account information specific to the tenant as well as pertaining to the economic environment in which the tenant operates. The group has trade receivables of RMB12,396,000 (2015: RMB10,744,000) from the tenants. The group has received rental deposits amounting to RMB2,064,000 (2015: RMB2,064,000) from the tenants as collateral. Rents are usually due upon presentation of billing.

In respect of loan receivables from clients, the objective of the group's measures to manage credit risk is to control potential exposure to recoverability problem. The group manages and analyses the credit risk for each of their new and existing clients before standard payment terms and conditions are offered by assessing the credit quality of the customer, taking into account its financial position, past experience and other factors. The group holds collateral against loan receivables in the form of trading securities listed in Hong Kong held by individual customers. Loan receivables balances are monitored on an ongoing basis, management reviews the recoverable amount of loan receivables at each reporting date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, management considers that the group's credit risk is significantly reduced. Interest income are usually billed on monthly basis.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

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

i) CREDIT RISK (CONTINUED)

d) The group's exposure to credit risk is influenced mainly by the individual characteristics of each debtor, customer and tenant. The default risk of the industry in which debtors, customers or tenants operate also has an influence on credit risk but to a lesser extent. At the end of the reporting period, the group had concentration of credit risk as for 26% (2015: Nil), 97% (2015: Nil) and 100% (2015: 100%) of the loan receivables, trade receivables arising from sales of educational products and commission income from educational support services and rental receivables were due from the group's five largest debtors, five largest customers and the two largest tenants respectively.

Further quantitative disclosures in respect of the group's exposure to credit risk arising from trade and other receivables and loans receivable are set out in notes 25 and 26, respectively.

ii) LIQUIDITY RISK

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

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

	2016							2015						
	Weighted average effective interest rate	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total contractual undiscounted cash outflow RMB'000	Carrying amount RMB'000	Weighted average effective interest rate	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total contractual undiscounted cash outflow RMB'000	Carrying amount RMB'000
Trade and other payables	-	16,636	-	-	-	16,636	16,636	–	10,679	–	–	–	10,679	10,679
Loan from a related party	-	-	-	-	-	-	-	6.73%	162	122	–	–	284	257
Interest-bearing bank borrowings	5.94%	18,896	9,267	-	-	28,163	27,000	6.77%	13,306	19,526	9,337	–	42,169	38,500
Unconvertible bonds	5%	831	831	17,682	-	19,344	16,628	5%	788	788	10,184	8,146	19,906	15,756
Contingent consideration receivable/ purchase consideration payable:														
– promissory note	10.7%	3,991	55,299	-	-	59,290	48,731	10.7%	4,412	4,412	61,020	–	69,844	52,567
– contingent consideration receivable	-	-	(61,163)	-	-	(61,163)	(51,380)	–	–	–	(59,949)	–	(59,949)	(51,651)
		40,354	4,234	17,682	-	62,270	57,615		29,347	24,848	20,592	8,146	82,933	66,108

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

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

iii) CURRENCY RISK

a) *Exposure to currency risk*

The group is exposure to currency risk related primarily to cash and cash equivalents, other receivables, consideration receivable, contingent consideration receivable, trade and other payables, promissory notes receivables, unconvertible bonds and purchase consideration payable that are denominated in currencies other than the functional currency of the relevant group entities.

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

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

Exposure to foreign currencies (expressed in Renminbi)

	2016	2015
	Hong Kong Dollars RMB'000	Hong Kong Dollars RMB'000
Consideration receivable	**17,958**	–
Other receivables	**343**	9,525
Cash and cash equivalents	**32,769**	25,576
Trade and other payables	**(6,908)**	(3,684)
Promissory notes receivable	**–**	97,057
Unconvertible bonds	**(16,628)**	(15,756)
Purchase consideration payable	**–**	(916)
Contingent consideration receivable	**2,649**	–
Overall exposure to currency risk	**30,183**	111,802

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

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

iii) CURRENCY RISK (Continued)

b) Sensitivity analysis

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

	2016		2015	
	Increase/ (decrease) in foreign exchange rates	**(Increase)/ decrease in loss after tax and accumulated losses RMB'000**	Increase/ (decrease) in foreign exchange rates	(Increase)/ decrease in loss after tax and accumulated losses RMB'000
Hong Kong Dollars	**5%**	**1,509**	5%	4,589
	(5%)	**(1,509)**	(5%)	(4,589)

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

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the group which expose the group to foreign currency risk at the end of the reporting period. The analysis is performed on the same basis for 2015.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

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

iv) INTEREST RATE RISK

The group's interest rates risk arises primarily from group's cash at bank, fixed deposits, loan receivables, promissory notes receivables, unconvertible bonds and interest-bearing borrowings. Borrowings issued at variable rates and at fixed rates expose the group to cash flow interest rate risk and fair value interest rate risk respectively. The group currently does not have an interest rate hedging policy. However, management monitors interest rate exposure and will consider to hedge significant interest rate exposures when the need is anticipated.

At 31 March 2016, it is estimated that a general increase/decrease of 1% in interest rates, with all other variables held constant, would increase/decrease the group's loss after tax and accumulated losses by approximately RMB270,000 (2015: RMB289,000). This is attributable to variable rate interest-bearing bank borrowings.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of reporting period and had been applied to the exposure to interest rate risk for both derivative and non-derivative financial instruments in existence at that date. The 1% increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the end of next annual reporting period. The analysis is performed on the same basis for 2015.

v) EQUITY PRICE RISK

The group is exposed to equity price changes arising from trading of listed securities classified as trading securities and available-for-sale investments. The sensitivity analysis has been determined based on the exposure to equity price risk.

The group's trading securities are listed on the Stock Exchange of Hong Kong and are included in the Hang Seng Index.

All of the group's unquoted available-for-sale investments are held for long term purposes. Their performance is assessed at least periodically against performance of similar listed entities, based on the information available to the group, together with an assessment of their relevance to the group's long term plans.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

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

v) EQUITY PRICE RISK (Continued)

At 31 March 2016, it is estimated that an increase/(decrease) of 3% (2015: 3%) in the fair value of the group's trading securities and unquoted available-for-sale investments with all other variables held constant would have decreased/(increased) the group's loss after tax (and accumulated losses) and increase/(decrease) the group's other components of consolidated equity as follows:

	2016		2015	
	(Increase)/ decrease in loss after tax and accumulated losses	**Increase/ (decrease) in other components of equity***	(Increase)/ decrease in loss after tax and accumulated losses	(Increase)/ decrease in other components of equity*
Available-for-sale investments	**–**	**9,415**	–	N/A
Trading securities	**3**	**–**	4	N/A
	3	**9,415**	4	N/A

* Excluding accumulated losses

N/A – Not applicable

For the purpose of this analysis, for the available-for-sale investments, the impact is deemed to be on the investment revaluation reserve and no account is given for factors such as impairment which might impact on the consolidated statement of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

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

vi) FAIR VALUE MEASUREMENT

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

Fair value hierarchy

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

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

vi) FAIR VALUE MEASUREMENT (Continued)

	Fair value measurements as at 31 March 2016 categorised into				Fair value measurements as at 31 March 2015 categorised into			
	Level 1 RMB'000	**Level 2 RMB'000**	**Level 3 RMB'000**	**Fair value at 31 March 2016 RMB'000**	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Fair value at 31 March 2015 RMB'000
Recurring fair value measurements assets:								
Available-for-sale investments (note 1 & 2)	**–**	**147,539**	**166,280**	**313,819**	–	–	–	–
Trading securities	**106**	**–**	**–**	**106**	119	–	–	119
Contingent consideration receivable (note 4)	**–**	**–**	**51,380**	**51,380**	–	–	–	–
Liabilities:								
Warrants (note 3)	**–**	**–**	**61**	**61**	–	–	13,764	13,764
Contingent consideration receivable included in purchase consideration payable (note 4)	**–**	**–**	**–**	**–**	–	–	(51,651)	(51,651)

During the years ended 31 March 2015 and 2016, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

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

vi) FAIR VALUE MEASUREMENT (Continued)

Note:

1 The valuation techniques and key inputs used of available-for-sale investments for level 2 fair value measurement are as follows:

The fair value of available-for-sale investments is assessed to approximate the net asset values indicated on the net asset value statements issued by investment fund managers, which take into consideration the fair value of the assets held under the investments.

2 The valuation techniques and key inputs used of available-for-sale investments for level 3 fair value measurement at the end of the reporting period are as follows:

	Valuation techniques	**Significant unobservable inputs**	**Percentage of discount**
Available-for-sale investments	Market comparable companies	Discount for lack of marketability	25%

The fair value of unlisted available-for-sale equity investment is assessed to approximate the net asset values indicated on the net asset value statements issued by investment fund managers, which take into consideration the fair value of the assets held under the investments. Where appropriate, a discount is applied to take into consideration of the unlisted securities held under the investment. The fair value measurement is negatively correlated to the discount for lack of marketability. No sensitivity analysis is disclosed for the impact of changes in the discount for the lack of marketability as the management considers that the exposure is insignificant to the group.

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

	2016 **RMB**	2015 RMB
Available-for-sale investments:		
At the beginning of the year	**–**	–
Additions	**166,280**	–
At the end of the year	**166,280**	–

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

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

vi) FAIR VALUE MEASUREMENT (Continued)

Note: (Continued)

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

	Valuation techniques	Significant unobservable input	Range
Warrants (note 33)	Binomial option pricing model	Risk free rate	0.06%-0.10% (2015: 0.17%-0.21%)
		Expected volatility	131.36%-144.14% (2015: 83.73%-87.36%)

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

No sensitivity analysis is disclosed for the impact of changes in the risk free rate as the exposure is insignificant to the group.

A 5% increase or decrease in the expected volatility used while holding all other variables constant would increase or decrease the carrying amount of the warrants by RMB27,000 or RMB19,000 respectively (2015: increase or decrease the carrying amount of the warrants by RMB786,000 or RMB794,000 respectively).

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

	Valuation techniques	Significant unobservable input	Range
Contingent consideration receivable/contingent consideration receivable included in purchase consideration payable (note 36(b))	Discounted cash flow analysis	Probability – weighted profit/ (loss)	Profit of RMB1,858,000- profit of RMB11,809,000 (2015: Loss of RMB2,754,000- profit of RMB21,371,000)
		Discount rate	7.8%-8.1% (2015: 10.4%-10.9%)

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

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

vi) FAIR VALUE MEASUREMENT (Continued)

Note: (Continued)

A 5% increase or decrease in the probability-weighted profit used while holding all other variables constant would decrease or increase the carrying amount of the contingent consideration receivable by RMB1,054,000 or RMB1,055,000 respectively (2015: decrease or increase the carrying amount of contingent consideration receivable by RMB607,000 or RMB607,000 respectively).

A 5% increase or decrease in the discount rate used while holding all other variables constant would increase/decrease the carrying amount of the contingent consideration receivable by RMB22,000 or RMB22,000 respectively (2015: increase or decrease the carrying amount of contingent consideration receivable by RMB133,000 or RMB136,000 respectively).

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

	2016	2015
	RMB	RMB
Contingent consideration receivables/contingent consideration receivable included in purchase consideration (payable):		
At the beginning of the year	**51,651**	–
Additions	**–**	51,881
Change in unrealised losses included in other gain or loss#	**(3,067)**	–
Exchange alignment	**2,796**	(230)
At the end of the year	**51,380**	51,651

	2016	2015
	RMB'000	RMB'000
# Total loss included in profit or loss that is attributable to the change in unrealised losses relating to those assets held at the end of the reporting period (included in other gains and losses)	**(3,067)**	–

b) *Fair value of financial assets and liabilities carried at other than fair value*

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate to their fair values. The fair value is estimated at the present value of future cash flows, discounted at current market interest rates for similar financial instruments.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

5. ACCOUNTING JUDGEMENTS AND ESTIMATES

a) KEY SOURCES OF ESTIMATION UNCERTAINTY

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

i) Estimated impairment of receivables

When there is objective evidence of impairment loss, the group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 March 2016, the carrying amount of trade receivables, loan receivables and consideration receivables are RMB11,954,000 (net of allowance for doubtful debts of RMB5,140,000) (2015: carrying amount of RMB5,833,000, net of allowance for doubtful debts of RMB5,140,000), RMB99,768,000 (2015: Nil) and RMB17,958,000 (2015: Nil) respectively.

ii) Depreciation of plant and equipment

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

The carrying amount of plant and equipment as at 31 March 2016 was RMB7,063,000 (2015: RMB10,218,000).

iii) Fair value of investment properties

Investment properties are carried in the consolidated statement of financial position at 31 March 2016 at their fair value. The fair value was based on a valuation on these properties conducted by an independent firm of professional valuers using property valuation techniques which involve certain assumptions of market conditions. Favourable or unfavourable changes to these assumptions would result in changes in the fair value of the group's investment properties and corresponding adjustments to the amount of gain or loss reported in the consolidated statement of profit or loss.

The carrying amount of investment properties as at 31 March 2016 was RMB190,196,000 (2015: RMB206,597,000).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

5. ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

a) KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

iv) *Impairment of intangible assets*

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

The carrying amount of intangible assets as at 31 March 2016 was RMB11,674,000 (2015: RMB99,491,000).

v) *Impairment of goodwill*

The group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating unit to which the goodwill is allocated. Estimating the value in use requires the group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 March 2016 was RMB17,676,000 (2015: RMB16,846,000).

vi) *Fair value of warrants*

Management uses their judgement in selecting an appropriate valuation technique for warrants that do not have a quoted market price in an active market. Valuation techniques commonly used by market practitioners are applied.

For warrants, assumptions are made based on quoted market rates adjusted for specific features of the convertible bonds. Changes in assumption used could materially affect the fair value of the balance and as a result affect the group's financial condition and result of operation.

The carrying amount of warrants as at 31 March 2016 was RMB61,000 (2015: RMB13,764,000).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

5. ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

a) KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

vii) Fair value of contingent consideration receivable

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

The carrying amount of contingent consideration receivable as at 31 March 2016 was RMB2,649,000. The carrying amount of purchase consideration payable as at 31 March 2015 was RMB916,000.

viii) Fair value of available-for-sale investments

The fair value of available-for-sale investments were measured using valuation technique based on inputs that can be observed in the market and unobservable inputs such as company specific financial information. The carrying amount of available-for-sale investments as at 31 March 2016 was RMB313,819,000 (2015: Nil).

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

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

i) Income taxes

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

6. SEGMENT REPORTING

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

The CODM considers the business from product perspectives. The group has presented the following three reportable segments. These segments are managed separately. The properties investment segment, the educational support services segment and money lending service segment offer very different products and services.

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

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

MONEY LENDING BUSINESS: The money lending business reportable segment derives its revenue primarily from lending out loans and receive interest.

The operation of mining activities, which derives its revenue from the cooperation of the exploitation of copper and molybdenum mines with third party, was discontinued in the current year. The following segment information does not include any amounts for the discontinued operation, which is described in more detail in note 10.

During the year, the group has entered into a new segment of money lending services.

No reportable operating segment has been aggregated.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

6. SEGMENT REPORTING (Continued)

a) SEGMENT RESULTS, ASSETS AND LIABILITIES

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

The accounting policies of the reportable segments are the same as the group's accounting policies. Segment profit/(loss) represents the profit earned by/(loss) from each segment without allocation of central administration costs such as directors' salaries, share of loss of an associate, impairment loss on interest in an associate, unallocated finance costs, corporate income, depreciation and interest income and fair value change in contingent consideration receivable and convertible bonds and warrants. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

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

The revenue from external parties reported to the CODM is measured in a manner consistent with that in the consolidated statement of profit or loss.

All assets are allocated to reportable segments other than available-for-sale investments, property under development, consideration receivable, interest in an associate, promissory notes receivables, contingent consideration receivable and corporate assets. All liabilities are allocated to reportable segments other than deferred tax liabilities, tax payable, unconvertible bonds, purchase consideration payable and corporate liabilities.

Information regarding the group's reportable segments as provided to the group's CODM for the purposes of resources allocation and assessment of segment performance for the years ended 31 March 2016 and 2015 is set out below.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

6. SEGMENT REPORTING (Continued)

a) SEGMENT RESULTS, ASSETS AND LIABILITIES (Continued)

Continuing operations:

	2016				2015		
	Properties investment RMB'000	Educational support business RMB'000	Money lending business RMB'000	Total RMB'000	Properties investment RMB'000	Educational support business RMB'000	Total RMB'000
Revenue from external customers	8,860	16,348	3,461	28,669	9,017	1,563	10,580
Reportable segment revenue	8,860	16,348	3,461	28,669	9,017	1,563	10,580
Reportable segment (loss)/profit before taxation	(15,535)	(3,586)	2,502	(16,619)	27,660	(4,616)	23,044
Interest income of bank deposits	2	–	–	2	2	–	2
Depreciation and amortisation							
– Plant and equipment	(259)	(198)	–	(457)	(498)	(66)	(564)
– Intangible asset	–	(6,550)	–	(6,550)	–	(3,316)	(3,316)
Valuation (loss)/gain on investment properties	(16,401)	–	–	(16,401)	28,725	–	28,725
Finance costs	(2,075)	–	–	(2,075)	(2,956)	–	(2,956)
Reportable segment assets	200,959	36,952	103,198	341,109	213,592	37,877	251,469
Additions to non-current assets during the year	12	371	–	383	30	38,386	38,416
Reportable segment liabilities	31,818	1,884	–	33,702	43,115	773	43,888

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

6. SEGMENT REPORTING (Continued)

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

	2016 RMB'000	2015 RMB'000 (Restated)
(i) Revenue		
Total reportable segment revenue	**28,669**	10,580
Consolidated revenue	**28,669**	10,580
(ii) (Loss)/profit		
Total reportable segments' (loss)/profit	**(16,619)**	23,044
Share of loss of an associate	**(137)**	(42)
Impairment loss on interest in an associate	**–**	(1,417)
Unallocated corporate income	**1,667**	4,281
Depreciation	**(1,555)**	(1,177)
Interest income	**686**	7,241
Unallocated finance costs	**(6,677)**	(5,632)
Fair value change in contingent consideration receivables	**(3,067)**	–
Fair value change on convertible bonds and warrants	**(20,090)**	17,832
Unallocated corporate expenses	**(38,939)**	(38,454)
Consolidated (loss)/profit before taxation from continuing operations	**(84,731)**	5,676
(iii) Assets		
Reportable segments' assets	**341,109**	251,469
Interest in an associate	**7,564**	7,642
Available-for-sale investments	**313,819**	–
Property under development	**15,011**	–
Consideration receivable	**17,958**	–
Promissory notes receivables	**–**	97,057
Contingent consideration receivable	**2,649**	–
Unallocated corporate assets	**61,101**	49,204
Assets relating to mining operation (now discontinued)	**–**	86,582
Consolidated total assets	**759,211**	491,954
(iv) Liabilities		
Reportable segments' liabilities	**(33,702)**	(43,888)
Deferred tax liabilities	**(10,991)**	(16,153)
Tax payable	**(1)**	(135)
Unconvertible bonds	**(16,628)**	(15,756)
Purchase consideration payable	**–**	(916)
Unallocated corporate liabilities	**(14,243)**	(16,759)
Liabilities relating to mining operation (now discontinued)	**–**	(4,667)
Consolidated total liabilities	**(75,565)**	(98,274)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

6. SEGMENT REPORTING (Continued)

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

(v) Other items

	2016				
	Properties investment RMB'000	**Educational support business RMB'000**	**Money lending business RMB'000**	**Unallocated RMB'000**	**Total RMB'000**
Interest income					
– promissory notes	**–**	**–**	**–**	**615**	**615**
– bank deposits	**2**	**–**	**–**	**71**	**73**
Depreciation	**(259)**	**(198)**	**–**	**(1,555)**	**(2,012)**
Finance cost	**(2,075)**	**–**	**–**	**(6,677)**	**(8,752)**

	2015			
	Properties investment RMB'000	Educational support business RMB'000	Unallocated RMB'000	Total RMB'000
Interest income				
– promissory notes	–	–	7,212	7,212
– bank deposits	2	–	29	31
Depreciation	(498)	(66)	(1,177)	(1,741)
Finance cost	(2,956)	–	(5,632)	(8,588)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

6. SEGMENT REPORTING (Continued)

c) GEOGRAPHICAL INFORMATION

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

	Revenue from external customers		Non-current assets	
	2016	2015	**2016**	2015*
	RMB'000	RMB'000	**RMB'000**	RMB'000
Hong Kong (place of domicile)	**5,675**	1,563	**43,302**	47,930
PRC	**22,994**	9,017	**190,853**	207,502
Others	**–**	–	**1,315**	840
	28,669	10,580	**235,470**	256,272

* The non-current assets as at 31 March 2015 exclude those assets relating to the discontinued operation.

d) INFORMATION ABOUT MAJOR CUSTOMERS

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

	2016	2015
	RMB'000	RMB'000
Customer A – revenue from properties investment	**6,117**	6,267
Customer B – revenue from properties investment	**N/A**	2,750
Customer C – revenue from educational support business	**15,170**	–
	21,287	9,017

N/A – not applicable

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For the year ended 31 March 2016

7. REVENUE

Revenue from continuing operations represents rental income from investment properties, commission income from educational support services, sales of educational products, educational service income and loan interest income. The amount of each significant category of revenue recognised during the year is as follows:

	2016 RMB'000	2015 RMB'000
Continuing operations:		
Rental income from investment properties	**8,860**	9,017
Commission income from educational support services	**1,182**	1,563
Sales of educational products	**13,198**	–
Educational service income	**1,968**	–
Loan interest income	**3,461**	–
	28,669	10,580

8. OTHER INCOME AND OTHER GAINS AND LOSSES

	2016 RMB'000	2015 RMB'000
Continuing operations:		
a) Other income		
Interest income on promissory notes	**615**	7,212
Interest income on bank deposits	**73**	31
	688	7,243
Reversal of impairment loss of loan receivable	**–**	3,853
Sundry income	**53**	602
	741	11,698

During the year, the interest income that was derived from financial assets not at fair value through profit or loss amounting to RMB4,149,000 (2015: RMB7,243,000), included loan interest income in revenue and interest income in other income.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

8. OTHER INCOME AND OTHER GAINS AND LOSSES (Continued)

	2016 RMB'000	2015 RMB'000
b) Other gains and losses		
Net foreign exchange gain		
– Contingent consideration receivable	**2,796**	(230)
– Others	**(1,146)**	651
	1,650	421
Fair value loss on contingent consideration receivable	**(3,067)**	–
Fair value (loss)/gain on convertible bonds and warrants	**(20,090)**	17,832
Others	**–**	1
	(21,507)	18,254

9. (LOSS)/PROFIT BEFORE TAXATION

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

	2016 RMB'000	2015 RMB'000
Continuing operations:		
a) Finance costs		
Interest expense on bank borrowings	**2,076**	2,956
Interest expense on promissory notes	**5,862**	2,062
Interest expense on unconvertible bonds	**814**	793
Interest expense on convertible bonds	**–**	102
Placing commission on convertible bonds	**–**	2,675
Total interest expense on financial liabilities not at fair value through profit or loss	**8,752**	8,588

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

9. (LOSS)/PROFIT BEFORE TAXATION (Continued)

	2016 RMB'000	2015 RMB'000
b) Staff costs (including directors' remuneration)		
Salaries, wages and other benefits	**21,509**	20,587
Contribution to defined contribution retirement plans	**687**	614
Equity-settled share-based payment expenses	**–**	4,191
	22,196	25,392
c) Other items		
Auditor's remuneration		
– audit services	**1,117**	967
– other services	**894**	538
Amortisation of intangible assets		
– included in cost of sales and services rendered	**6,550**	–
– included in other expenses	**–**	3,316
	6,550	3,316
Depreciation	**2,012**	1,741
Gross rental income from investment properties less direct outgoings of RMB795,000 (2015: RMB1,304,000)	**(8,065)**	(7,713)
Operating lease charges: minimum lease payments including directors' quarters of RMB1,954,000 (2015: RMB1,866,000)	**6,623**	5,441
Loss on disposal of plant and equipment	**204**	–
d) Other expenses		
Amortisation of intangible assets	**–**	3,316
Fair value loss of trading securities	**20**	17
Write off of prepayment	**285**	–
Impairment loss of interest in an associate	**–**	1,417
Equity-settled share-based payment expenses	**–**	4,191
	305	8,941

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

10. DISCONTINUED OPERATION

DISPOSAL OF INVESTMENT IN MINING OPERATION

On 17 February 2016, the company entered into a sale agreement to dispose of entire equity interests in Main Pacific Group Limited and Universe Prosper Limited and their subsidiaries, which carried out mining operation. The disposal was completed on 11 March 2016. Upon completion of the disposal, the group discontinued its mining operation. Details of the assets and liabilities disposed of, and the calculation of the profit or loss on disposal, are disclosed in note 40.

ANALYSIS OF RESULTS FOR THE YEAR FROM DISCONTINUED OPERATION

The results of the discontinued operation included in the loss for the year are set out below. The comparative loss and cash flows from the discontinued operation have been re-presented to include the operation classified as discontinued in the current year. The comparative consolidated statement of profit or loss has been restated to show the discontinued operation separately from continuing operations.

	2016 **RMB'000**	2015 RMB'000
Discontinued operation:		
Other income	**906**	160
Administrative expenses	**(2,742)**	(3,313)
Exploration and development expenses of mine	**(115)**	(404)
Other expenses	**(18,000)**	(18,006)
Loss from operations	**(19,951)**	(21,563)
Finance costs	**(19)**	(19)
Loss before taxation	**(19,970)**	(21,582)
Loss on disposal of subsidiaries (note 40)	**(2,161)**	–
Attributable income tax expense	**(4,801)**	–
	(6,962)	–
Loss for the year from discontinued operation	**(26,932)**	(21,582)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

10. DISCONTINUED OPERATION (Continued)

	2016 RMB'000	2015 RMB'000
Attributable to:		
Owners of the company	**(25,349)**	(19,625)
Non-controlling interests	**(1,583)**	(1,957)
Loss for the year	**(26,932)**	(21,582)

Loss for the year from discontinued operation include the following:

	2016 RMB'000	2015 RMB'000
Discontinued operation:		
a) Finance costs		
Interest expenses on other borrowings	**19**	19
b) Staff costs (including directors' remuneration)		
Salaries, wages and other benefits	**882**	1,018
Contribution to defined contribution retirement plans	**83**	75
	965	1,093
c) Other items		
Auditor's remuneration		
– audit services	**30**	30
Depreciation	**992**	1,402
Operating lease charges: minimum lease payments	**45**	38
Gain on disposal of plant and equipment	**(695)**	–
d) Other expenses		
Impairment loss of intangible assets	**18,000**	18,006

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

10. DISCONTINUED OPERATION (Continued)

	2016 RMB'000	2015 RMB'000
Cash flows from discontinued operation		
Net cash generated from/(used in) operating activities	**4,483**	(98)
Net cash used in investing activities	**(4,044)**	(6)
Net cash generated from financing activities	**–**	257
Net cash inflows from discontinued operation	**439**	153
Loss per share from discontinued operation		
Basic	**(RMB3.20 cents)**	(RMB8.04 cents)
Diluted	**(RMB3.20 cents)**	(RMB7.53 cents)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

11. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, and the chief executive's emoluments are as follows:

	2016				
	Fees RMB'000	Salaries and other benefits in kind* RMB'000	Discretionary bonuses RMB'000	Retirement scheme contribution RMB'000	Total RMB'000
Executive directors					
Au Tat On	–	555	114	15	684
Xu Dong *(chief executive)* (note)	–	5,678	1,344	15	7,037
	–	6,233	1,458	30	7,721
Independent non-executive directors					
Lai Wai Yin	98	–	–	–	98
Cao Jie Hin	98	–	–	–	98
Tse Kwong Wah	98	–	–	–	98
	294	–	–	–	294
Non-executive director					
Yu Wai Fong	–	2,706	676	15	3,397
	–	2,706	676	15	3,397
Total	294	8,939	2,134	45	11,412

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

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

	2015						
	Fees RMB'000	Salaries and other benefits in kind* RMB'000	Discretionary bonuses RMB'000	Retirement scheme contribution RMB'000	Sub-total RMB'000	Share-based payments RMB'000	Total RMB'000
Executive directors							
Au Tat On	–	522	159	14	695	171	866
Xu Dong *(chief executive)* (note)	–	4,622	2,647	14	7,283	1,711	8,994
	–	5,144	2,806	28	7,978	1,882	9,860
Independent non-executive directors							
Lai Wai Yin	95	–	–	–	95	–	95
Cao Jie Hin	95	–	–	–	95	–	95
Tse Kwong Wah	95	–	–	–	95	–	95
	285	–	–	–	285	–	285
Non-executive director							
Yu Wai Fong	–	2,240	1,324	14	3,578	1,711	5,289
	–	2,240	1,324	14	3,578	1,711	5,289
Total	285	7,384	4,130	42	11,841	3,593	15,434

* Other benefits in kind included in director's quarters.

Note: Mr. Xu Dong is the director and the chief executive of the company and is responsible for the company's day to day management and overall activities. The remuneration of Mr. Xu Dong for 2015 and 2016 is disclosed above.

No emoluments have been paid to the directors as an inducement to join or upon joining the group or as compensation for loss of office during the years ended 31 March 2016 and 2015. No director waived or agreed to waive any emoluments during the years ended 31 March 2016 and 2015.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

12. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments in the group, three (2015: three) are directors of the company whose emoluments are included in the disclosure in note 11 above. The emoluments of the remaining two (2015: two) individuals are as follows:

	2016	2015
	RMB'000	RMB'000
Salaries and other emoluments	**3,291**	3,426
Contributions to retirement scheme contributions	**74**	66
	3,365	3,492

The emoluments of the two (2015: two) individuals with the highest emoluments are within the following bands:

	Number of individuals	
	2016	2015
Nil – HK$1,000,000	**1**	1
HK$1,000,001 – HK$1,500,000	**–**	–
HK$1,500,001 – HK$2,000,000	**–**	–
HK$2,000,001 – HK$2,500,000	**–**	–
HK$2,500,001 – HK$3,000,000	**–**	–
HK$3,000,001 – HK$3,500,000	**–**	–
HK$3,500,001 – HK$4,000,000	**1**	1
	2	2

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

13. INCOME TAX (CREDIT)/EXPENSES (RELATING TO CONTINUING OPERATIONS)

a) Income tax relating to continuing operations recognised in profit or loss represents:

	2016 RMB'000	2015 RMB'000
Current tax		
Hong Kong Profits Tax (note 32(a))	1	177
Deferred tax		
Origination and reversal of temporary differences (note 32(b))	(5,166)	6,683
Income tax (credit)/expenses	(5,165)	6,860

The provision for Hong Kong Profits Tax is calculated at 16.5% (2015: 16.5%) of estimated assessable profits for the year.

The provision for PRC Enterprise Income Tax ("EIT") is calculated at 25% (2015: 25%) of the estimated assessable profits for the year. No provision for EIT was provided for as the company's subsidiaries operating in the People's Republic of China incurred losses for the years ended 31 March 2016 and 2015.

b) Reconciliation between tax (credit)/expense and accounting (loss)/profit at applicable tax rates:

	2016 RMB'000	2015 RMB'000
(Loss)/profit before taxation from continuing operations	(84,731)	5,676
Notional tax on (loss)/profit before taxation, calculated at the tax rates applicable to respective tax jurisdictions	(15,486)	3,220
Tax effect of non-taxable income	(270)	(901)
Tax effect of non-deductible expenses	9,108	3,522
Tax effect of temporary differences not recognised	246	(746)
Tax effect of utilisation of tax losses previously not recognised	(581)	–
Tax effect of unused tax losses not recognised	1,822	1,781
One-off tax reduction	(4)	(16)
Income tax (credit)/expenses	(5,165)	6,860

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

14. DIVIDENDS

The directors did not propose the payment of any dividend for the year ended 31 March 2016 (2015: Nil) in view of the loss for the year.

15. LOSS PER SHARE

FROM CONTINUING AND DISCONTINUED OPERATIONS

The calculation of the basic and diluted loss per share attributable to owners of the company is based on the following data:

	2016 **RMB'000**	2015 RMB'000
Loss attributable to owners of the company for the purpose of basic loss per share	**(104,673)**	(20,380)
Effect of dilutive potential ordinary shares		
– Fair value change on convertible bonds and warrants	**–**	(17,832)
– Interest expense on convertible bonds	**–**	102
Loss for the purpose of diluted loss per share (note a)	**(104,673)**	(38,110)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

15. LOSS PER SHARE (Continued)

FROM CONTINUING AND DISCONTINUED OPERATIONS (CONTINUED)

Weighted average number of ordinary shares:

	2016 '000	2015 '000 (Restated)
Weighted average number of ordinary shares for the purpose of basic loss per share (note b)	**792,950**	243,934
Effect of deemed issue of shares under the company's share option scheme for nil consideration	–	4
Effect of deemed issue of shares from exercise of warrants	–	81
Effect of deemed issue of shares from exercise of convertible bonds	–	16,623
Weighted average number of ordinary shares for the purpose of diluted loss per share (note a)	**792,950**	260,642

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

15. LOSS PER SHARE (Continued)

FROM CONTINUING OPERATIONS

The calculation of the basic and diluted loss per share from continuing operations attributable to owners of the company is based on the following data:

	2016	2015
	RMB'000	RMB'000 (Restated)
Loss for the year attributable to owners of the company	**(104,673)**	(20,380)
Adjusted for: Loss for the year from discontinued operation attributable to owners of the company	**25,349**	19,625
Loss for the purpose of basic loss per share from continuing operations	**(79,324)**	(755)
Effect of dilutive potential ordinary shares		
– Fair value change on convertible bonds and warrants	**–**	(17,832)
– Interest expense on convertible bonds	**–**	102
Loss for the purpose of diluted loss per share from continuing operations (note a)	**(79,324)**	(18,485)

The denominators used are the same as those detailed above for both basic and diluted loss per share.

FROM DISCONTINUED OPERATION

Basic loss per share from the discontinued operation is RMB3.2 cents per share (2015: RMB8.04 cents per share) and diluted loss per share from the discontinued operation is RMB3.2 cents per share (2015: RMB7.53 cents per share), based on the loss for the year from the discontinued operation attributable to owners of the company of approximately RMB25.3 million (2015: approximately RMB19.6 million) and the denominators detailed above for both basic and diluted loss per share from discontinued operation.

Note a: The potential ordinary shares arising from the assumed conversion of the warrants and share options are anti-dilutive at the loss from continuing operations level for the year ended 31 March 2016 and so, have been treated as anti-dilutive for the purpose of calculating diluted loss per share.

Note b: The weighted average number of ordinary shares for both years, for the purpose of calculation basic loss per share, has been adjusted for the share consolidation on the basis of five existing shares consolidated into one share in January 2016.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

16. PLANT AND EQUIPMENT

	Leasehold improvements	Furniture and equipment	Motor vehicles	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Cost				
At 1 April 2014	30	1,218	21,571	22,819
Additions	284	481	5,380	6,145
Acquisition of subsidiary	–	67	–	67
Exchange alignment	(60)	(6)	(174)	(240)
At 31 March 2015	254	1,760	26,777	28,791
At 1 April 2015	254	1,760	26,777	28,791
Additions	–	378	6,436	6,814
Disposal of subsidiaries	–	(271)	(12,652)	(12,923)
Disposals	–	–	(7,030)	(7,030)
Exchange alignment	14	51	505	570
At 31 March 2016	268	1,918	14,036	16,222
Accumulated depreciation				
At 1 April 2014	(8)	(902)	(14,558)	(15,468)
Charge for the year	(15)	(124)	(3,004)	(3,143)
Exchange alignment	–	2	36	38
At 31 March 2015	(23)	(1,024)	(17,526)	(18,573)
At 1 April 2015	(23)	(1,024)	(17,526)	(18,573)
Charge for the year	(47)	(209)	(2,748)	(3,004)
Eliminated on disposals of assets	–	–	5,990	5,990
Written back on disposal of subsidiaries	–	174	6,481	6,655
Exchange alignment	(2)	(16)	(209)	(227)
At 31 March 2016	(72)	(1,075)	(8,012)	(9,159)
Carrying amount				
At 31 March 2016	196	843	6,024	7,063
At 31 March 2015	231	736	9,251	10,218

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

17. INVESTMENT PROPERTIES

	RMB'000
Valuation (Level 3 fair value measurements):	
At 1 April 2014	177,872
Gain on revaluation	28,725
At 31 March 2015	206,597
At 1 April 2015	206,597
Loss on revaluation	(16,401)
At 31 March 2016	190,196

All of the group's investment properties are held in the PRC.

All of the group's investment properties were revalued on 31 March 2016 and 31 March 2015 by Castores Magi (Hong Kong) Limited, an independent firm of professional valuers, who has recognised and relevant professional qualification and recent experience in the location and category of properties being valued. The properties had been revalued on the income capitalisation approach. The group's chief financial officer has discussion with the valuers on the valuation assumptions and valuation results when the valuation is performed at each interim and annual reporting date. The investment properties are leased to third parties under operating leases, further details of which are included in note 41(b)(i) to the financial statements.

The group's investment properties of approximately RMB159,450,000 (2015: approximately RMB141,206,000) were pledged to secure general banking facilities granted to the group (note 31).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

17. INVESTMENT PROPERTIES (Continued)

FAIR VALUE MEASUREMENT OF PROPERTIES

i) Fair value hierarchy

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

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

		Fair value measurements as at 31 March 2016 categorised into				Fair value measurements as at 31 March 2015 categorised into		
	Fair value at 31 March 2016 RMB'000	**Level 1 RMB'000**	**Level 2 RMB'000**	**Level 3 RMB'000**	Fair value at 31 March 2015 RMB'000	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Recurring fair value measurement								
Investment properties:								
– Commercial – PRC	**190,196**	**–**	**–**	**190,196**	206,597	–	–	206,597

During the year ended 31 March 2016, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2015: Nil). The group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

17. INVESTMENT PROPERTIES (Continued)

FAIR VALUE MEASUREMENT OF PROPERTIES (Continued)

ii) Information about Level 3 fair value measurements

	Valuation techniques	Unobservable input	Range
Investment properties I Commercial - the PRC	Income capitalisation approach	Estimated rental value (per square metre and per month)	RMB135 - RMB280 (2015: RMB153 - RMB414)
		Rental growth rate	1% (2015: 1%)
		Market yield	6% (2015: 8%)
Investment properties II Commercial - the PRC	Income capitalisation approach	Estimated rental value (per square metre and per month)	RMB126 – RMB190 (2015: RMB159 – RMB377)
		Rental growth rate	1% (2015: 1%)
		Market yield	6% (2015: 8%)

A significant increase/(decrease) in the gross unit rate per square metre, estimated rental value (per square metre and per month) and rental growth rate in isolation would result in a significant increase/(decrease) in the fair value of the investment properties. A significant increase/(decrease) in the market yield in isolation would result in a significant decrease/(increase) in the fair value of the investment properties.

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

	2016 **RMB'000**	2015 RMB'000
Investment properties – Commercial – PRC		
At 1 April	**206,597**	177,872
Valuation (loss)/gain on investment properties	**(16,401)**	28,725
At 31 March	**190,196**	206,597

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

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For the year ended 31 March 2016

18. SUBSIDIARIES

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the group.

Name	Place of incorporation and business	Particulars of issued and paid up capital	Proportion of ownership interest: group's effective interest	Proportion of ownership interest: Held by the company	Proportion of ownership interest: Held by a subsidiary	Principal activity
Luck Grow Group Limited	The British Virgins Islands	1 ordinary share of US$1 each	100%	100%	–	Investment holding
Lok Wing Group Limited	Hong Kong	50,000,000 ordinary shares	100%	–	100%	Investment holding
上海祥宸行置業有限公司 Shanghai Xiang Chen Hang Place The Industry Co Limited* (Note)	PRC	US$12,571,540	100%	–	100%	Property investment
Allied China Development Limited	The British Virgins Islands	1 ordinary share of US$1 each	100%	100%	–	Investment holding
View Success Holdings Limited	Hong Kong	1 ordinary share	100%	–	100%	Investment holding
北京博思嘉睿商務顧問有限公司 (Note)	PRC	HK$4,000,000	100%	–	100%	Agency service
Triglory Group Limited	The British Virgins Islands	1 ordinary share of US$1 each	100%	100%	–	Investment holding
Triple Glory Holdings Limited	Hong Kong	1 ordinary share	100%	–	100%	Money lending business
Able Up Investment Limited	The British Virgins Islands	100 ordinary shares of US$1 each	90%	90%	–	Investment holding

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

18. SUBSIDIARIES (Continued)

Name	Place of incorporation and business	Particulars of issued and paid up capital	Proportion of ownership interest: group's effective interest	Proportion of ownership interest: Held by the company	Proportion of ownership interest: Held by a subsidiary	Principal activity
Global Education Group Limited	Hong Kong	10,000 ordinary shares	90%	–	100%	Educational support service
Liqun Investments Limited	The British Virgins Islands	1 ordinary share of US$1 each	100%	100%	–	Investment holding
Kotech Educational Limited	Hong Kong	10 ordinary shares	90%	–	90%	Educational support service
China Properties Investment North America Inc.	Canada	10,000 ordinary shares of CAD300 each	100%	–	100%	Property investment
Big Fair International Limited	The British Virgins Islands	1 ordinary share of US$1 each	100%	100%	–	Investment holding

Note: Registered under the laws of the PRC as a wholly-foreign-owned enterprise.

* For identification only.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

19. INTANGIBLE ASSETS

	Mining right RMB'000	Agency agreements RMB'000	Employment contract RMB'000	Customer relationship RMB'000	Software RMB'000	Total RMB'000
Cost						
At 1 April 2014	499,748	–	–	–	–	499,748
Acquisition of subsidiary	–	4,981	6,330	6,330	3,166	20,807
Additions	6	–	–	–	–	6
At 31 March 2015	499,754	4,981	6,330	6,330	3,166	520,561
At 1 April 2015	499,754	4,981	6,330	6,330	3,166	520,561
Disposal of subsidiaries	(499,754)	–	–	–	–	(499,754)
Exchange alignment	–	221	321	321	160	1,023
At 31 March 2016	–	5,202	6,651	6,651	3,326	21,830
Accumulated amortisation and impairment						
At 1 April 2014	399,748	–	–	–	–	399,748
Charge for the year	–	796	1,438	721	361	3,316
Impairment for the year	18,006	–	–	–	–	18,006
At 31 March 2015	417,754	796	1,438	721	361	421,070
At 1 April 2015	417,754	796	1,438	721	361	421,070
Charge for the year	–	849	3,258	1,629	814	6,550
Exchange alignment	–	61	131	65	33	290
Impairment for the year	18,000	–	–	–	–	18,000
Written back on disposal of subsidiaries	(435,754)	–	–	–	–	(435,754)
At 31 March 2016	–	1,706	4,827	2,415	1,208	10,156
Carrying amount						
At 31 March 2016	–	3,496	1,824	4,236	2,118	11,674
At 31 March 2015	82,000	4,185	4,892	5,609	2,805	99,491

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

19. INTANGIBLE ASSETS (Continued)

MINING RIGHT

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

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

The subsidiary of the company commenced to dig the mine in order to test the quality of the mine since 2012. In the opinion of the company's director, as amortisation of the mining right for the years 2015 and 2016 was insignificant to the group's result and financial position, no amortisation of the mining right was recognised during the years 2015 and 2016.

iii) During the year ended 31 March 2016, the group determined the recoverable amounts of cash generating unit of the mining rights in the amount of RMB64,000,000 based on value in use calculation with reference to the valuation performed by Roma Appraisals Limited, who is an independent firm of professionally qualified valuers and has a recognised and relevant professional qualification and experiences in the category of mining. That calculation used cash flows projections based on financial budgets as approved by management at pre-tax discount rate of 23.68%. As a result, the recoverable amount of the mining rights were below their carrying amount, impairment losses of approximately RMB18,000,000 have been recognised to profit or loss and included in the loss for the year from discontinued operations as shown in the consolidated statement of profit or loss. The decrease in the recoverable amounts of cash generating unit for the mining rights during the year ended 31 March 2016 was mainly due to the decrease in market price of copper and molybdenum. Thus, the income expected to be generated from the mine decreased. The management estimated the financial projection based on their experience.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

19. INTANGIBLE ASSETS (Continued)

MINING RIGHT (Continued)

As at 31 March 2015, the group determined the recoverable amounts of cash generating unit of the mining rights in the amount of RMB82,000,000 based on value in use calculation with reference to the valuation performed by Roma Appraisals Limited, who is an independent firm of professionally qualified valuers and has a recognised and relevant professional qualification and experiences in the category of mining. That calculation used cash flows projections based on financial budgets as approved by management at pre-tax discount rate of 20.17%. As a result, the recoverable amount of the cash generating unit for the mining rights were below their carrying amount, impairment losses of approximately RMB18,006,000 have been recognised to profit or loss and included in the loss for the year from discontinued operations as shown in the consolidated statement of profit or loss (2015: other operating expenses). The decrease in the recoverable amounts of cash generating unit for the mining rights for the year ended 31 March 2015 was mainly due to the decrease in market price of copper and molybdenum. Thus, the income expected to be generated from the mine decreased. The management estimated the financial projection based on their experience.

iv) On 17 February 2016, the company entered into a sale agreement to dispose of Main Pacific Group Limited and Universe Prosper Limited and their subsidiaries, which carried out the group's mining activities. The disposal was completed on 11 March 2016, upon completion of the disposal, the group discontinued the mining operation (note 10).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

20. GOODWILL

	Educational support service RMB'000	Sales of educational products RMB'000	Total RMB'000
Cost			
At 1 April 2014	–	–	–
Acquisition of subsidiaries (note 47)	3,793	13,053	16,846
At 31 March 2015 and 1 April 2015	3,793	13,053	16,846
Exchange alignment	168	662	830
At 31 March 2016	3,961	13,715	17,676
Carrying amount			
At 31 March 2016	3,961	13,715	17,676
At 31 March 2015	3,793	13,053	16,846

Goodwill is allocated to the following cash-generating units ("CGUs") in the educational support business segment as follows:

	2016 RMB'000	2015 RMB'000
Educational support service	**3,961**	3,793
Sales of educational products	**13,715**	13,053
At 31 March	**17,676**	16,846

IMPAIRMENT TESTS FOR CASH-GENERATING UNITS CONTAINING GOODWILL

Goodwill acquired through business combinations has been allocated to the CGUs for impairment testing. The recoverable amount of the CGUs, are determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using an estimated weighted average growth rate of 3% (2015: 3.5%) and 3% (2015: 3%) respectively for educational support service and sales of educational products, which do not exceed the long-term average growth rates for the business in which the CGUs operate. The cash flows are discounted using a discount rate of 20.69% (2015: 18.27%) and 26.52% (2015: 23.24%) respectively for educational support service and sales of educational products. The discount rates used are pre-tax and reflect specific risks relating to the relevant business.

The values assigned to the key assumptions on market development and discount rates are consistent with external information sources. Based on the results of the impairment tests, there was no impairment of goodwill as at 31 March 2015 and 2016.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

21. DEPOSIT FOR ACQUISITION OF SUBSIDIARIES

	2016 RMB'000	2015 RMB'000
At 1 April	–	97,845
Deposit paid (note b)	1,288	–
Exchange alignment	9	(197)
Settlement (note a) (note 28)	–	(97,648)
At 31 March	1,297	–

a) On 21 June 2010, the company entered into the Memorandum of Understanding ("MOU of Pure Power") with certain independent third parties in relation to the possible acquisition of the 100% equity interest in Pure Power Holdings Limited ("Pure Power") which owns a 100% equity interest in Bright Sky Energy & Minerals, INC ("Bright Sky"), a company incorporated in Nevada, USA. Bright Sky is the holder of three leases with exploration and exploitation rights for oil and gas assets in Nevada, USA. The interest of possible acquisition of Pure Power was amended to 71.76% under the letter of confirmation signed on 20 September 2011. A deposit of US$19 million (equivalent to approximately RMB117 million) was paid in prior years.

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

On 30 January 2014, the company signed a Deed of Termination (the "Deed") with the vendors, shareholders of Pure Power, to unconditionally and irrevocably terminate the MOU and its supplementary documents signed subsequently ("Amended MOU"). Upon the fulfillment of conditions precedent, the company and the vendors shall be released and discharged from all their rights and obligations under the Amended MOU. Under the Deed, the deposit was returned by the vendors to the company and the company shall accept the settlement by accepting promissory notes ("PN") of HK$123,200,000 issued by China Environmental Energy Investment Limited (the "Issuer"), a company incorporated in Bermuda and listed on the Hong Kong Stock Exchange who acquired interest in Pure Power. On 29 April 2014, the Issuer issued PN in an aggregate principal amount of HK$123,200,000 (equivalent to approximately RMB97,648,000) to the company (note 28).

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

b) During the year ended 31 March 2016, a subsidiary of the group entered into sales and purchase agreements with certain independent third parties ("the vendors"), in relation to acquisition of the 100% equity interest in J.A.F. Brokerage Limited ("JAF").

During the year ended 31 March 2016, the group paid deposits in cash of HK$1,560,000 (equivalents to RMB1,288,000) to the vendors. The details of the acquisition of JAF are disclosed in note 48(b).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

22. INTEREST IN AN ASSOCIATE

	2016	2015
	RMB'000	RMB'000
Unlisted shares	**7,564**	7,642

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

			Proportion of ownership interest			
Name of company	**Place of incorporation and business**	**Particulars of issued and paid up capital**	**Group's effective interest**	**Held by the company**	**Held by subsidiaries**	**Principal activity**
EdKnowledge Group Limited	Hong Kong	3,382 ordinary shares	32.39%	32.39%	–	Educational services (Note 2)

Note 1: During the year ended 31 March 2015, in view of the net loss situation, the directors assessed the impairment of interest in the associate and recognised an impairment loss of RMB1,417,000. The recoverable amount is based on value-in-use calculations. The cash flows are discounted using a pre-tax discount rate of 19.94%.

During the year ended 31 March 2016, the directors of the company are in the opinion that no impairment loss is necessary.

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

22. INTEREST IN AN ASSOCIATE (Continued)

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

	EdKnowledge Group Limited	
	2016	2015
	RMB'000	RMB'000
Gross amounts of the associate's		
Current assets	**1,403**	3,767
Current liabilities	**(11)**	(2,136)
Equity	**1,392**	1,631
Revenue	**2,679**	3,220
Loss from operations	**(423)**	(131)
Other comprehensive income	**184**	(56)
Total comprehensive income	**(239)**	(187)
Dividend received from the associate	**–**	–
Reconciled to the group's interests in the associate:		
Net assets of the associate	**1,392**	1,631
Proportion of the group's interest in the associate	**32.39%**	32.39%
Share of net asset	**450**	528
Goodwill	**6,235**	6,235
Brand name	**2,296**	2,296
Impairment loss	**(1,417)**	(1,417)
Carrying amount of the group's interest in the associate	**7,564**	7,642

23. AVAILABLE-FOR-SALE INVESTMENTS

	2016	2015
	RMB'000	RMB'000
Unlisted investments fund, at fair value	**313,819**	–

The gain on fair value change in the investments of approximately RMB36,724,000 (2015: Nil) which were recognised in other comprehensive income and reflected in the investment revaluation reserve.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

24. PROPERTY UNDER DEVELOPMENT

	2016 RMB'000	2015 RMB'000
Property under development, at cost	**15,011**	–

The property under development is a freehold land located in Canada.

At 31 March 2016, the property under development are held for resale after property development.

The amount of the property under development expected to be recoverable after more than one year is RMB15,011,000 (2015: Nil).

25. TRADE AND OTHER RECEIVABLES

	2016 RMB'000	2015 RMB'000
Trade receivables	**17,094**	10,973
Less: allowance for doubtful debts (note 25(b)(i))	**(5,140)**	(5,140)
Trade receivables (net)	**11,954**	5,833
Interest receivables from money lending business	**1,407**	–
Other loan and interest receivables (note 2)	**37,528**	35,560
Less: impairment (note 25(b)(ii))	**(37,528)**	(35,560)
Other loan and interest receivables (net)	**–**	–
Other receivables	**978**	10,104
Loans and receivables	**14,339**	15,937
Prepayments and deposits	**7,507**	3,025
	21,846	18,962

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

25. TRADE AND OTHER RECEIVABLES (Continued)

Note:

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

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

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

Following a litigation between Mayer and the Borrower, Simsen disposed of the PN on 10 February 2012 for an amount of HK$10,000,000 with the consent of the company. During the year ended 31 March 2015, the company received HK$4,862,000 (equivalent to RMB3,853,000) from the disposal of the PN after the payment of other loan participant of Simsen, all cost and expenses in connection with the disposal.

a) AGEING ANALYSIS

(i) Trade receivable

Trade receivables are net of allowance for doubtful debts of RMB5,140,000 (2015: RMB5,140,000) with the following ageing analysis presented based on invoice dates:

	2016	2015
	RMB'000	RMB'000
Within 1 month	**2,042**	4,744
1 to 3 months	**3,380**	1,089
3 to 6 months	**1,925**	–
Over 6 months	**4,607**	–
	11,954	5,833

Trade receivables are due within 0-60 days from the date of billing. Further details on the group's credit policy are set out in note 4(i).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

25. TRADE AND OTHER RECEIVABLES (Continued)

a) AGEING ANALYSIS (Continued)

(ii) Interest receivables

No allowance for doubtful debt had been provided for interest receivables and the ageing analysis is presented based on invoice dates as follow:

	2016	2015
	RMB'000	RMB'000
Within 1 month	**1,407**	–
	1,407	–

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

b) IMPAIRMENT OF TRADE RECEIVABLES

i) The movements in the allowance for doubtful debts

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

	2016	2015
	RMB'000	RMB'000
At 1 April and 31 March	**5,140**	5,140

Note:

1) As at 31 March 2016 and 2015, trade receivables of the group amounting to approximately RMB5,140,000 (2015: RMB5,140,000) were individually determined to be impaired. These individually impaired receivables were outstanding for over 1 year as at the end of the reporting period. The group does not hold any collateral over these balances.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

25. TRADE AND OTHER RECEIVABLES (Continued)

b) IMPAIRMENT OF TRADE RECEIVABLES (Continued)

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

	2016 **RMB'000**	2015 RMB'000
At 1 April	**35,560**	39,710
Reversal of impairment loss	**–**	(3,853)
Exchange alignment	**1,968**	(297)
At 31 March	**37,528**	35,560

c) TRADE RECEIVABLES THAT ARE NOT IMPAIRED

(a) Trade receivables

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

	2016 **RMB'000**	2015 RMB'000
Neither past due nor impaired	**2,339**	4,589
Past due but not impaired		
– Less than 3 months past due	**4,328**	1,244
– 3 to 6 months past due	**680**	–
– Over 6 months past due	**4,607**	–
	11,954	5,833

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

Receivables that were past due but not impaired mainly relate to customers and tenants that have a good track record with the group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The group hold rental deposits of RMB2,064,000 (2015: RMB2,064,000) as collateral over the balances related to rent.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

25. TRADE AND OTHER RECEIVABLES (Continued)

c) TRADE RECEIVABLES THAT ARE NOT IMPAIRED (Continued)

(b) Interest receivables

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

	2016	2015
	RMB'000	RMB'000
Past due but not impaired		
– Less than 3 months past due	**1,407**	–

Receivables that were past due but not impaired relate to a number of borrowers that have a good track record with the group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The group holds Hong Kong listed securities as collateral over these balances.

26. LOAN RECEIVABLES

	2016	2015
	RMB'000	RMB'000
Loan receivables arising from:		
– Money lending business	**99,768**	–
Amounts due within one year included under current assets	**99,768**	–

Notes:

i) During the year ended 31 March 2016, the group lent total amount of HK$120,000,000 (equivalent to RMB99,768,000) to independent third parties. These loan receivables had 6 to 12 month loan periods and bore interest at 18% per annum, and the corresponding interest were expected to be repaid on monthly basis. These loan receivables were secured by Hong Kong listed securities. The loan receivables with a carrying amount of RMB99,768,000 are secured by listed securities and the fair value of such pledged securities was approximately RMB256,338,000 at 31 March 2016. The fair value of pledged marketable securities is higher than the corresponding outstanding loans.

On 23 June 2016, one of the loans was matured, the company received the loan repayment with principal amount of HK$27,000,000 (equivalent to RMB22,448,000) together with the loan interest.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

26. LOAN RECEIVABLES (Continued)

a) MATURITY PROFILE

As at the end of the reporting period, the maturity profile of loan receivables, based on maturity date, is as follows:

	2016 RMB'000	2015 RMB'000
Within 1 month or on demand	–	–
Within 1-3 months	22,448	–
Within 3-6 months	33,256	–
Within 6-12 months	44,064	–
	99,768	–

The loan receivables were neither past due nor impaired at the end of the reporting period. The directors of the company are of the opinion that no provision for impairment is necessary in respect of these loan receivables as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

27. TRADING SECURITIES

	2016 RMB'000	2015 RMB'000
Listed equity securities, at market value in Hong Kong	106	119

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

28. PROMISSORY NOTES RECEIVABLES

	2016 RMB'000	2015 RMB'000
At 1 April	**97,057**	–
Fair value at date of issue	**–**	97,648
Repayment	**(96,712)**	–
Exchange realignment	**(345)**	(591)
At 31 March	**–**	97,057

The deposit for acquisition of subsidiaries was settled by the promissory note issued by an issuer. As at 31 March 2016, interest receivables of RMBNil (2015: RMB7,169,000) was included in other receivables. The promissory note carries interest of 8% per annum and repayable in within one year from its issue date on 29 April 2014. On 29 April 2015, the promissory notes receivables were fully settled.

The fair value of the promissory notes receivables of HK$123,200,000 (equivalent to approximately RMB97,648,000) on issue date was approximately equal to the carrying amount. The valuation was performed by Roma Appraisals Limited, who is an independent qualified professional valuer and with appropriate qualification and experience in the valuation of promissory note.

29. CASH AND CASH EQUIVALENTS

	2016 RMB'000	2015 RMB'000
Cash at bank and on hand	**52,435**	34,934
Less: Fixed deposit with maturity of 3 months or more	**(13,921)**	(7,730)
Cash and cash equivalents in the consolidated statement of financial position and consolidated statement of cash flows	**38,514**	27,204

Deposit with banks carry interest at market rates ranging from 0.001% to 1.15% (2015: 0.01% to 1.28%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

30. TRADE AND OTHER PAYABLES

	2016 RMB'000	2015 RMB'000
Trade payables	1,615	–
Other payables and accruals	14,372	6,536
Amounts due to directors (note 42) (note a and b)	420	49
Amounts due to related parties (note 42) (note a and b)	229	4,094
Loan from a related party (note 42) (note c)	–	257
Financial liabilities measured at amortised cost	16,636	10,936
Receipt in advance	2,184	50
Rental deposit received (non-refundable)	2,064	2,064
	20,884	13,050
Less: Loan from a related party classified as non-current liabilities	–	(110)
	20,884	12,940

Notes:

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

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

c) A loan with principal amount of RMB440,000 from a related party is unsecured, bears interest at 6.73% (2015: 6.73%) per annum and is repayable by 36 monthly instalments from January 2014. On 11 March 2016, the loan had been derecognised upon the disposal of subsidiaries (note 40).

The following is an aging analysis of trade payables presented based on the invoice date:

	2016 RMB'000	2015 RMB'000
Within 1 month	719	–
1 to 3 months	492	–
3 to 6 months	404	–
	1,615	–

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

31. INTEREST-BEARING BANK BORROWINGS

At 31 March 2016, the secured bank borrowings were due for repayment as follows:

	2016 RMB'000	2015 RMB'000
Current liabilities		
Within 1 year or on demand	**18,000**	11,500
Non-current liabilities		
After 1 year but within 2 years	**9,000**	18,000
After 2 years but within 5 years	**–**	9,000
After 5 years	**–**	–
	9,000	27,000
Total	**27,000**	38,500

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

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

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

	2016	2015
Effective interest rates:		
Variable-rate borrowings	**5.39%-6.22%**	6.77%

At 31 March 2016, the bank borrowings were secured by the investment properties of the group with an aggregate carrying amount of approximately RMB159,450,000 (2015: approximately RMB141,206,000) (see note 17).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

32. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

a) CURRENT TAXATION IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION REPRESENT

	2016 RMB'000	2015 RMB'000
Current tax		
Provision for Hong Kong Profits Tax	**1**	177
Provisional tax paid for Hong Kong Profits Tax	**(149)**	(130)
	(148)	47
Representing:		
Tax recoverable	**(149)**	(88)
Tax payable	**1**	135
	(148)	47

b) DEFERRED TAX LIABILITIES RECOGNISED

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

	Intangible assets RMB'000	**Revaluation of investment properties** RMB'000	**Depreciation allowances in excess of related depreciation** RMB'000	**Total** RMB'000
Deferred tax liabilities arising from:				
At 1 April 2014	–	6,025	–	6,025
Deferred tax arising from acquisition of subsidiaries (note 47)	3,434	–	11	3,445
Deferred tax (credited)/charged to profit or loss (note 13(a))	(547)	7,181	49	6,683
At 31 March 2015	2,887	13,206	60	16,153
At 1 April 2015	**2,887**	**13,206**	**60**	**16,153**
Deferred tax (credited)/charged to profit or loss (note 13(a))	**(1,081)**	**(4,100)**	**15**	**(5,166)**
Exchange alignment	**–**	**–**	**4**	**4**
At 31 March 2016	**1,806**	**9,106**	**79**	**10,991**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

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

c) DEFERRED TAX ASSETS NOT RECOGNISED

As at 31 March 2016, the group has unused tax losses arising in Hong Kong of HK$30,361,289 (2015: HK$33,882,759) that are available for offsetting against future taxable profits of the companies in which the losses arose. No deferred tax assets have been recognised in respect of the tax losses due to the unpredictability of future profits streams.

In addition, the group has unused tax losses of RMB65,862,512 (2015: RMB74,357,010) available for offset against future profits that may be carried forward for a period of up to five years for PRC Enterprise Income tax purposes. No deferred tax asset has been recognised in respect of the tax losses due to the unpredictability of future profit streams.

33. WARRANTS

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

33. WARRANTS (Continued)

MOVEMENTS OF THE CONVERTIBLE BONDS AND WARRANTS

For the year ended 31 March 2015, the convertible bonds in the principal amount of HK$135,000,000 was converted into approximately 900,000,000 shares of the company. For the year ended 31 March 2015 approximately 225,000,000 warrants was issued to Bondholders, among which, approximately 20,000,000 warrants were exercised in June 2015. As at 11 January 2016, the company announced resolution of capital reorganization has been passed and became effective on 11 January 2016. Subscription price of warrants changed from HK$0.3 to HK$1.5 and number of New Shares to be allotted and issued upon exercising of the Warrants changed from 190,833,332 to 38,166,666. As at 31 March 2016, warrants with fair value of HK$73,000 at the exercise price of HK$1.5 per share representing approximately 38,166,666 ordinary shares of the company were not yet exercised.

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

	Convertible bonds RMB'000	Contingently issuable warrants RMB'000	Warrants RMB'000	Total RMB'000
At 1 April 2014	–	–	–	–
Fair value at the issue date	74,165	33,133	–	107,298
Conversion of convertible bonds	(72,822)	(33,242)	33,242	(72,822)
Realised fair value (gain)/loss, to profit or loss	(1,361)	99	538	(724)
Unrealised fair value gain, to profit or loss#	–	–	(17,108)	(17,108)
Total gains and losses recognised in profit or loss included in other gains and losses	(1,361)	99	(16,570)	(17,832)
Exercise of warrants	–	–	(2,734)	(2,734)
Exchange alignment	18	10	(174)	(146)
At 31 March 2015	–	–	13,764	13,764

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

33. WARRANTS (Continued)

MOVEMENTS OF THE CONVERTIBLE BONDS AND WARRANTS (Continued)

	Convertible bonds RMB'000	Contingent issuable warrants RMB'000	Warrants RMB'000	Total RMB'000
At 1 April 2015	–	–	13,764	13,764
Realised fair value loss, to profit or loss	–	–	32,916	32,916
Unrealised fair value gain, to profit or loss#	–	–	(12,826)	(12,826)
Total losses recognised in profit or loss included in other gains and losses	–	–	20,090	20,090
Exercise of warrants	–	–	(33,085)	(33,085)
Exchange alignment	–	–	(708)	(708)
At 31 March 2016	–	–	61	61

	2016 RMB'000	2015 RMB'000
# Total gain included in profit or loss that is attributable to the change in unrealised gain relating to those assets and liabilities held at the end of the reporting period (included in other gains and losses)	12,826	17,108

INPUTS AND ASSUMPTIONS OF FAIR VALUE ESTIMATE

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

34. UNCONVERTIBLE BONDS

	2016 RMB'000	2015 RMB'000
Unconvertible bonds	16,628	15,756

The amount represented two unconvertible bonds of total HK$20,000,000 (equivalent to approximately RMB16,628,000) (2015: HK$20,000,000 (equivalent to approximately RMB15,756,000)) with HK$10,000,000 each. As at 31 March 2016, accrued interest of RMB195,000 (2015: RMB185,000) was included in other payables and accruals. The unconvertible bonds bear interest at 5% per annum on the outstanding aggregate principal amount. The interest is payable in arrears annually on the anniversary of issue date or redemption date. The company may redeem principal amounts of outstanding bonds in whole or in part at any time before the maturity date. The maturity date of the unconvertible bonds are 7 years from their issue date i.e. 7 February 2020 and 4 December 2020 respectively.

35. PROMISSORY NOTES PAYABLES

	2016 RMB'000	2015 RMB'000
At 1 April	–	7,862
Issue of promissory notes (note i, ii)	–	7,166
Interest on promissory note	–	80
Early redemption of promissory notes (note i, ii)	–	(15,059)
Exchange alignment	–	(49)
At 31 March	–	–

i) On 11 December 2013, the company issued promissory notes ("Note I") of HK$10,000,000 (equivalent to approximately RMB7,942,000) for the settlement of acquisition of an associate (note 22).

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

ii) On 16 April 2014, the company issued promissory notes ("Note II") of HK$9,000,000 (equivalent to approximately RMB7,166,000) for the settlement of acquisition of an subsidiary (note 47).

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

36. (CONTINGENT CONSIDERATION RECEIVABLE)/PURCHASE CONSIDERATION PAYABLE

	2016 **RMB'000**	2015 RMB'000
At 1 April	**916**	–
Acquisition of a subsidiary (note 47(ii))	**–**	920
Fair value loss on contingent consideration	**3,067**	–
Early redemption of promissory note	**(8,224)**	–
Interest charged at effective interest rate	**5,862**	2,062
Interest payables	**(4,416)**	(2,062)
Exchange alignment	**146**	(4)
At 31 March	**(2,649)**	916

Financial assets and liabilities subject to offsetting, enforceable netting agreements:

2016	**Gross amounts of recognised financial assets/liabilities** **RMB'000**	**Gross amounts of recognised financial assets/liabilities set off in the consolidated statement of financial position** **RMB'000**	**Net amount of contingent consideration receivable presented in the consolidated statement of financial position** **RMB'000**
Financial assets/liabilities subject to offsetting			
Promissory note, at amortised cost	48,731	(48,731)	–
Contingent consideration receivable, at fair value	(51,380)	48,731	(2,649)
Contingent consideration receivable	(2,649)	–	(2,649)

2015	Gross amounts of recognised financial assets/liabilities RMB'000	Gross amounts of recognised financial assets/liabilities set off in the consolidated statement of financial position RMB'000	Net amount of purchase consideration payable presented in the consolidated statement of financial position RMB'000
Financial assets/liabilities subject to offsetting			
Promissory note, at amortised cost	52,567	(51,651)	916
Contingent consideration receivable, at fair value	(51,651)	51,651	–
Purchase consideration payable	916	–	916

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

36. (CONTINGENT CONSIDERATION RECEIVABLE)/PURCHASE CONSIDERATION PAYABLE (Continued)

Contingent consideration receivable of RMB2,649,000 (2015: purchase consideration payable of RMB916,000) represented the setting off of promissory note ("PN II") of RMB48,731,000 (2015: RMB52,567,000) and contingent consideration receivable of RMB51,380,000 (2015: RMB51,651,000) arising from the business combination of Liqun Investments Limited and its subsidiary, Kotech Educational Limited from a third party, the vendor, pursuant to sale and purchase agreement ("Agreement") (note 47(ii)).

The PN II and the contingent consideration receivable are subject to legally enforceable right to set off.

(a) PROMISSORY NOTE

The fair value of the PN II at the date of issuance on 21 November 2014 was HK$66,727,000 (equivalent to approximately RMB52,801,000), which was determined by independent valuer, Roma. Roma has experience in valuation of the promissory notes. The effective interest rates used in the calculation of the fair value was 10.7%.

As at 31 March 2016, accrued interest of RMB5,422,000 (2015: RMB1,583,000) was included in other payables and accruals. The PN II bears interest of 8% per annum on the outstanding aggregate principal amount. The interest is payable in arrears on the day falling on the first and second anniversary of the issue date and any unpaid interest shall be paid on the maturity date on 21 May 2017.

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

During the year ended 31 March 2016, Kotech has achieved the Guaranteed Profit (as defined below) for the period ended 30 September 2015. The company has served notice to the holder of PN II for the early and partial redemption of PN II in an aggregate principal amount of HK$10,000,000 (equivalent to approximately RMB8,224,000) together with the accrued interest thereon.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

36. (CONTINGENT CONSIDERATION RECEIVABLE)/PURCHASE CONSIDERATION PAYABLE (Continued)

(b) CONTINGENT CONSIDERATION RECEIVABLE

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

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

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

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

As at 31 March 2016, the fair value of the contingent consideration receivable was estimated to be approximately RMB51,380,000, representing profit guarantee made by the vendor in accordance with the terms of sale and purchase agreement. The fair value was arrived at based on discounted cash flow of Kotech's forecast financial budgets used to capture the present value of the expected future economic benefits that will flow into the group by applying probability-weighted average of achieving the required benchmark, using discount rate ranged from 7.84% to 8.06%. The valuation was performed by Roma Appraisals Limited, an independent qualified professional valuer not connected to the group. The chief financial officer discussed with Roma on the valuation assumptions and valuation results.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

37. SHARE CAPITAL

	Number of ordinary shares of HK$0.03 each	Number of ordinary shares of HK$0.15 each	Number of ordinary shares of HK$0.01 each	
	'000	'000	'000	HK$'000
Authorised:				
At 1 April 2014 and 31 March 2015	10,000,000	–	–	300,000
At 1 April 2015	**10,000,000**	**–**	**–**	**300,000**
Share consolidation (note vi)	**(10,000,000)**	**2,000,000**	**–**	**–**
Share subdivision (note vi)	**–**	**(2,000,000)**	**30,000,000**	**–**
At 31 March 2016	**–**	**–**	**30,000,000**	**300,000**
				RMB'000
Issued and fully paid:				
At 1 April 2014	589,915	–	–	14,456
Conversion of convertible bonds (note iv)	900,000	–	–	21,466
Exercise of warrants (note v)	14,167	–	–	338
At 31 March 2015	1,504,082	–	–	36,260
At 1 April 2015	**1,504,082**	**–**	**–**	**36,260**
Placing of new shares I (note i)	**2,500,000**	**–**	**–**	**58,905**
Placing of new shares II (note ii)	**809,000**	**–**	**–**	**19,959**
Exercise of share options (note iii)	**24,500**	**–**	**–**	**578**
Exercise of warrants (note v)	**20,000**	**–**	**–**	**472**
Share consolidation (note vi)	**(4,857,582)**	**971,516**	**–**	**–**
Capital reduction (note vi)	**–**	**(971,516)**	**971,516**	**(108,429)**
At 31 March 2016	**–**	**–**	**971,516**	**7,745**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

37. SHARE CAPITAL (Continued)

i) *Placing of new shares I*

On 10 March 2015, the company and Tanrich Securities Company Limited, entered into a placing agreement pursuant to which the placing agent agreed to place up to 2,500,000,000 new shares at the price of HK$0.1 per placing share. The placing of shares were completed on 28 May 2015. The total proceeds of the share placement, before deduction of the relevant expenses was approximately HK$250,000,000 (equivalent to approximately RMB196,350,000).

ii) *Placing of new shares II*

On 27 October 2015, the company and Gransing Securities Co., Limited, entered into a placing agreement pursuant to which the placing agent agreed to place up to 809,000,000 new shares at the price of HK$0.19 per placing share. The placing of shares were completed on 13 November 2015. The total proceeds of the share placement, before deduction of the relevant expenses was approximately HK$153,710,000 (equivalent to approximately RMB126,407,000).

iii) *Exercise of share options*

On 17 March 2015, the company has granted 24,500,000 share options (the "Options") under the share option scheme adopted by the company on 16 December 2011. All 24,500,000 share options were exercised at a price of HK$0.243 into 24,500,000 ordinary shares during the year ended 31 March 2016. An amount equivalent to the par value of the shares issued of approximately HK$735,000 (equivalent to approximately RMB578,000) was recognised as share capital and the premium paid on the exercise of the share options of approximately HK$5,219,000 (equivalent to approximately RMB4,066,000) was credited to share premium for the year ended 31 March 2016. RMB4,191,000 has been transferred from employee share-based compensation reserve to share premium account in accordance with policy set out in note 2(w)(ii). As at 31 March 2016, the company has no share option outstanding.

iv) *Conversion of convertible bonds*

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

37. SHARE CAPITAL (Continued)

v) *Exercise of warrants*

Warrants were exercised at a price of HK$0.3 into 14,167,000 ordinary shares of HK$0.03 each during the ended 31 March 2015. Accordingly, approximately 14,167,000 shares amounting to par value of HK$425,000 (equivalent to approximately RMB338,000) and a share premium of approximately HK$3,825,000 (equivalent to approximately RMB3,044,000) was resulted. Fair value of warrants of RMB2,734,000 has been transferred to share premium account.

Warrants were exercised at a price of HK$0.3 into 20,000,000 ordinary shares during the year ended 31 March 2016. An amount equivalent to the par value of the share issued of approximately HK$600,000 (equivalent to approximately RMB472,000) was recognised as share capital and the premium paid on the exercise of the warrants of approximately HK$5,400,000 (equivalent to approximately RMB4,248,000) was credited to share premium for the year ended 31 March 2016. Fair value of warrants of RMB33,085,000 has been transferred to share premium account.

vi) *Capital Reorganisation*

On 12 January 2016, the company completed capital reorganisation which comprised of i) share consolidation; ii) the capital reduction; and iii) the share subdivision (collectively known as the "capital reorgansation"). Every five shares of par value of HK$0.03 each in issued and unissued of the company be consolidated into one share of par value of HK$0.15 each (the "consolidated share"). The par value, HK$0.15, of each of the consolidated share is reduced to HK$0.01 each by the cancellation of HK$0.14 on each of the issued consolidated share.

Pursuant to special resolution passed on 11 January 2016, each of the company's authorised but unissued consolidated shares of par value of HK$0.15 each were subdivided into fifteen subdivided shares of par value of HK$0.01 each (the "share subdivision"). The share subdivision was effective on 12 January 2016, the authorised share capital of the company was divided into 30,000,000,000 shares of HK$0.01 each.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

38. EQUITY SETTLED SHARE-BASED TRANSACTIONS

The company has a share option scheme which was adopted on 16 December 2011 whereby the directors of the company are authorized, at their discretion, to invite the company's employees, company's director (including independent non-executive directors), other employees and director of the group, suppliers of goods or services to the group, customers of the group, persons or entities that provided research, development or other technological support to the group, any shareholder of the group (collectively "Participant") and any company wholly owned by one or more persons belonging to any of the Participant, to take up options at a nominal consideration to subscribe for ordinary shares of the company. The exercise price of options should be the highest of the nominal value of the shares, the closing price of the shares on the SEHK on the date of grant and the average closing price of the shares on the SEHK for the five business days immediately preceding the date of grant. The share option scheme shall be valid and effective for a period of ten years ending on 15 December 2021, after which no further options will be granted.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

38. EQUITY SETTLED SHARE-BASED TRANSACTIONS (Continued)

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

For the year ended 31 March 2016

	Number of share options					
	Outstanding at 1 April 2015	Exercise during the year	Outstanding at 31 March 2016	Date of grant of share options*	Exercisable period of share options	Exercise price of share options HK$
Directors						
Mr Xu Dong	10,000,000	(10,000,000)	–	17-3-2015	17-3-2015 to 16-3-2020	0.243
Ms Yu Wai Fong	10,000,000	(10,000,000)	–	17-3-2015	17-3-2015 to 16-3-2020	0.243
Mr Au Tat On	1,000,000	(1,000,000)	–	17-3-2015	17-3-2015 to 16-3-2020	0.243
	21,000,000	(21,000,000)	–			
Employees						
Other employees	3,500,000	(3,500,000)	–	17-3-2015	17-3-2015 to 16-3-2020	0.243
	3,500,000	(3,500,000)	–			
Total number of share options	24,500,000	(24,500,000)	–			

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

38. EQUITY SETTLED SHARE-BASED TRANSACTIONS (Continued)

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

For the year ended 31 March 2015

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

38. EQUITY SETTLED SHARE-BASED TRANSACTIONS (Continued)

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

	2016		2015	
	Weighted average exercise price HK$	**Number of shares issuable under options**	Weighted average exercise price HK$	Number of shares issuable under options
Outstanding at 1 April	**0.243**	**24,500,000**	–	–
Granted during the year	**–**	**–**	0.243	24,500,000
Exercised during the year	**(0.243)**	**(24,500,000)**	–	–
Outstanding at 31 March	**–**	**–**	0.243	24,500,000
Exercisable at the end of the year	**–**	**–**	0.243	24,500,000

The share option scheme is governed by chapter 17 of the Listing Rules.

The share options outstanding at 31 March 2015 had an exercise price of HK$0.243 and a weighted average remaining contractual life of 4.95 years. No option was outstanding at 31 March 2016.

The weighted average share price at the dates of exercise of share options during the year was HK$0.77 (2015: not applicable).

c) **FAIR VALUE OF SHARE OPTIONS AND ASSUMPTIONS**

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

Fair value of share options and assumptions

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

39. RESERVES

a) The reconciliation between the opening and closing balances of each component of the group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the company's individual components of equity between the beginning and the end of the year are set out below:

The company

	Share premium RMB'000	Contributed surplus RMB'000	Employee share-based compensation reserve RMB'000	Exchange fluctuation reserve RMB'000	Investment revaluation Reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 April 2014	987,076	–	–	2,530	–	(679,618)	309,988
Change in equity for 2014/2015:							
Loss for the year	–	–	–	–	–	(2,444)	(2,444)
Other comprehensive loss							
Exchange differences on translation of financial statements	–	–	–	(2,322)	–	–	(2,322)
Total comprehensive loss for the year	–	–	–	(2,322)	–	(2,444)	(4,766)
Equity-settled share-based transactions	–	–	4,191	–	–	–	4,191
Conversion of convertible bonds (note 37(iv))	51,355	–	–	–	–	–	51,355
Exercise of warrant (note 37(v))	5,778	–	–	–	–	–	5,778
Total transactions with owners	57,133	–	4,191	–	–	–	61,324
At 31 March 2015	1,044,209	–	4,191	208	–	(682,062)	366,546
At 1 April 2015	**1,044,209**	**–**	**4,191**	**208**	**–**	**(682,062)**	**366,546**
Change in equity for 2015/2016:							
Loss for the year	**–**	**–**	**–**	**–**	**–**	**(159,071)**	**(159,071)**
Other comprehensive income							
Changes in fair value of available-for-sale investments	**–**	**–**	**–**	**–**	**36,724**	**–**	**36,724**
Total comprehensive loss for the year	**–**	**–**	**–**	**–**	**36,724**	**(159,071)**	**(122,347)**
Exercise of share options (note 37(iii))	**8,257**	**–**	**(4,191)**	**–**	**–**	**–**	**4,066**
Share issues expenses	**(3,228)**	**–**	**–**	**–**	**–**	**–**	**(3,228)**
Exercise of warrants (note 37(v))	**37,333**	**–**	**–**	**–**	**–**	**–**	**37,333**
Placing of new shares (note 37(i) and (ii))	**243,893**	**–**	**–**	**–**	**–**	**–**	**243,893**
Capital reduction (note 37(vi))	**–**	**108,429**	**–**	**–**	**–**	**–**	**108,429**
Total transactions with owners	**286,255**	**108,429**	**(4,191)**	**–**	**–**	**–**	**390,493**
At 31 March 2016	**1,330,464**	**108,429**	**–**	**208**	**36,724**	**(841,133)**	**634,692**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

39. RESERVES (Continued)

b) NATURE AND PURPOSES OF THE RESERVES

i) Share premium

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

ii) Special reserve

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

iii) Employee share-based compensation reserve

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

iv) Exchange fluctuation reserve

The exchange fluctuation reserve comprises all foreign exchange differences arising from the translation of the financial statements of group entities whose functional currency is other than Renminbi. The reserve is dealt with in accordance with the accounting policies set out in note 2(t).

v) Investment revaluation reserve

The investment revaluation reserve comprises the cumulative net change in the fair value of available-for-sale investments held at the end of the reporting period and is dealt with in accordance with the accounting policies in note 2(f).

vi) Contributed surplus

The contributive surplus represents the credit arising from capital reduction for the year ended 31 March 2016.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

39. RESERVES (Continued)

c) DISTRIBUTABILITY OF RESERVES

At 31 March 2016, the aggregate amount of reserves available for distribution to owners of the company was approximately RMB597,968,000 (2015: equivalent to approximately RMB362,355,000) subject to the restriction on the share premium account as stated above.

d) CAPITAL MANAGEMENT

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

The group monitors its capital structure on the basis of an adjusted net debt-to-capital ratio. For this purpose, adjusted net debt is defined as total debt (which includes interest-bearing bank borrowings, promissory note and unconvertible bonds and loan from a related party) less cash and cash equivalents and fixed deposits. Total equity comprises all components of equity.

During the year ended 31 March 2016, the group's strategy, which was unchanged from 2015, was to maintain a gearing ratio as low as feasible. In order to maintain or adjust the ratio, the group may adjust the amount of dividends paid to the owners, return capital to the owners, issue new shares or sell assets to reduce debt. The gearing ratios at 31 March 2016 and 2015 were as follows:

	2016 **RMB'000**	2015 RMB'000
Total borrowings		
Interest-bearing bank borrowings (note 31)	**27,000**	38,500
Unconvertible bonds (note 34)	**16,628**	15,756
Loan from a related party (note 30)	**–**	257
Less: Cash and cash equivalents (note 29)	**(38,514)**	(27,204)
Fixed deposit (note 29)	**(13,921)**	(7,730)
Adjusted net (cash)/debt	**(8,807)**	19,579
Total equity	**683,646**	393,680
Gearing ratio	**N/A**	5%

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

40. DISPOSAL OF SUBSIDIARIES

On 11 March 2016, the group completed the disposal of entire equity interests in Main Pacific Group Limited and Universe Prosper Limited and their subsidiaries which carried out mining operation.

	2016 RMB'000
Consideration received:	
Cash received during the year	36,260
Cash consideration receivable	17,958
	54,218

Analysis of assets and liabilities over which control was lost:

	2016 RMB'000
Plant and equipment	6,268
Intangible asset	64,000
Trade and other receivables	998
Amounts due from the group	1,870
Cash and cash equivalents	978
Trade and other payables	(10,505)
Amounts due to the group	(63,991)
Net liabilities disposal of	(382)
Loss on disposal of subsidiaries:	
Consideration received	54,218
Assignment of debts due to the group	(62,121)
Non-controlling interests	5,204
Release of exchange fluctuation reserve upon disposal	156
Net liabilities disposed of	382
	(2,161)
Net cash inflow arising on disposal:	
Consideration received	36,260
Cash and cash equivalents balance disposed of	(978)
	35,282

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

41. COMMITMENTS

a) CAPITAL COMMITMENTS

Capital commitments outstanding at 31 March 2016 contracted for but not provided for in the financial statements were as follows:

	2016 RMB'000	2015 RMB'000
Contracted for, but not provided for:		
Land	–	14,011
Office renovation Project	761	–

b) OPERATING LEASE COMMITMENTS

i) The group as lessor:

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

	2016 RMB'000	2015 RMB'000
Within one year	9,377	8,875
In the second to fifth year, inclusive	34,881	37,509
Over five years	36,223	42,972
	80,481	89,356

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

41. COMMITMENTS (Continued)

b) OPERATING LEASE COMMITMENTS (Continued)

ii) The group as lessee:

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

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

	2016 **RMB'000**	2015 RMB'000
Within one year	**5,926**	4,323
In the second to fifth years, inclusive	**3,389**	2,250
Over five years	**3,234**	–
	12,549	6,573

42. MATERIAL RELATED PARTY TRANSACTIONS

a) KEY MANAGEMENT PERSONNEL EMOLUMENTS

Emoluments for key management personnel, including amounts paid to the company's directors as disclosed in note 11 and certain of the highest paid employees as disclosed in note 12 are as follows:

	2016 **RMB'000**	2015 RMB'000
Short-term employee benefits	**14,934**	15,516
Post-employment benefits	**177**	166
Equity-settled share-based payment expenses	**–**	4,106
	15,111	19,788

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

42. MATERIAL RELATED PARTY TRANSACTIONS (Continued)

b) OUTSTANDING BALANCES WITH RELATED PARTIES

In addition to the transactions detailed elsewhere in these financial statements, the group had the following transactions with related parties during the year:

	2016	2015	
			Related interest expenses
	RMB'000	RMB'000	RMB'000
Amounts due to directors (note 30) (note a)	**420**	49	–
Amounts due to related parties (note 30) (note a)	**229**	4,094	–
Loan from a related party (note 30) (note b)	**–**	257	16

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

b) A loan with principal amount of RMB440,000 from a related party, Mr. Zhou Hong Tao, senior management of the company is unsecured, bears interest at 6.73% per annum and is repayable by 36 instalments from January 2014. On 11 March 2016, the loan had been derecognised upon disposal of subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

43. FINANCIAL INSTRUMENTS BY CATEGORY

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

2016

Financial assets

		Financial assets at fair value through profit or loss			
	Available for sale financial assets RMB'000	Contingent consideration receivable RMB'000	Held for trading RMB'000	Loans and receivables/ (Loans and borrowings) RMB'000	Total RMB'000
Trading securities	–	–	106	–	106
Available-for-sale investments	313,819	–	–	–	313,819
Contingent consideration receivables*	–	51,380	–	(48,731)	2,649
Financial assets included in trade and other receivables	–	–	–	14,339	14,339
Loan receivables	–	–	–	99,768	99,768
Consideration receivable	–	–	–	17,958	17,958
Fixed deposit	–	–	–	13,921	13,921
Cash and cash equivalents	–	–	–	38,514	38,514
	313,819	51,380	106	135,769	501,074

Financial liabilities

	Financial liabilities at fair value through profit or loss – held for trading RMB'000	Financial liabilities at amortised cost RMB'000	Total RMB'000
Financial liabilities included in trade and other payables	–	16,636	16,636
Interest-bearing bank borrowings	–	27,000	27,000
Warrants	61	–	61
Unconvertible bonds	–	16,628	16,628
	61	60,264	60,325

* Contingent consideration receivable of RMB2,649,000 was resulted from offsetting of the promissory note of RMB48,731,000 and contingent consideration receivable of RMB51,380,000 (note 36).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

43. FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

2015

Financial assets

	Financial assets at fair value through profit or loss		
	Held for trading	Loans and receivables	Total
	RMB'000	RMB'000	RMB'000
Trading securities	119	–	119
Financial assets included in trade and other receivables	–	15,937	15,937
Promissory notes receivables	–	97,057	97,057
Fixed deposits	–	7,730	7,730
Cash and cash equivalents	–	27,204	27,204
	119	147,928	148,047

Financial liabilities

	Financial liabilities/(assets) at fair value through profit or loss			
	Contingent consideration receivable	Held for trading	Financial liabilities at amortised cost	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Financial liabilities included in trade and other payables	–	–	10,936	10,936
Interest-bearing bank borrowings	–	–	38,500	38,500
Warrants	–	13,764	–	13,764
Unconvertible bonds	–	–	15,756	15,756
Purchase consideration payable*	(51,651)	–	52,567	916
	(51,651)	13,764	117,759	79,872

* Purchase consideration payable of RMB916,000 was resulted from the offsetting of the promissory note of RMB52,567,000 and contingent consideration receivable of RMB51,651,000 (note 36).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

44. COMPANY – LEVEL STATEMENT OF FINANCIAL POSITION

	Note	2016 RMB'000	2015 RMB'000
Non-current assets			
Investment in subsidiaries	18	**296,163**	302,219
Available-for-sale investments		**313,819**	–
Interest in an associate		**7,559**	7,560
Contingent consideration receivable		**2,649**	–
		620,190	309,779
Current assets			
Deposits and prepayments		**325**	126
Other receivables		**18**	7,169
Consideration receiavble		**17,958**	–
Trading securities		**106**	119
Promissory notes receivable		**–**	97,057
Cash and cash equivalents		**32,224**	22,890
		50,631	127,361
Current liabilities			
Other payables and accruals		**11,695**	2,906
Amounts due to subsidiaries		**–**	992
Warrants		**61**	–
		11,756	3,898
Net current assets		**38,875**	123,463
Total assets less current liabilities		**659,065**	433,242
Non-current liabilities			
Unconvertible bonds		**16,628**	15,756
Warrants		**–**	13,764
Purchases consideration payable		**–**	916
		16,628	30,436
NET ASSETS		**642,437**	402,806
EQUITY			
Equity attributable to owners of the company			
Share capital	37	**7,745**	36,260
Reserves	39(a)	**634,692**	366,546
TOTAL EQUITY		**642,437**	402,806

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

45. LITIGATION

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

46. RETIREMENT BENEFITS SCHEME

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

The retirement benefit cost for the MPF scheme charged to the consolidated statement of profit or loss represents contributions payable to the MPF scheme by the group at 5% specified in the rules of the MPF scheme.

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

47. BUSINESS COMBINATION

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

47. BUSINESS COMBINATION (Continued)

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

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

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

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

Notes:

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

47. BUSINESS COMBINATION (Continued)

(i) (Continued)

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

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

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

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

The acquisition was completed on 21 November 2014.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

47. BUSINESS COMBINATION (Continued)

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

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

The fair value of promissory note and contingent consideration receivable were valued by Roma Appraisals Limited.

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

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

Notes:

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

47. BUSINESS COMBINATION (Continued)

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

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

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

48. EVENTS AFTER THE END OF THE REPORTING PERIOD

DISPOSAL OF AN ASSOCIATE

On 27 May 2016, the company entered into a sales and purchase agreement with an independent third party in relation to disposal of 32.39% of entire issued paid-up share capital of Edknowledge Group Limited, at a consideration of HK$9,500,000. The disposal of associate was completed 3 June 2016.

ACQUISITION OF SUBSIDIARIES

a) On 24 May 2016, a wholly-owned subsidiary and the vendor entered into the agreement to acquire 100% of issued paid-up share capital of Hong Kong Financial Management Limited ("HKFM") for a total consideration of HK$6,717,417. The consideration for the acquisition shall be satisfied in following manner:

    i) HK$900,000, being the first deposit;

    ii) HK$2,100,000, being the second deposit payable within one business day after signing of the agreement;

    iii) HK$3,717,417, being the remaining balance payable upon completion of the agreement.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

48. EVENTS AFTER THE END OF THE REPORTING PERIOD (Continued)

ACQUISITION OF SUBSIDIARIES (Continued)

b) On 20 November 2015 and on 31 March 2016, a wholly-owned subsidiary of the group and the vendors ("vendors") entered into a sale and purchase agreement and a supplemental sale and purchase agreement, respectively, to acquire 100% of issued paid-up share capital of JAF for a total consideration of approximately HK$12,577,000 (equivalents to approximately RMB10,472,000).

On 11 April 2016, the group obtained control of JAF through the acquisition of 100% equity interest in JAF, a company engaged in the business of securities brokerage.

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

	RMB'000
Cash	9,175
Deposit of acquisition	1,297
Total consideration	10,472

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

48. EVENTS AFTER THE END OF THE REPORTING PERIOD (Continued)

ACQUISITION OF SUBSIDIARIES (Continued)

b) (Continued)

Assets acquired and liabilities recognised at the date of acquisition:

	Fair value recognised on acquisition RMB'000
Property, plant and equipment	73
Intangible assets	5,828
Available-for-sale investments	99
Deposits and other receivables	304
Other investments	42
Cash and cash equivalents	4,519
Other payables	(1,096)
Total identifiable net assets at fair value	9,769
Goodwill arising on acquisition	703
Consideration, satisfied in cash	10,472
Cash and cash equivalent balances acquired	(4,519)
Net cash outflow	5,953

Acquisition-related costs amounting to RMB1,451,000 have been excluded from the consideration transferred.

The goodwill of approximately RMB703,000 arising from the acquisition is attributable to acquired customer base expected from combining the operations of the group and JAF. None of the goodwill recognised is expected to be deductible for income tax purposes.

PROPOSED RIGHTS ISSUE

On 17 June 2016, the company announced proposing to raise not less than approximately HK$547.9 million and not more than approximately HK$569.5 million before expenses by issuing not less than 3,886,065,724 rights shares and not more than 4,038,732,388 rights shares at the subscription price of HK$0.141 per rights share on the basis of four rights shares for every one existing share held by shareholders of the company. The rights issue is not yet completed at the date these consolidated financial statements were authorised to issue.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

49. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2016

Up to the date of issue of these financial statements, the HKICPA has issued the following amendments and new standards which are not yet effective for the year ended 31 March 2016 and which have not been adopted in these financial statements. These include the following which may be relevant to the group.

HKFRS 9	Financial Instruments[1]
HKFRS 14	Regulatory Deferral Accounts[2]
HKFRS 15	Revenue from Contracts with Customers[1]
HKFRS 16	Leases[4]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[2]
Amendments to HKFRS 15	Clarifications to HKFRS 15 "Revenue from contracts with customers"[1]
Amendments to HKAS 1	Disclosure Initiative[2]
Amendments to HKAS 7	Disclosure Initiative[5]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[5]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[2]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[2]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[2]
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKFRS 27	Equity Method in Separate Financial Statements[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle[2]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for annual periods beginning on or after 1 January 2016
3 Effective for annual periods beginning on or after a date to be determined
4 Effective for annual periods beginning on or after 1 January 2019
5 Effective for annual periods beginning on or after 1 January 2017

The group is in the process of making an assessment of what the impact of these new and revised HKFRSs is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the group's financial position and financial performance.

FIVE YEAR FINANCIAL SUMMARY

RESULTS

	Year ended 31 March				
	2016	2015	2014	2013	2012
	RMB'000	RMB'000 (Restated)	RMB'000	RMB'000	RMB'000
Continuing operations:					
Revenue	**28,669**	10,580	4,596	9,416	7,243
(Loss)/profit before taxation	**(84,731)**	5,676	(131,335)	(132,546)	(329,180)
Income tax credit (expenses)	**5,165**	(6,860)	328	4,508	165
Loss for the year from continuing operations	**(79,566)**	(1,184)	(131,007)	(128,038)	(329,015)
Discontinued operation:					
Loss for the year from discontinued operation	**(26,932)**	(21,582)	–	–	–
Loss for the year	**(106,498)**	(22,766)	(131,007)	(128,038)	(329,015)

ASSETS AND LIABILITIES

	As at 31 March				
	2016	2015	2014	2013	2012
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Total assets	**759,211**	491,954	428,531	526,271	660,800
Total liabilities	**(75,565)**	(98,274)	(94,332)	(73,406)	(87,044)
Net assets	**683,646**	393,680	334,199	452,865	573,756

PROPERTIES HELD BY THE GROUP FOR INVESTMENT

As at 31 March 2016

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