



Annual Report 2014-2015



汎港地產集團

PAN HONG PROPERTY GROUP

Pan Hong Property Group Limited



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Corporate Information

BOARD OF DIRECTORS

Executive:

Wong Lam Ping (*Chairman*)
Wang Cuiping
Chan Chun Kit
Wong Ching

Non-Executive:

Chan Kin Sang (*Non-Independent Director*)
Sim Wee Leong (*Lead Independent Director*)
Choo Kian Koon (*Independent Director*)
Zheng Haibin (*Independent Director*)

AUDIT COMMITTEE

Sim Wee Leong (*Chairman*)
Choo Kian Koon
Zheng Haibin

NOMINATING COMMITTEE

Choo Kian Koon (*Chairman*)
Sim Wee Leong
Wong Lam Ping

REMUNERATION COMMITTEE

Zheng Haibin (*Chairman*)
Choo Kian Koon
Chan Kin Sang

COMPANY SECRETARIES

Chan Chun Kit
Toh Li Ping, Angela

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton, HM 11
Bermuda

BUSINESS OFFICE

Room 1214, 12 Floor, Tower B
Hung Hom Commercial Centre
37-39 Ma Tau Wai Road
Hung Hom, Hong Kong
Tel: 852-2363-1300
Fax: 852-2764-2160

ASSISTANT SECRETARY/ BERMUDA SHARE REGISTRAR

Codan Services Limited
2 Church Street
Hamilton, HM 11
Bermuda

SHARE TRANSFER AGENT

B.A.C.S. Private Limited
63 Cantonment Road
Singapore 089758

JOINT AUDITORS

BDO Limited
Certified Public Accountants
25th Floor Wing On Centre
111 Connaught Road Central
Hong Kong

BDO LLP
Public Accountants and Chartered Accountants
21 Merchant Road
#05-01 Singapore 058267

AUDIT PARTNER-IN-CHARGE

BDO Limited
Certified Public Accountants
Cheung Or Ping
(Appointed with effect from
financial year 31 March 2014)

BDO LLP
*Public Accountants and
Chartered Accountants*
Khoo Gaik Suan
(Appointed with effect from
financial year 31 March 2013)

Corporate Profile

Headquartered in Hong Kong, Pan Hong Property Group Limited (汎港地产集团) and its subsidiaries (“Pan Hong” or the “Group”) is a property developer focused on developing high quality residential and commercial properties in the second and third-tier cities in the People’s Republic of China (“PRC”).

Pan Hong is an early entrant in the property development sector in these lower-tier cities. Backed by over 20 years of management experience in the PRC’s property development industry, Pan Hong has established its presence in Hangzhou and Huzhou cities in Zhejiang Province, and Nanchang, Fuzhou and Yichun cities in Jiangxi Province.

As a testament to the strong brand identity that Pan Hong has established in the second and third-tier cities as well as the quality of its property developments, the Group has received several awards for its projects. The Group’s Huzhou Run Yuan Project (湖洲润源项目) had received “2014 Huzhou Most Expected Property Project (2014湖洲最期待楼盘)” in 2014. In 2015, the Group’s Nanchang Sino Harbour Kaixuan City (南昌汉港凯旋城) was awarded “2015 Most Outstanding Quality Property Project (2015最具卓越质量楼盘)” and “2015 Nanchang Most Investment Value Property Project (2015南昌楼市最具投资价值名盘)”. The Group’s Yichun Royal Lake City (宜春御湖城) had received “Most Comparative Price Property Project (最具高性价比楼盘)” in 2013 and “Yichun Most Popular Project (宜春最佳人气楼盘)” in Year 2015.

Pan Hong was listed on the Main Board of the Singapore Exchange Securities Trading Limited on 20 September 2006. To further expand its business, the Group spun off its Jiangxi residential and commercial property development businesses and listed it as Sino Harbour Property Group on the Main Board of the Stock Exchange of Hong Kong Limited (the “SEHK”) in July 2011.





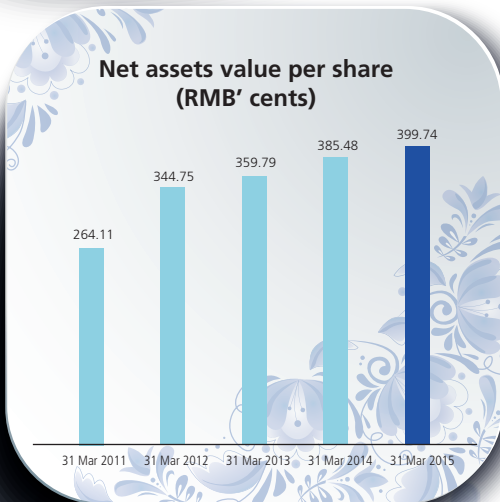
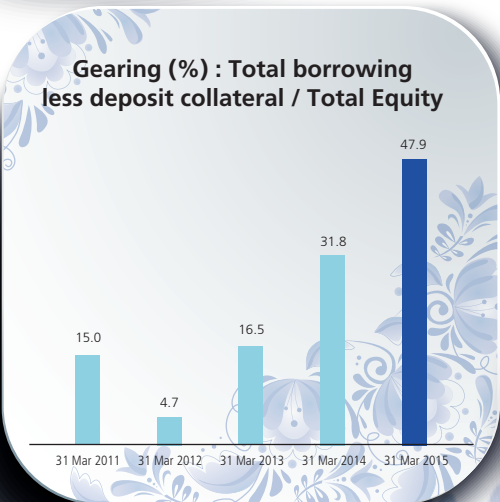
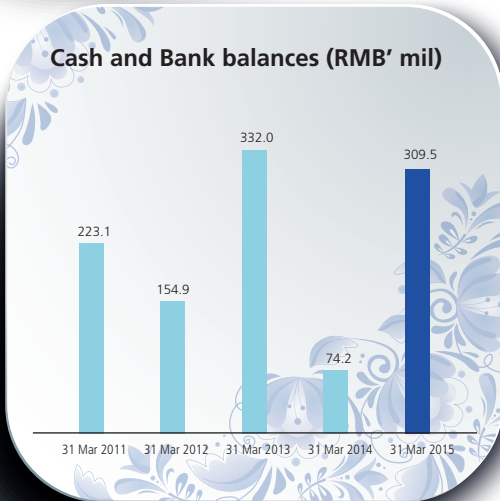
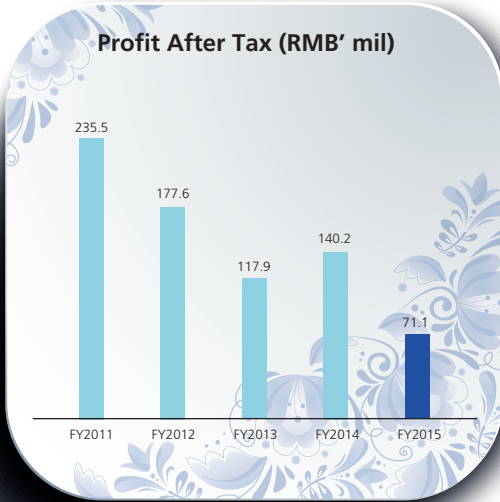
Financial Highlights

Financial Highlights

(RMB'000)	FY2015	FY2014	Change
PROFIT AND LOSS			
Revenue	505,224	535,077	(5.6%)
Gross profit	136,204	182,045	(25.2%)
Gross profit margin	27.0%	34.0%	(7.0 pts)
Profit after tax	71,103	140,244	(49.3%)
Profit attributable to the owners of the Company	50,965	107,521	(52.6%)
REVENUE ANALYSIS BY TYPE OF PROPERTIES			
Residential	433,782	469,690	(7.6%)
Commercial and others	71,442	65,387	9.3%
REVENUE ANALYSIS BY GEOGRAPHICAL SEGMENT			
Northern Region	4,350	58,738	(92.6%)
Southern Region	500,874	476,339	5.2%



Financial Highlights





Chairman's Statement

Chairman's Statement

Dear Shareholders,

On behalf of the Board of Directors (the "Board") of the Company, I am pleased to present the results of the Group for the financial year ended 31 March 2015 ("FY2015").

The Group had recorded a revenue of RMB505.2 million and a net profit of RMB71.1 million in FY2015. Profit attributable to shareholders amounted to RMB51.0 million and basic earnings per share was RMB9.95 cents.

MARKET REVIEW

The property market in the PRC continued to rebound gradually, supported by the easing of administrative control policy, benchmark interest rate and reserve requirement rate cut as well as the easing of mortgage rule by the PRC government.

Despite the gradual easing of residential property rules and credit control policy, the property market did not recover quickly due to the high inventory level and oversupply of properties but weak market demand. This is supported by the data published by the National Bureau of Statistics which indicated that new home prices of 48 and 50 out of a statistical pool of 70 major PRC cities recorded a month-on-month drop in April and March 2015 respectively.

Overall, supported by the change in the PRC government's macro policy and the adjustment of property developers' inventories to more reasonable levels, the Group expects the property market to remain relatively stable in 2015.



BUSINESS OUTLOOK

The Group's iconic projects, Fuzhou Hua Cui Ting Yuan (抚州华萃庭院) Phases 2 and 3, Yichun Royal Lake City Phase 1 as well as Nanchang Sino Harbour Kaixuan City Phase 1 were the main contributors to the Group's revenue in FY2015.

We will continue to focus on the sales of our existing projects and launch the pre-sale of other iconic projects, Nanchang Sino Harbour Kaixuan City Phase 1, Huzhou Run Yuan Project Phase 1, Huzhou Hua Cui Ting Yuan (湖州华萃庭院) Phase 2 as well as Yichun Royal Lake City Phase 2 in the coming financial year.

Chairman's Statement

The Group is also exploring suitable business opportunities to diversify its core business. With reference to the Group's announcement dated 16 June 2015, the Group had incorporated an associated company with our business partners to undertake the internet finance and electronic commerce business in the PRC. We believe that this is an opportunity for the Group to diversify its core business and broaden its revenue base.

APPRECIATION

On behalf of the Board, I would like to express my sincere appreciation to our shareholders, business partners and associates for your continued confidence in the Group. I would like to also thank the Board for their contributions and support. Last but not least, to my management and staff, thank you for your concerted efforts in building the business and enhancing the reputation of Pan Hong in the PRC. Together, we look forward to forging a better future for Pan Hong.



Wong Lam Ping

Executive Chairman

30 June 2015



Business and Operations Review

Business and Operations Review

OVERVIEW OF OUR BUSINESS

During the year under review, the Group achieved revenue of RMB505.2 million mainly from the sales of Fuzhou Hua Cui Ting Yuan Phases 2 and 3, Yichun Royal Lake City Phase 1 as well as Nanchang Sino Harbour Kaixuan City Phase 1. The total gross floor area of the residential and commercial properties (excluding car parking spaces sold in FY2015) amounted to approximately 82,842 sq. m.

The following table presents an analysis of the Group's revenue in FY2015:

	Year ended 31 March 2015
(i) Residential	
– GFA sold (in sq. m.)	77,929
– Average selling price (RMB per sq. m.)	5,566
– Revenue (approx RMB'000)	433,782
(ii) Commercial	
– GFA sold (in sq. m.)	4,913
– Average selling price (RMB per sq. m.)	13,285
– Revenue (approx RMB'000)	65,268
(iii) Car parking spaces	
– Revenue (approx RMB'000)	6,174

Business and Operations Review

PROPERTY PRE-SALES

As of 17 May 2015, the Group's aggregate pre-sales value from Nanchang Sino Harbour Kaixuan City Phase 1, Fuzhou Hua Cui Ting Yuan Phase 2 and Phase 3, Yichun Royal Lake City Phase 2 as well as Huzhou Run Yuan Project Phase 1 had a total unbilled sales of RMB934.14 million. The status of the sales of our property developments are summarised as follows:

Name of Project	Province	Type of units	Est. total GFA released for sales (sq. m.)	Percentage of pre-sold units	Unbilled sales [^] (RMB'million)
Nanchang Sino Harbour Kaixuan City Phase 1	Jiangxi	Residential	80,686	60%	194.36
Fuzhou Hua Cui Ting Yuan Phase 2	Jiangxi	Residential	79,933	89%	70.58
Fuzhou Hua Cui Ting Yuan Phase 3	Jiangxi	Residential	117,177	86%	318.42
Yichun Royal Lake City Phase 2	Jiangxi	Residential	59,863	81%	220.14
Huzhou Run Yuan Project Phase 1	Zhejiang	Residential	38,844	53%	130.64
TOTAL					934.14

[^] Unbilled sales is computed as follows: pre-sales at the beginning period plus new pre-sales during the period less those handed over to buyers as at 31 March 2015

Business and Operations Review

CONSTRUCTION PROGRESS AND DEVELOPING PROJECTS

The Group will maintain its scale and pace of construction activities in order to have enough GFA available for sale and for delivery to support our growth in coming year. Currently, the Group's property projects under construction are as follows:

Name of Project	Province	City	Planned Gross Floor Area	Expected Completion Date
Huzhou Run Yuan Project Phase 1	Zhejiang	Huzhou	Residential: 104,327 Commercial: 7,031	Q4 CY2016
Huzhou Hua Cui Ting Yuan Phase 2	Zhejiang	Huzhou	Residential: 50,525	Q4 CY2016
Nanchang Sino Harbour Kaixuan City Phase 1				
– High-rise residential annexed with commercial	Jiangxi	Nanchang	Residential: 61,128 Commercial: 1,640	Q1 CY2016
– Townhouse	Jiangxi	Nanchang	Residential: 54,978	Q2 CY2017
Nanchang Sino Harbour Kaixuan City Phase 2	Jiangxi	Nanchang	Residential: 169,763 Commercial: 1,993	Q3 CY2017
Yichun Royal Lake City Phase 2	Jiangxi	Yichun	Residential: 105,000	Q2 CY2016

LAND BANK

As at 31 March 2015, the Group had land bank with total planned saleable GFA of 2,887,734 sq. m. in 5 cities in the PRC. The Group's land bank as at 31 March 2015 was as follows:

	Landbank (sq. m.)
Properties under development	556,385
Properties held for future development	2,331,349
Total	2,887,734

Financial Review

FINANCIAL RESULT

	Group	
	FY2015	FY2014
Revenue (RMB'000)		
Residential	433,782	469,690
Commercial and others	71,442	65,387
Total Revenue	505,224	535,077

The Group's revenue in FY2015 was RMB505.2 million compared to RMB535.1 million in FY2014, a decrease of 5.6%. The decrease was mainly attributable to lower handover of residential units of Fuzhou Hua Cui Ting Yuan Phase 2 in FY2015 compared with FY2014.

The revenue in FY2015 mainly comprised residential units sold in Fuzhou Hua Cui Ting Yuan Phases 2 and 3, Yichun Royal Lake City Phase 1 as well as Nanchang Sino Harbour Kaixuan City Phase 1. In FY2014, the revenue was mainly derived from the handover of residential units sold in Fuzhou Hua Cui Ting Yuan Phases 1 and 2 as well as Yichun Royal Lake City Phase 1.

As the Group is primarily engaged in property development business, revenue recognition is dependent on the launch of new projects and completion of handover of sold properties. Consequently, revenue and profit for the Group looking across quarters will appear irregular.

Cost of sales increased by 4.5% from RMB353.0 million in FY2014 to RMB369.0 million in FY2015.

Gross profit margin in FY2015 decreased to 27.0% from 34.0% in FY2014. The lower gross profit margin in FY2015 was mainly due to the handover of residential units of Nanchang Sino Harbour Kaixuan City Phase 1 with lower gross profit margin.

Other income and gains decreased 36.3% to RMB67.5 million in FY2015 from RMB106.0 million in FY2014. The decrease was mainly due to a decrease in net fair value gain of the Group's investment properties. The Group recorded a fair value gain on investment properties of RMB37.0 million in FY2015, compared to RMB83.5 million in FY2014.

Selling and distribution expenses increased 38.3% from RMB18.1 million in FY2014 to RMB25.1 million in FY2015. The higher selling expenses in FY2015 were mainly due to the increase in advertising and promotion costs in respect of the pre-sale of Huzhou Run Yuan Project and Nanchang Sino Harbour Kaixuan City.

Administrative expenses decreased 2.6% from RMB45.7 million in FY2014 to RMB44.5 million in FY2015 mainly due to a decrease in handling charges for bank borrowings as well as land use tax in FY2015.

Other operating expenses decreased 84.3% from RMB230,000 in FY2014 to RMB1.5 million in FY2015, mainly due to a decrease in donation in the PRC.

Financial Review

Finance costs increased from RMB1.2 million in FY2014 to RMB3.2 million in FY2015 due to an increase in the provision of interest expenses of a loan from a related company – Pan Hong Company Limited, which Mr. Wong Lam Ping, the controlling shareholder and director of the Company, is a beneficial owner.

Share of result of a joint venture increased from RMB480,000 in FY2014 to RMB1.2 million in FY2015, mainly due to an increase in land use tax paid by a joint venture.

Income tax expense decreased from RMB80.8 million in FY2014 to RMB58.3 million in FY2015. The lower income tax is due to lower provision of the PRC corporate income tax and Land Appreciation Tax (LAT) in line with decrease with turnover and profit in FY2015 as well as lower provision of deferred tax liabilities in respect of fair value gain of investment properties.

As a result of the foregoing factors, the Group posted a decrease of 49.3% profit after tax of RMB71.1 million in FY2015 from RMB140.2 million in FY2014.

FINANCIAL POSITION

As at 31 March 2015, the Group had investment properties at fair value and held for sale of RMB412.7 million, compared to investment properties at fair value of RMB359.2 million as at 31 March 2014. The increase mainly comprised net fair value gain of the Group's investment properties derived from the transfer of a new property to the Group's investment properties during the year.

Interests in joint ventures increased from RMB182.4 million as at 31 March 2014 to RMB184.7 million as at 31 March 2015. The increase was attributable mainly to cash advance to a joint venture.

The Group's properties held under development increased by RMB678.2 million from RMB1.61 billion as at 31 March 2014 to RMB2.29 billion as at 31 March 2015, out of which RMB412.2 million was attributable to re-classification of prepaid land use rights from the prepayment and other receivables for the acquisition of Hangzhou Ganglian Sino Africa Tower Project (杭州港联中非大厦项目) after the full settlement of the outstanding land use rights of RMB93.8 million during the financial year. The remaining RMB266.0 million was mainly attributable to the construction progress of the Group's property projects which included the construction cost of Huzhou Run Yuan Project Phase 1 and Yichun Royal Lake City Phase 2, as well as the payment of RMB93.8 million for the remaining land use right of Hangzhou Ganglian Sino Africa Tower Project during the financial year.

Properties held for sale increased to RMB733.3 million as at 31 March 2015 from RMB461.8 million as at 31 March 2014, mainly due to the increase in completed property units in Fuzhou Hua Cui Ting Yuan Phase 3 and Nanchang Sino Harbour Kaixuan City Phase 1 being classified as properties held for sale in FY2015.

Accounts receivable increased from RMB1.6 million as at 31 March 2014 to RMB2.4 million as at 31 March 2015, mainly due to the receivable for the disposal of Fuzhou Hua Cui Ting Yuan as well as Huzhou Hua Cui Ting Yuan.

Financial Review

The Group's prepayments and other receivables decreased from RMB816.7 million as at 31 March 2014 to RMB485.6 million as at 31 March 2015. The decrease was mainly due to the re-classification of prepaid land use rights amounting to RMB412.2 million to property held under development.

Financial assets at fair value through profit or loss included listed equity securities in Hong Kong and the PRC. Financial assets at fair value through profit or loss increased to RMB7.4 million as at 31 March 2015 from RMB6.1 million as at 31 March 2014. The increase was mainly attributable to an increase in the acquisition of listed equity securities in the PRC in FY2015.

Long-term and short-term pledged and structured bank deposits decreased from RMB625.2 million as at 31 March 2014 to RMB603.4 million as at 31 March 2015. The decrease was mainly due to the decrease in deposits restricted for construction work to the subcontractors in FY2015.

Accounts and bill payables increased to RMB69.4 million as at 31 March 2015 from RMB28.9 million as at 31 March 2014 due to an increase in amounts payable to suppliers for construction costs incurred in respect of Fuzhou Hua Cui Ting Yuan Phase 3, Yichun Royal Lake City Phase 2 as well as Nanchang Sino Harbour Kaixuan City Phase 1.

Accruals, receipts in advance and other payables increased from RMB727.9 million as at 31 March 2014 to RMB1.11 billion as at 31 March 2015. Accruals, receipts in advance and other payables mainly comprised of advance receipts from customers in respect of the Group's property pre-sales, accrued construction costs and project-related expenses that were based on the progress of the project development but were not due for payment as well as guarantee deposit by the subcontractors as at 31 March 2015. The increase in accruals, receipts in advance and other payables was mainly due to the increase in advance receipts from the customers of Huzhou Run Yuan Project Phase 1, Yichun Royal Lake City Phase 2 and Nanchang Sino Harbour Kaixuan City Phase 1, as well as accrued construction costs of Fuzhou Hua Cui Ting Yuan Phase 3.

Amounts due to related parties increased from RMB96.9 million as at 31 March 2014 to RMB116.6 million as at 31 March 2015. The increase was attributable mainly to cash advance from a related company – Pan Hong Company Limited.

As at 31 March 2015, the Group had total borrowings of RMB1.52 billion, an increase from RMB1.16 billion as at 31 March 2014 mainly due to new borrowings during the period for financing the development of the Group's projects. Of these borrowings, bank and other loans of approximately RMB500.3 million were secured by a deposit of RMB534.0 million which was classified as "Pledged deposits" and "Structured bank deposits" as at 31 March 2015. Based on the Group's total equity of RMB2.05 billion and a deposit collateral of RMB534.0 million, the Group recorded a net gearing ratio (total bank and other loans less deposit collateral/ total equity) of 47.9% as at 31 March 2015, compared to 31.8% as at 31 March 2014.

Deferred tax liabilities increased to RMB57.7 million as at 31 March 2015 from RMB48.5 million as at 31 March 2014 mainly due to the provision of deferred tax liabilities in respect of fair value gain of investment properties.

Financial Review

In FY2015, the Group recorded RMB47.4 million of net cash used in operating activities which was mainly attributable to the increase in properties held under development and held for sale in FY2015.

Net cash used in investing activities in FY2015 amounted to RMB6.4 million, mainly due to the increase in structured bank deposits.

Net cash generated from financing activities in FY2015 amounted to RMB287.6 million, mainly due to cash inflow from new borrowings.

As at 31 March 2015, the Group had cash and cash equivalents of RMB309.5 million.

Board of Directors

Mr. Wong Lam Ping is our Executive Chairman, Chief Executive Officer and Founder of our Group. He was appointed to our Board on 3 January 2006 and was last re-elected on 30 July 2013. Mr. Wong is responsible for the formulation and execution of overall business strategies and policies as well as the overall management of our Group. Mr. Wong has over 30 years of property development experience since he established Pan Hong Co., Ltd. in 1983. Mr. Wong also sits on the board of several investment holding companies. In 2004, he was appointed a director of Chaozhou Jinaote Sanitary Ware Ltd. Mr. Wong completed a postgraduate course in Economics of Science and Technology and Management from Zhejiang University of Technology in 2000. He holds an honorary degree of a Doctor of Business Management from Armstrong University.

Ms. Wang Cuiping was appointed as an Executive Director on 14 August 2006 and was last re-elected on 30 July 2012. She joined our Group in 2002, and is responsible for planning and financial management, and human resource management of the Group. Before joining Pan Hong, she spent 13 years from 1982 with the Inner Mongolia Hai Bo Wan Mining Bureau (内蒙古海勃湾矿务局) handling accounting matters, eventually becoming the head of the financial department from 1992 to 1995. From 1995 to 2002, she worked as a tax expert for the Inner Mongolia Wu Hai City State Administration of Taxation (内蒙古乌海市国税局). She later joined 999 Huzhou Pharmaceutical Company (三九湖州药业) as the head of the financial department, before joining our Group as senior accountant in 2002. Ms. Wang graduated from the Inner Mongolia Coal Industrial School (内蒙古煤炭工业学校) in 1982 with a degree in Financial Accounting, and from the Inner Mongolia Broadcast and Television University (内蒙古广播电视大学) with a degree in Industrial Accounting in 1986. She was certified as a PRC Certified Tax Expert by the PRC Ministry of Finance, State Administration of Taxation in 2000 and as a PRC Certified Public Accountant by the Chinese Institute of Certified Public Accountants in 2004.

Mr. Chan Chun Kit was appointed as an Executive Director on 30 June 2011 and was last re-elected on 30 July 2014. He joined our Group in 2008 as the Group's Financial Controller and Company Secretary and is responsible for the Group's finance and accounting functions. He is also responsible for statutory compliance and corporate governance of our Group, as well as coordination with our Group's stakeholders. Prior to joining the Group, he was an auditor with an international public accounting firm. Mr. Chan graduated from The Hong Kong Polytechnic University with a Bachelor of Arts in Accountancy (Hons). Mr. Chan is also a Certified Public Accountant, a fellow member of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants.

Mr. Wong Ching joined our Group as an Executive Director on 14 August 2014. He is responsible for the Group's investor relations and related matters. Mr. Wong graduated from Imperial College London with a Master of Science in Chemistry. Mr. Wong is also an associate member of the Hong Kong Institute of Certified Public Accountants, Member of the Chinese People's Political Consultative Conference for Nanning City as well as Council Member of the Hong Kong Guangxi General Chamber of Commerce. Mr. Wong is currently a venture partner of Riverland Capital Limited and he was working in Deloitte Hong Kong from 2009 to 2012.

Board of Directors

Mr. Chan Kin Sang is a Non-Executive and Non-Independent Director. He was appointed to our Board on 14 August 2006 and was last re-elected on 30 July 2012. He is currently the sole proprietor of Messrs. Peter K.S. Chan & Co, Solicitors and Notaries. He has been a practising solicitor in Hong Kong since 1982. Mr. Chan graduated from the University of Hong Kong with a Bachelor of Laws degree in 1979. He was admitted as a Notary Public in 1997 and as a China-appointed Attesting Officer in 2000. He is currently a Fellow of the Hong Kong Institute of Directors.

Mr. Chan Kin Sang is currently an independent non-executive director of another Singapore listed company, namely Luxking Group Holdings Limited and five Hong Kong listed companies, namely China Fortune Financial Group Limited, China Precious Metal Resources Holdings Co., Limited, China Taifeng Beddings Holdings Ltd, Tianjin TEDA Biomedical Engineering Co., Limited and Tianhe Chemicals Group Limited. Mr. Chan is also a non-executive director of Combest Holdings Limited which is listed in Hong Kong. For the past 3 years, Mr. Chan also held directorships in the following Singapore listed company, namely People's Food Holdings Limited and in the following Hong Kong listed companies, namely United Pacific Industries Limited, Pacific Plywood Holdings Limited and Zhongda International Holding Limited.

Mr. Sim Wee Leong is our lead Independent Director. He was appointed to our Board on 14 August 2006 and was last re-elected on 30 July 2012. He is currently practising as a Chartered Accountant (Singapore) in Smalley & Sims PAC, a well established local accounting practice. He started his professional career in 1989 with an international accounting firm, before leaving in 1997 to join his current firm. He graduated with a Bachelor of Accountancy from the National University of Singapore in 1989.

Dr. Choo Kian Koon is an Independent Director. He was appointed to our Board on 14 August 2006 and was last re-elected on 30 July 2013. Dr. Choo has over 35 years of experience in the property industry. He is currently the chairman of VestAsia Group Pte Ltd, a real estate advisory services company, an independent director on the board of Ascendas Hospitality Trust., and an adjunct associate professor at the Department of Real Estate, National University of Singapore.

Dr. Choo was formerly the CEO of the Real Estate Developers' Association of Singapore. Before that he was the Senior Vice President (Malaysia Investment) of CapitaLand Residential Limited, and was on the board of United Malayan Land Bhd, a real estate developer listed on Bursa Malaysia. Prior to joining the CapitaLand group of companies, Dr. Choo was the National Director and head of Research and Consultancy at Jones Lang LaSalle Property Consultants Pte Ltd where he was the Asia Pacific regional head of research. Before that, he was with Richard Ellis Property Consultants as the Director and the Head of Development and Consultancy. Dr. Choo was also previously a senior lecturer with the School of Building and Estate Management of the National University of Singapore.

Dr. Choo obtained a Doctorate in Urban Planning from the University of Washington with a Certificate of Achievement in Urban Design in 1988, a Master of Philosophy in Environmental Planning from the University of Nottingham in 1979, and a Bachelor of Science in Estate Management from the University of Singapore in 1974. He is a fellow of the Singapore Institute of Surveyors and Valuers and an affiliate member of the Singapore Institute of Planners.

Board of Directors

Dr. Zheng Haibin is an Independent Director. He was appointed to our Board on 14 August 2006 and was last re-elected on 30 July 2012. He is presently the President of CCH High-Tech Enterprise Ltd. and the General Manager of Shenzhen Scinfo Venture Capital Management Co., Ltd. He was also a visiting Assistant Professor at the University of Waterloo from 1989 to 1991. Dr. Zheng graduated from Copenhagen University with a Doctorate in Natural Science in 1987 and a Bachelor degree from Zhongshan University in 1982.

Mr. Chan Kin Sang is the nephew of Mr. Wong Lam Ping and Mr. Wong Ching is the son of Mr. Wong Lam Ping. Save as disclosed, none of our Directors is related to each other or to any of our Executive Officers.

None of our Directors had been appointed pursuant to any arrangement or understanding with a substantial shareholder, customer or supplier.

Key Executive Officers

Mr. Wang Yinjian is the General Manager and Managing Director of the principal subsidiaries of the Group. Mr. Wang is our Group's Human Resources Manager, and is responsible for our Group's human resource management. He joined the Zhejiang Provincial Bureau of Materials Chemical and Light Industrial Company (浙江省物资局化工轻工总公司) in 1983 and rose to become Head of the Planning Department. In 1993, he became the Import and Export Manager of the same company for the next five years. Concurrently, he was also appointed Assistant General Manager of the China Chemical Construction Zhejiang Material Trading Company Ltd. (中国化工建设浙江物化有限公司). He then became Trading Manager of both Huzhou Jinquan Trading Co., Ltd. (湖州金泉贸易有限公司) as well as Huzhou Yiyuan Trading Co., Ltd. (湖州怡源有限公司), from 1998 to 2002. He subsequently joined Huzhou Longhai Biological Pharmaceutical Co. Ltd. (湖州龙海生物药业有限公司) as the Assistant General Manager before joining our Group in 2004. Mr. Wang graduated from Zhejiang University of Technology (浙江工业大学) in 1983 with a Bachelor degree in Inorganic Chemical Engineering. He was later conferred a Master of Business Administration degree by the Zhejiang Province Degree Committee (浙江省学位委员会) in 2000. Mr. Wang was also certified as an Economist by the Zhejiang Provincial Bureau of Materials (浙江省物资局) in 1991.

Mr. Xu Guangquan is our Group's Property Management Manager. He is responsible for the property management, decoration management and development, as well as the management of certain of our subsidiaries. He has over 37 years of work experience, with the greater part of the last decade based in the real estate industry. Mr. Xu started working in 1967 with the Hangzhou Machine Tool Group Co., Ltd. (杭州机床厂) where he rose to become Head of the Supply and Marketing Department. In 1988, he joined Hangzhou City Jiang Ping Sales and Trading Centre (杭州市江平供销贸易中心) as Business Manager. He joined our Group as General Manager of our subsidiary, Hangzhou Asia City Company in 1997, before being appointed as General Manager of Hangzhou Liyang Company in 2004. Mr. Xu graduated from Zhejiang Radio and TV University (浙江广播电视大学) in 1988 with a Bachelor of Laws degree.

Mr. Zhang Ning is the Construction Quality Control Manager of our Group and is responsible for the quality control of construction materials and cost control, as well as the management of certain of our subsidiaries. His experience in quality control began in 1975 when he started working with Nanxun Construction Engineering Company (南浔建筑工程公司). He subsequently rose to become Chief of the Biological Department, Quality Control Department and Planning and Operation Department. In 1992 he joined Zhejiang Chuan Ling Electrical Company Limited (浙江川菱电器有限公司) as Chief of the Infrastructure Department before leaving to take up the concurrent positions as General Manager of Nanxun Municipal Main Company (南浔市政总公司) and an assistant supervisor in the Nanxun Economic Development Zone Construction Office (南浔经济开发区建设办公室) in 1994. He joined our Group in 1995 as the General Manager of Nanxun Yazhoucheng Company. In 2000, he was appointed as the General Manager of Huzhou Asia City Company, as well as General Manager of Huzhou Xiandai Company. He was also appointed as General Manager of Huzhou Luzhou Housing and Landing Development Co., Ltd. in 2002. Mr. Zhang graduated from Chongqing University (重庆大学) in 2008, majoring in Engineering and he was certified as an Engineer by the Huzhou Municipal Bureau of Urban Construction (湖州市城建局) in the same year. Aside from these positions, Mr. Zhang is also a member of the Fifth and Sixth Huzhou Municipal Political Committee (湖州市第五届及第六届政治协商委员会) as well as a member of the First and Second Nanxun District Industry and Commerce Standing Committee (第一届及第二届南浔区工商联常务委员).

None of our Executive Officers are related to each other or to any of our Directors or substantial shareholders.

None of our Executive Officers had been appointed pursuant to any arrangement or understanding with a substantial shareholder, customer or supplier.

Corporate Governance Report

The Board of Directors (“the Board”) of Pan Hong Property Group Limited is committed to maintaining high standard of corporate governance within the Company and its subsidiaries. The Board recognises that good corporate governance establishes and maintains a legal and ethical environment, which is essential for preserving and enhancing the interests of all stakeholders. This report describes the Group’s corporate governance framework and practices that were in place throughout the financial year under review. The Board confirms that the Company had adhered to the principles and guidelines of the Code of Corporate Governance 2012 (“Code”), where they are applicable, relevant and practicable to the Group. Any deviations from the guidelines of the Code or areas of non-compliance have been explained accordingly.

(A) BOARD MATTERS

PRINCIPLE 1: BOARD’S CONDUCT OF ITS AFFAIRS

The Board, in addition to its statutory responsibilities, is primarily responsible for overseeing and supervising the management of the business affairs and the overall performance of the Group. It sets the overall strategy, values and standards (including ethical standards) of the Group and has the duty to protect and enhance long-term shareholders’ value. Board members are expected to act in good faith and exercise independent judgement in the best interests of the Group. To fulfill this role, the Board’s responsibilities include:

- (i) providing effective entrepreneurial leadership, guiding and setting strategic objectives and directions to ensure that the necessary financial and human resources are in place for the Group to achieve its objectives;
- (ii) reviewing the processes relating to risk management systems and adequacy and effectiveness of internal controls, including financial, operational, compliance and information controls identified by the Audit Committee (“AC”) that are required to be strengthened for assessment and its recommendations on actions to be taken to address and monitor the areas of concern;
- (iii) advising Management on major policy initiatives and significant issues and approving board policies, strategies and financial objectives of the Company;
- (iv) reviewing the performance of the Group towards achieving adequate shareholders’ values, including but not limited to approving announcements relating to the financial results of the Group and the audited financial statements, and timely announcements of material transactions;
- (v) identifying key stakeholder groups and recognise that their perceptions affect the Group’s reputation;
- (vi) approving annual budgets, key operational matters, major funding proposals, investment and divestment proposals, corporate or financial restructuring, material acquisitions and disposal of assets and interested person transactions of a material nature, dividend payment (if any) and convening of shareholders’ meetings, approving share buybacks, if any, and making decisions in the interests of the Group;
- (vii) approving all Board appointments or re-appointments and appointments of key management personnel;

Corporate Governance Report

- (viii) evaluating the performance and compensation of directors and key management personnel; and
- (ix) overseeing the proper conduct of the Company's business and assuming responsibility for its corporate governance processes.

The Board will consider sustainability issues such as environmental and social factors as part of its strategic formulation in line with the Code. To assist the Board in the execution of its responsibilities in enhancing the Group's corporate governance framework, the Board delegates specific authority to three Board Committees which comprise the AC, Nominating Committee ("NC") and Remuneration Committee ("RC"). All Board Committees, save for the AC which comprises only Independent Directors, are chaired by an Independent Director and a majority of the members are Independent Directors. These Committees function within clearly defined terms of reference and operating procedures which are reviewed on a regular basis to ensure their continued relevance. The effectiveness of each committee is also constantly monitored.

The Board recognises that while these Board Committees with delegated power to make decisions, execute actions or make recommendations in their specific areas, will report back to the Board with their decisions and/or recommendations, the ultimate responsibility for decisions and actions rests with the Board.

The Board meets on a quarterly basis to review, *inter alia*, the financial results and accounting policies. Ad-hoc meetings will be held as and when required to address any significant issues that may arise in-between scheduled meetings. These meetings are scheduled in advance to facilitate the individual Director's planning in view of their ongoing commitments.

Where physical Board and Board Committee meetings are not possible, timely communication with members of the Board or Board Committee can be achieved through electronic means and circulation of written resolutions for approval by the relevant Board and Board Committee members. The Company's Bye-laws provides for meetings to be held via telephone, electronic or other communication facilities which permit all persons participating in the meeting to communicate with each other simultaneously.

Directors may request further explanations, briefing or discussion on any aspect of the Group's operations or business from Management. When circumstances require, Board members exchange views outside the formal environment of Board meetings. The Board conducts an annual review of its processes to ensure that it is able to carry out its functions in the most effective manner.

The approval of the Board is required for matters that are likely to have a material impact on the Group's operations and/or financial performance as well as matters other than in the ordinary course of business. The Board believes that when making decisions, all directors act objectively in the interests of the Company.

Corporate Governance Report

Details of Board and Board committees meetings held in the financial year ended 31 March 2015 are summarised in the table below:

Meeting	Board of Directors	AC	NC	RC
Total meetings held in FY2015	4	4	1	1

Name of Director	Attended	Attended	Attended	Attended
Mr. Wong Lam Ping	3/4	N.A.	0/1	N.A.
Ms. Wang Cuiping	3/4	N.A.	N.A.	N.A.
Mr. Wong Ching ¹	3/3	N.A.	N.A.	N.A.
Mr. Chan Chun Kit	4/4	N.A.	N.A.	N.A.
Mr. Sim Wee Leong	4/4	4/4	1/1	N.A.
Dr. Choo Kian Koon	4/4	4/4	1/1	1/1
Dr. Zheng Haibin	4/4	4/4	N.A.	1/1
Mr. Chan Kin Sang	3/4	N.A.	N.A.	0/1

¹ Mr. Wong Ching was appointed as an Executive Director on 14 August 2014.

PRINCIPLE 2: BOARD COMPOSITION AND BALANCE

The composition of the Directors in the Board and Board Committees is as follows:-

Name of Director		AC	RC	NC
Mr. Wong Lam Ping	(Executive Chairman)	-	-	M
Ms. Wang Cui Ping	(Executive Director)	-	-	-
Mr. Chan Chun Kit	(Executive Director)	-	-	-
Mr. Wong Ching ¹	(Executive Director)	-	-	-
Mr. Sim Wee Leong	(Lead Independent Director)	C	-	M
Dr. Choo Kian Koon	(Independent Director)	M	M	C
Dr. Zheng Haibin	(Independent Director)	M	C	-
Mr. Chan Kin Sang	(Non-Executive and Non-Independent Director)	-	M	-

¹ Mr. Wong Ching was appointed as an Executive Director on 14 August 2014.

C – Chairman
M – Member

As at the date of this report, the Board comprises four Executive Directors, and four Non-Executive Directors, of whom three are Independent. Accordingly, pursuant to Guideline 2.1 of the Code, at least one-third of the Board is made up of Independent Directors.

Corporate Governance Report

The Board is cognizant of the need to comply by its Annual General Meeting (“AGM”) in 2018, with Guideline 2.2 of the Code which provides that where the Chairman is, *inter alia*, part of the management team or not an Independent Director, the Independent Directors should make up at least half of the Board.

The size and composition of the Board is reviewed annually by the NC to ensure that the size of the Board is appropriate so as to facilitate effective decision making. The review will ensure that there is an appropriate mix of expertise and experience, which the Group may tap on for assistance in furthering its business objectives and shaping its business strategies. The Board, with the concurrence of the NC, is of the opinion that its current board size of eight members is appropriate, taking into account the nature and scope of the Group’s operations, the requirements of the business.

Together, the Board and Board Committees comprise Directors who as a group provide a broad range and an appropriate balance and diversity of expertise in areas such as accounting, finance, legal, business, management and industrial experience, strategic planning experience and customer-based experience and knowledge as well as familiarity with regulatory requirements. The diversity of the Directors’ experience allows for useful exchange of ideas and views.

Non-Executive Directors contribute to the Board process by monitoring and reviewing Management’s performance against goals and objectives. Their views and opinions provide alternative perspectives to the Group’s business. When challenging Management’s proposals or decisions, they bring independent judgement to bear on business activities and transactions involving conflicts of interest and/or other complexities.

Key information regarding the Directors is set out on pages 18 to 20 of the Annual Report.

PRINCIPLE 3: CHAIRMAN AND CHIEF EXECUTIVE OFFICER (“CEO”)

Mr. Wong Lam Ping (“Mr. Wong”), the founder of the Group, is the Executive Chairman and also the CEO of the Group. He plays a key role in developing the business of the Group and provides the Group with strong leadership and vision. Mr. Wong is responsible for the business strategy and directions, formulation and execution of overall business strategies and policies, including but not limited to, decision making and day-to-day running of the Group’s operations.

Although the roles and responsibilities for the Chairman and the CEO are vested in Mr. Wong, this being a deviation from the recommendation of the Code, the Board believes that vesting the roles of both Chairman and CEO in the same person who is knowledgeable in the business of the Group provides the Group with a strong and consistent leadership and hence, allowing more effective planning and execution of long-term business strategies.

All major decisions made by Mr. Wong are reviewed by the Board. The Board believes that there are adequate safeguards and checks in place to ensure that the process of decision-making by Board is independent and based on collective decisions without any individual exercising any considerable concentration of power of influence. As such, there is a balance of power and authority and therefore no one individual can control or dominate the decision-making process of the Company. The Board is not considering separating the roles of the Chairman and the CEO at this moment. The NC will review the need to separate the roles from time to time and make its recommendation when necessary.

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As Chairman of the Board, Mr. Wong is responsible for, amongst others, the effective working of the Board such as ensuring that Board meetings are held when necessary and on all aspects of its role, setting the agenda and ensuring that adequate time is available for discussion of all agenda items with the assistance of the Group Financial Controller, in particular strategic issues, promoting a culture of openness and debate at the Board, ensuring compliance with the Company's guidelines and promoting high standards of corporate governance, acting as a facilitator at Board meetings to ensure effective contribution of Non-Executive Directors, encouraging constructive relations within the Board and between the Board and Management, maintaining regular dialogue with Management on all operational matters and ensuring effective communication with shareholders. The Company Secretaries assist the Chairman in scheduling the Board and Board Committees meetings respectively.

The Executive Chairman and CEO's performance, and appointment to the Board are reviewed periodically by the NC and his remuneration package is reviewed by the RC when his Service Agreement is due for renewal. Both the NC and RC are chaired by Independent Directors.

In line with the recommendations of the Code, Mr. Sim Wee Leong was appointed Lead Independent Director of the Company to coordinate and lead the Independent Directors to provide a non-executive perspective and to contribute a balanced viewpoint to the Board. Mr. Sim, being one of the key contacts listed in the Group's Whistle Blowing Policy, is also available to address the concerns, if any, of the Company's shareholders for which contact through the normal channels of the Chairman and CEO or the Group Financial Controller has failed to resolve or is inappropriate.

The Independent Directors, led by the Lead Independent Director, will meet every quarter without the presence of the other Directors and the Lead Independent Director will provide feedback to the Chairman after such meetings so as to facilitate effective discussion with the Chairman and between the Board on strategic issues and any other issues that may arise. For FY2015, the Independent Directors had met every quarter without the presence of other Directors and the feedback, if any, had been provided to the Chairman accordingly.

PRINCIPLE 4: BOARD MEMBERSHIP

The NC is regulated by a set of written terms of reference which are in line with the Code. The NC comprises three members, a majority of whom, including the Chairman, are Independent Directors. The composition of the NC is as follows:–

Dr. Choo Kian Koon (*Chairman*)
Mr. Sim Wee Leong
Mr. Wong Lam Ping

Corporate Governance Report

The NC is responsible for, including but not limited to, the following key terms of reference:

- (i) making recommendations to the Board on all Board appointments and re-appointments (including Alternate Directors, if applicable), or re-elections, having regard to the Director's competencies, commitments, contributions and performance;
- (ii) reviewing the Board and Board Committees' structure, size and composition and making recommendations to the Board with regard to any adjustments, where appropriate;
- (iii) determining the process for search, nomination, selection and appointment of new Board members and assessing nominees or candidates for appointment or re-election to the Board, determining whether or not such nominee has the requisite qualifications and whether or not he/she is independent, including disclosure on the search and nomination process;
- (iv) reviewing Board succession plans for Directors, in particular, the Chairman and CEO and progressive renewal of the Board by considering each Director's competencies, commitment, contribution and performance such as attendance, preparedness, participation and candour, including if applicable, as an Independent Director;
- (v) determining annually whether a Director is independent, bearing in mind the circumstances set forth in the Code and any other salient factors;
- (vi) determining whether or not a Director is able to and has been adequately carrying out his duties as a Director of the Company, having regard to the competing time commitments that are faced particularly when he has multiple board representations and other principal commitments and to recommend to the Board guidelines to address competing time commitments faced by Directors, if any, who serve on multiple boards;
- (vii) determining how the Board's performance may be evaluated and proposing objective performance criteria, as approved by the Board, that allows comparison with its industry peers, and address how the Board has enhanced long term shareholders' value;
- (viii) assessing the effectiveness of the Board as a whole and its Board Committees and to assess the contribution by the Chairman and each individual Director to the effectiveness of the Board; and
- (ix) reviewing training and professional development programmes for the Board.

The NC has in place a Process for Selection and Appointment of New Directors. In selecting potential new Directors, the NC will seek to identify the competencies and expertise required to enable the Board to fulfill its responsibilities. The NC will evaluate the suitability of the nominee or candidate based on his/her qualifications, business and related experience, commitment, ability to contribute to the Board process and such other qualities and attributes that may be required by the Board before making its recommendations to the Board.

Corporate Governance Report

Newly appointed Directors will be provided with background information about the history, the Group's structure, business operations, vision and values, strategic direction, policies and governance practices. They will also be briefed and given an orientation by the Management to familiarise themselves with the businesses and operations of the Group. Directors who do not have prior experience or are not familiar with the duties and obligations required of a Director of a listed company in Singapore, will undergo the necessary training and briefing.

The Directors also have the opportunity to visit the Group's operating facilities and meet with Management to gain a better understanding of the Group's business operations and governance practices. The Directors may join institutes and group associations of specific interests, and attend relevant training seminars or informative talks at the Company's expense from time to time to apprise themselves of legal, financial and other regulatory developments, if required. As an ongoing exercise, the Directors will also be briefed by professionals during Board meetings or at separate seminars on amendments and requirements of the Singapore Exchange Securities Trading Limited ("SGX-ST") and other statutory and regulatory changes which may have an important bearing on the Company and the Directors' obligations to the Company, from time to time.

The NC, with the concurrence of the Board, had reviewed Mr. Wong Ching's curriculum vitae and particulars, and assessed his qualifications and work experience before making its recommendation to the Board on his appointment as an Executive Director of the Company with effect from 14 August 2014. He has been briefed on the Group structure, business operations, vision and values, strategic direction, policies and governance practices of the Company. The Mr. Wong Ching, who does not have any prior experience as a director of a listed company, had attended a training course conducted by the Singapore Institute of Directors in conjunction with the SGX in Shanghai on 20 and 21 November 2014 to familiarise him with the roles and responsibilities of a listed company's director.

Upon the appointment of each Director, the Executive Directors are provided with a Service Agreement setting out the terms and conditions of his/her appointment. The Service Agreement is reviewed and subject to the RC's recommendation, be renewed upon expiry or unless terminated by either party.

The NC, which is responsible for reviewing the independence of each Director on an annual basis, had adopted the Code's definition of an Independent Director and guidelines as to relationships in determining the independence of a Director. In addition, the NC requires each Non-Executive Director to assess his own independence by completing a Confirmation of Independence form which is drawn up in accordance with the guidelines of the Code and state whether he considers himself independent despite having any of the Directorships identified in the Code which would deem him not to be independent, if any.

Corporate Governance Report

The NC had reviewed the independence of the Board members with reference to the guidelines set out in the Code. The NC had considered the Confirmation of Independence forms submitted by Dr. Choo Kian Koon, Mr. Sim Wee Leong and Dr. Zheng Haibin and concluded that they are independent and free from any relationships outlined in the Code. The NC had also considered the declaration of Mr. Chan Kin Sang, a Non-Executive Director who is the nephew of the Chairman/CEO, Mr. Wong. Although he does not have any relationships as contemplated by the Code, for good corporate governance practice, he is considered not independent and will remain as a Non-Executive and Non-Independent Director of the Company. Save as disclosed, none of the other Non-Executive Directors are related and do not have any relationships with the Company, its related corporations, its substantial shareholder with a shareholding of 10% or more, or its officers or are in any circumstances that could interfere or be reasonably perceived to interfere with the exercise of their independent business judgement with a view to the best interests of the Company. The Board concurred with the NC's views.

None of the Independent Directors has served on the Board beyond nine years from the date of his first appointment.

Pursuant to its Terms of Reference, the NC is required to determine if a Director has been adequately carrying out his duties as a Director of the Company, particularly if he has multiple Board representations in listed company and other principal commitments. In view of this, the NC, having considered the confirmations received by the Non-Executive Directors, is of the view that such multiple board representations (where applicable) do not hinder each Non-Executive Director from carrying out his duties as a Director of the Company. The NC is satisfied that sufficient time and attention have been accorded by these Directors to the affairs of the Company. The Board concurred with the NC's views.

In determining whether each Director is able to devote sufficient time to discharge his duty, the NC has taken cognizance of the Code requirement, but is of the view that its assessment should not be restricted to the number of board representations of each Director and his respective principal commitments per se. The contributions by Directors to and during meetings of the Board and Board Committees as well as their attendance at such meetings, in addition to each of their principal commitments, should also be taken into account. The NC and the Board will review the number of listed company board representations of the Directors on an annual basis or from time to time when the need arises.

In accordance with the provisions of the Company's Bye-laws, all Directors will submit themselves for re-nomination and re-election at regular intervals of at least once every three years and newly appointed Directors will submit themselves for re-nomination and re-election at the next Annual General Meeting ("AGM") following their appointment.

Corporate Governance Report

The NC having considered the attendance and participation of the following Directors at the Board and Board Committees meetings in particular, their contributions to the business and operations of the Company as well as Board processes, had recommended to the Board their re-election at the forthcoming AGM.

Bye-law 86(1)

Mr. Chan Kin Sang

Mr. Sim Wee Leong

Ms. Wang Cuiping

Dr. Zheng Haibin

Bye-law 85(6)

Mr. Wong Ching

All Directors retiring by rotation have consented to continue in office and the Board had accepted the recommendation of the NC and accordingly, the above Directors will be offering themselves for re-election.

Each member of the NC had abstained from voting on any resolution and making any recommendation and/or participate in respect of his re-election, if any, as Director.

PRINCIPLE 5: BOARD PERFORMANCE

The Company acknowledges the importance of a formal assessment of Board performance and has in place a system to assess the performance of the Board as a whole.

Currently, the Board does not assess the performance of each Director or at the Board Committees' level. The Board is of the view that given the Board's size, cohesiveness of Board members and attendance of Directors at Board Committees meetings, there is no value-add in having assessments of Board Committees and individual Board members. To-date, no external facilitator has been used.

The evaluation of the Board's performance is conducted annually by the NC. Each Director is required to complete a questionnaire relating to the size and composition of the Board, information flow to the Board, Board procedures and accountability as well as matters concerning CEO/Senior Management and standard of conduct of its Board members.

For the year under review, an evaluation of the Board's performance was conducted. The evaluation exercise provided feedback from each Director, his views on the Board, procedures, processes and effectiveness of the Board as a whole. The results of the Board performance evaluation were collated and the findings presented to the NC for discussion with comparatives from the previous year's results.

The NC is generally satisfied with the Board performance for FY2015 which indicated areas of strengths and those that could be improved further. No significant problems were identified. The NC had discussed the results with Board members who agreed to work on those areas that could be improved further. The NC will continue to evaluate its process for such review and its effectiveness from time to time.

Corporate Governance Report

PRINCIPLE 6: ACCESS TO INFORMATION

The Executive Directors and Management keep the Board informed of the Group's operations and performance through regular updates and reports as well as through informal discussions. Prior to any meetings of the Board or Board Committees, Directors are provided, where appropriate, with management information to enable them to participate at the meetings. The CEO and Management are present at Board and Board Committees meetings to address any queries which the Board may have. In addition, Board members have separate and independent access to Management and the Company Secretaries.

The Company Secretaries and/or their representatives attend all Board and Board Committees meetings and provide secretarial support to the Board, ensuring that Board procedures and all other rules and regulations applicable to the Company are adhered to.

Where decisions to be taken require expert opinion or specialised knowledge, the Directors, whether as a group or individually, may seek independent professional advice as and when necessary in furtherance of their duties at the Company's expense. The appointment of such independent professional advisor is subject to approval by the Board.

(B) REMUNERATION MATTERS

PRINCIPLE 7: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

The RC is regulated by a set of written terms of reference which are in line with the Code. The RC comprises three Non-Executive Directors, a majority of whom, including the Chairman, are Independent Directors. The composition of the RC is as follows:–

Dr. Zheng Haibin (*Chairman*)

Dr. Choo Kian Koon

Mr. Chan Kin Sang

The RC is responsible, including but not limited to, the following key terms of reference:

- (i) reviewing and recommending to the Board a framework of remuneration and determining the specific remuneration packages and terms of employment for each Executive Director and key management personnel of the Group and employees related to the Directors or controlling shareholders of the Group. Such remuneration package should be in line with the Group's staff remuneration guidelines and commensurate with their respective job scopes and levels of responsibility;

The service contracts of the Executive Directors and key management personnel should contain the following contractual provisions:

- (a) to allow the Group to reclaim incentive components of remuneration from the Executive Directors and key management personnel in exceptional circumstances of misstatements of financial results or of misconduct resulting in financial loss of the Group; and
- (b) to consider what compensation commitments the Executive Directors and key management personnel's contracts of service, if any, would entail in the event of termination with a view to be fair and reasonable and avoid rewarding poor performance.

Corporate Governance Report

- (ii) recommending the remuneration of Non-Executive Directors, taking into account factors such as their effort and time spent and their responsibilities;

The Non-Executive Directors should not be overly compensated to the extent that their independence may be compromised. The RC may consider implementing schemes to encourage Non-Executive Directors to hold shares in the Company so as to better align their interests with the interests of the shareholders;

- (iii) recommending to the Board long term incentive schemes which may be set up from time to time; and
- (iv) carrying out its duties in the manner that it deems expedient, subject always to any regulations or restrictions that may be imposed upon the RC by the Board of Directors from time to time.

The scope of the RC's review covers all aspect of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits-in-kind. The remuneration packages take into consideration the long-term interests of the Group, industry standards and ensure that the interests of the Executive Directors align with that of the shareholders. The recommendation of the RC for the Directors' remuneration would be submitted to the Board for endorsement.

No Director or member of the RC is involved in deciding his own remuneration.

The Company did not appoint any remuneration consultant. If required, the RC will seek expert's advice inside and/or outside the Company on remuneration of all Directors and key management personnel.

PRINCIPLE 8: LEVEL AND MIX OF REMUNERATION

The remuneration packages are set such that the Directors are adequately but not excessively remunerated compared to other comparable companies in the industry in view of present market conditions and which takes into account the individual's and the Company's performance.

Mr. Wong (Executive Chairman and CEO of the Group), Ms. Wang Cuiping (Executive Director), Mr. Chan Chun Kit (Executive Director) and Mr. Wong Ching (Executive Director) had each entered into separate service agreements with the Company which will be subject to review and renewal upon expiry or unless terminated by a notice in writing of not less than 3 months served by either party on the other.

The Company does not have any contractual provisions which allows the Company to reclaim incentive components of remuneration from Executive Directors and/or key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company as such provisions will stifle the Company's ability to effectively attract and retain the right individuals.

An annual review of the remuneration packages of all Directors was carried out by the RC to ensure that the remuneration of the Directors and key management personnel commensurate with their performance, giving due consideration to the financial and commercial health and business needs of the Group. For FY2015, the RC is satisfied with the Executive Directors and key management personnel's remuneration packages and recommended the same for Board approval. The Board had approved the recommendations accordingly.

Corporate Governance Report

The RC, with the concurrence of the Board, is of the view that the current remuneration of the Non-Executive Directors is appropriate to the level of contribution, taking into account factors such as effort and time spent, and responsibilities of the Directors. Other than Directors' fees, which have to be approved by shareholders at every AGM, the Non-Executive Director and Independent Non-Executive Directors do not receive any other forms of remuneration from the Company.

The RC had recommended to the Board an amount of S\$175,450 as Directors' fees for the year ending 31 March 2016, payable quarterly in arrears. These recommendations have been endorsed by the Board and will be tabled at the forthcoming AGM for shareholders' approval.

No Director is involved in deciding his or her own remuneration.

Presently, the Company does not have a share option scheme or long term incentive scheme in place.

PRINCIPLE 9: DISCLOSURE ON REMUNERATION

The range of remuneration of Directors of the Group for the financial year ended 31 March 2015 is set out below:

Directors' Remuneration

Name of director	Fees %	Fixed Component ^(a) %	Variable Component ^(b) %	Benefits in Kind %	Other Long Term Incentives %	Total %
S\$250,000 and below						
Mr. Wong Lam Ping ⁽¹⁾⁽²⁾	–	92	7	1	–	100
Ms. Wang Cuiping	–	52	48	–	–	100
Mr. Chan Chun Kit	–	90	7	3	–	100
Mr. Wong Ching ⁽¹⁾	–	–	–	–	–	–
Mr. Sim Wee Leong	100	–	–	–	–	100
Dr. Choo Kian Koon	100	–	–	–	–	100
Dr. Zheng Haibin	100	–	–	–	–	100
Mr. Chan Kin Sang ⁽²⁾	100	–	–	–	–	100

(a) Fixed Component refers to base salary and Annual Wage Supplement, if applicable, for the financial year ended 31 March 2015.

(b) Variable Component refers to variable or performance related bonus paid in the financial year ended 31 March 2015.

(1) Mr. Wong Ching who was appointed as a Director on 14 August 2014, is Mr. Wong Lam Ping's son. He did not receive any compensation in line with his Service Agreement.

(2) Mr. Chan Kin Sang is the nephew of Mr. Wong Lam Ping.

Corporate Governance Report

Remuneration of Top 4 Key Management Personnel

Name of key management personnel	Fixed Component ^(a) %	Variable Component ^(b) %	Benefits in Kind %	Other Long Term Incentives %	Total %
S\$250,000 and below					
Mr. Wang Yinjian	70	28	2	–	100
Mr. Xu Guangquan	48	52	–	–	100
Mr. Zhang Ning	58	33	9	–	100
Mr. Wu Jie ¹	–	–	–	–	–

(a) Fixed Component refers to base salary and Annual Wage Supplement, if applicable, for the financial year ended 31 March 2015.

(b) Variable Component refers to variable or performance related bonus paid in the financial year ended 31 March 2015.

¹ Mr. Wu Jie retired on 21 August 2014.

Notwithstanding Guideline 9.1 of the Code, as there were only 4 key management personnel during the financial year ended 31 March 2015, disclosure was only made in respect of the remuneration of these 4 key management personnel of the Group.

The aggregate total remuneration paid to the top four key management personnel is approximately S\$176,470.

Due to the confidentiality and commercial sensitivity attached to remuneration matters, in particular those of our key management personnel given the highly competitive environment the Group operates in, the Company does not fully disclose the remuneration of each individual director and the key management personnel. However, the disclosures had been provided in applicable bands of S\$250,000 as above, with a breakdown in percentage of the remuneration earned through fees, fixed component, variable component, benefits in kind, and/or other long term incentives.

The remuneration of employees who are immediate family members of a Director or the CEO (“Immediate Family Member”), and whose remuneration exceeds S\$50,000 for the financial year ended 31 March 2015 are set out below:–

Name of Immediate Family Member

Below S\$200,000 and above S\$150,000	Ms. Chan Heung Ling* (spouse of Mr. Wong Lam Ping, the Executive Chairman and CEO) Mr. Wong Lui (Son of Mr. Wong Lam Ping, the Executive Chairman and CEO)
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* Ms. Chan Heung Ling, the spouse of Mr. Wong Lam Ping, received remuneration as an employee of the Group for the financial year ended 31 March 2015 and is not considered a key management personnel of the Group.

Save as disclosed above, no employees of the Group who are immediate family members of a Director or the CEO and whose remuneration exceeds S\$50,000 for the financial year ended 31 March 2015.

Corporate Governance Report

(C) ACCOUNTABILITY AND AUDIT

PRINCIPLE 10: ACCOUNTABILITY

The Board provides shareholders with a detailed, balanced and understandable explanation and analysis of the Company's performance, position and prospects on a quarterly basis within the timeline as stipulated in the Listing Manual of the SGX-ST. All the financial information presented in the results announcement or Annual Report have been prepared in accordance with the International Financial Reporting Standards and approved by the Board before the release to the SGX-ST and the public via SGXNET.

In line with SGX-ST listing requirements, negative assurance statements were issued by the Board to accompany its quarterly financial results announcements, confirming to the best of its knowledge that, nothing had come to its attention which would render the Company's quarterly results to be false or misleading. The Company is not required to issue negative assurance statements for its full year results announcement.

PRINCIPLE 11: RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges that it is responsible for the overall internal control framework and maintaining a sound system of internal controls to safeguard the shareholders' investments and the Group's assets.

The Group's control environment provides the foundation upon which all other components of internal controls are built upon. It provides discipline and structure, setting the tone of the organization and influencing the control consciousness of its staff. A weak control environment foundation hampers the effectiveness of even the best designed internal control procedure.

The Company does not have a Risk Management Committee. However, Management regularly reviews the Company's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks. Management reviews all significant control policies and procedures and highlights all significant matters to the Directors and AC.

The AC, with the assistance of the internal auditors, reviews the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls, and risk management policies and systems established by the Management on an annual basis.

The internal auditor and external auditors have, during the course of their audit, carried out a review of the adequacy and effectiveness of key internal controls within the scope of their audit. Material non-compliance and internal control weaknesses noted, if any, during their respective audits and their recommendations are reported to the AC. In the review work performed by both the internal and external auditors for FY2015, no exceptions were noted. The AC will review the internal auditor's comments and findings and ensure that adequate and effective internal controls in the Group and follow up on actions implemented.

Corporate Governance Report

In line with the Code, the AC, with the concurrence of the Board, had adopted a Management Assurance Confirmation Statement (“Management Assurance Statement”) in May 2013. For FY2015, the Executive Chairman and CEO, and the Group Financial Controller had provided a Management Assurance Statement confirming that:

- (i) the financial records of the Group have been properly maintained and the financial statements give a true and fair view of the Group’s operations and finances;
- (ii) to the best of their knowledge, nothing has come to their attention as Management, which would render the interim financial statements to be false or misleading in any material aspect;
- (iii) they are aware of their responsibilities for establishing, maintaining and evaluating the effectiveness of the risk management and internal control systems of the Company;
- (iv) they are not aware of any known significant deficiencies in the risk management and internal control systems relating to preparation and reporting of financial data, or of any fraud; and
- (v) the internal controls, including financial, operational, compliance and information technology controls, and risk management systems are adequate and effective.

The Board recognises that no internal control system will preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. The review of the Group’s internal control systems is a concerted and continuing process.

No known significant deficiencies or lapses in risk management and internal controls systems were noted in FY2015.

In view of the above, the Board, with the concurrence of the AC, is of the opinion that the internal controls, addressing financial, operational, compliance and information technology controls, and risk management systems are adequate and effective. As recommended by the SGX-ST, the opinion of the Board pursuant to Rule 1207(10) of the Listing Manual of the SGX-ST is also set out in the Directors’ Report under page 44 of the Annual Report.

PRINCIPLE 12: AUDIT COMMITTEE

The AC is regulated by a set of written terms of reference which are in line with the Code. The AC comprises all Independent Directors and its composition is as follows:–

Mr. Sim Wee Leong (*Chairman*)
Dr. Choo Kian Koon
Dr. Zheng Haibin

The Board is of the view that the AC members are appropriately qualified, having the necessary recent and relevant accounting and/or related financial management expertise or experience as the Board interprets such qualification in its business judgement, to discharge their responsibilities.

Corporate Governance Report

The AC meets at least four times a year and, as and when deemed appropriate to carry out its function, where applicable, the following key terms of reference:

- (i) reviewing with the internal and external auditors the audit plans, their evaluation of the system of internal controls, audit reports, letters to Management and Management's response respectively;
- (ii) reviewing the Group's quarterly and full year financial results and announcements before submission to the Board for approval so as to ensure the integrity of the Company's financial statements, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with accounting standards and compliance with the Listing Manual and any other relevant statutory, stock exchange or regulatory requirements;
- (iii) reviewing annually the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls and risk management policies;
- (iv) ensuring where deficiencies in internal controls have been identified, appropriate and prompt remedial action is taken by Management;
- (v) reviewing the internal control and procedures to ensure co-ordination between the internal auditors and external auditors and co-operation from Management and assistance given to facilitate their audit and problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of Management, where necessary);
- (vi) reviewing and discussing with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and Management's response;
- (vii) reviewing the scope and results of the internal audit programme/procedures and review at least annually the adequacy of effectiveness of the Company's internal audit function including ensuring it is staffed with persons with the relevant qualifications and experience and has appropriate standing within the Company;
- (viii) reviewing annually the scope and results of the audit and its cost effectiveness as well as independence and objective of the External Auditors;
- (ix) ensuring the co-ordination between the Internal and External Auditors and where more than one auditing firm or corporation is involved;
- (x) reviewing the appointment and re-appointment of the Internal and External Auditors and matters relating to resignation or dismissal of the auditors;
- (xi) reviewing Interested Person Transactions (if any) falling within the scope of Chapter 9 of the Listing Manual including reviewing and approving of proposed sale(s) of any units of property projects to the Company's interested persons and/or relatives of a Director, CEO or controlling shareholders;

Corporate Governance Report

- (xii) undertaking such other reviews and projects as may be requested by the Board, and will report to the Board its findings from time to time on matters arising and requiring the attention of the AC; and
- (xiii) generally undertaking such other functions and duties as may be required by the statute or the SGX-ST Listing Manual, or by such amendments as may be made thereto from time to time.

The AC has the explicit powers to conduct or the authority to investigate any of the abovementioned matter. The AC has full access to and co-operation of Management and also full discretion to invite any Director or executive officer to attend its meetings or be provided with reasonable resources to enable it to discharge its functions properly.

The Company has put in place a Whistle-Blowing Policy which is in line with the Code and provides well-defined and accessible channels in the Group through which staff and any other persons may in confidence, raise their concerns and possible improprieties, fraudulent activities, malpractices within the Group in a responsible and effective manner in matters of financial reporting or other matters. The objective of the Policy is to ensure that arrangements and processes are in place, to facilitate independent investigation of such concerns and for appropriate follow-up action. There were no reports of whistle blowing received in FY2015.

The AC meets with the Group's internal auditor and external auditors and Management to review accounting, auditing and financial reporting matters so as to ensure that an effective system of control is maintained in the Group. In performing its functions for FY2015, the AC had:

- (i) held 4 meetings in the financial year with Management, the internal auditor and the external auditors.
- (ii) conducted a review and confirmed that there were no non-audit services rendered by the external Auditors to the Group for FY2015. The Audit fees amounting to RMB1,357,000 was approved.

The external auditors had also confirmed their independence in this respect.

- (iii) recommended the re-appointment of Messrs BDO Limited, Certified Public Accountants, Hong Kong ("BDO-HK") and Messrs BDO LLP, Public Accountants and Chartered Accountants, Singapore ("BDO-SG") to act jointly and severally as the Company's Auditors.

BDO-HK is a member of BDO International Limited in Hong Kong and BDO-SG, which is registered with the Accounting and Corporate Regulatory Authority, is a member firm of BDO International Limited in Singapore.

The Board, with the concurrence of the AC, is of the view that the re-appointment of BDO-HK and BDO-SG to act jointly and severally as the Auditors has enabled the Company to comply with and meet the objective and spirit of Rule 712 of the Listing Manual of SGX-ST.

Corporate Governance Report

- (iv) confirmed that the Company had complied with Rule 715 of the SGX-ST Listing Manual in relation to the appointment of the same auditing firm to audit, its foreign-incorporated subsidiaries. The Group's significant subsidiaries are disclosed under Note 15 to the Financial Statements on pages 93 to 97 of this Annual Report.

The External Auditors and/or the Internal Auditor and the Group Financial Controller also kept the AC abreast of changes to accounting standards and issues, if any, which have a direct impact on financial statements through updates and/or reports from time to time, where applicable and relevant. In addition, the AC is entitled to seek clarification from Management, the External Auditor and/or the Internal Auditor or independent professional advice, or attend relevant seminars, informative talks at the Company's expense from time to time to apprise themselves of accounting standards/financial updates.

PRINCIPLE 13: INTERNAL AUDIT

The Group has an in-house internal auditor to carry out internal audits. The internal auditor reports directly to the Chairman of the AC on all internal audit matters and findings, if any, from the audit process. The AC will review the findings of the internal auditor and will ensure that the Group follows up on the auditors' recommendations. The AC will review the adequacy of the internal audit function annually to ensure that the internal audit function is adequately resourced and able to perform its function effectively and objectively. For FY2015, the AC is satisfied with the adequacy of the internal audit function.

PRINCIPLE 14: SHAREHOLDER RIGHTS

PRINCIPLE 15: COMMUNICATION WITH SHAREHOLDERS

In line with continuous disclosure obligations, the Group is committed to regular and proactive communication with its shareholders. All major developments that impact the Group pursuant to the SGX-ST Listing Rules would be communicated to shareholders on a timely basis through:

- (i) SGXNET announcements on major developments of the Group;
- (ii) the Group's website at www.pan-hong.com;
- (iii) financial statement containing a summary of the financial information and affairs of the Group for the quarterly and full year via SGXNET;
- (iv) annual reports or circulars that are sent to all shareholders; and
- (v) notices and explanatory notes for general meetings.

At the AGM, shareholders are given opportunities to voice their views and seek clarification on issues relating to the Group's performance either informally or formally at or after the AGM.

Corporate Governance Report

Shareholders are encouraged to attend the AGM and Special General Meeting (“SGM”) to ensure high level of accountability and to stay informed of the Group’s strategy and goals. At AGMs, shareholders are given opportunity to share and communicate their views and seek clarification with the Board. The general meetings are the principal forum for dialogue with shareholders. Shareholders can vote in person or by way of proxy at the general meeting through proxy forms which are sent together with the Annual Reports or circulars, as the case may be. The duly completed and signed proxy forms are required to be submitted to the Company’s Share Transfer Agent’s address 48 hours before the general meeting. The notices of the general meeting are dispatched to shareholders, together with explanatory notes at least 14 clear days before each meeting for ordinary resolutions and at least 21 clear days for special resolutions to be passed. The notice is also advertised in a national newspaper.

Each distinct issue is proposed as a separate resolution at the general meeting.

The Chairmen of the AC, RC and NC or their representatives, the Lead Independent Director and the external auditors will be available at the forthcoming AGM to attend to queries raised by shareholders.

The Board noted that the SGX-ST had introduced new listing rules to promote greater transparency in general meetings and support listed companies enhancing their shareholders’ engagement. The Company would be required to conduct voting in general meetings by poll with effect from 1 August 2015 where shareholders are accorded rights proportionate to their shareholding. The Board believes that the new rule will enhance transparency of the voting process and encourage greater shareholder participation.

The Company does not have a policy on payments of dividends. The form, frequency and amount of dividends declared each year will take into consideration the Group’s profit growth, cash position, positive cash flow generated from operations, projected capital requirements for business growth and other factors as the Board may deem appropriate. The Company endeavours to pay dividend and where dividends are not paid, the Company will disclose its reason(s) accordingly.

For FY2015, no dividend is declared as the Group is conserving cash for its business operations, future developments and expansion, if required.

DEALING IN SECURITIES

The Group has adopted a set of code of conduct to provide guidance to its officers regarding dealings in the Company’s securities, in compliance with Rule 1207(19) of the SGX Listing Manual. In accordance with the said rule, the officers of the Company shall not deal in the Company’s securities on short-term consideration and shall not deal in the Company’s securities during the period beginning 1 month and 2 weeks before the date of the announcement of the full year or quarterly results respectively and ending on the date of the announcement of the relevant results. Directors and employees are also advised against dealing in the securities when they are in possession of any unpublished material price-sensitive information of the Group at all times.

Corporate Governance Report

INTERESTED PERSON TRANSACTIONS (“IPT”)

The Group had adopted an internal policy governing procedures for the identification, approval and monitoring of IPT. All IPT are subject to review by the AC at its quarterly meetings.

The IPTs that were transacted during the financial year under review were below the threshold limits as set out under Chapter 9 of the SGX-ST Listing Rules and no announcements or shareholders’ approval were, therefore, required. Pursuant to Rule 907 of the SGX-ST Listing Manual, the IPTs are as follows:-

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders’ mandate pursuant to Rule 920 of the SGX-ST Listing Manual)	Aggregate value of all interested person transactions conducted under shareholders’ mandate pursuant to Rule 920 of the SGX-ST Listing Manual (excluding transactions less than S\$100,000)
Pan Hong Company Limited Interest expenses for the amount due to Pan Hong Company Limited*	RMB1,788,640 (equivalent to approximately S\$372,100)	Nil

* During the year ended 31 March 2014, the Company obtained a loan from Pan Hong Company Limited of US\$9,620,330 (approximately RMB59,287,502). The loan was unsecured at an interest rate of 3% p.a. and repayable on demand or by 26 February 2015 (subsequently extended for another year to 26 February 2016). Total interest payable to Pan Hong Company Limited amounted to RMB1,778,640 in FY2015. Pursuant to Rule 909(3) of the listing manual of the SGX-ST, the value of the interested person transaction is the interest payable on the Loan.

The Group does not have a general mandate from shareholders for IPTs.



Corporate Governance Report

MATERIAL CONTRACTS

As at 27 October 2011, the substantial shareholders of the Company, namely Extra Good Enterprises Ltd, Mr. Wong Lam Ping and Ms. Chan Heung Ling, had provided undertakings to notify the Company as soon as they become aware of any share pledging arrangement relating to their shareholdings (direct or indirect) in the Company, and of any event which may result in a breach of the aforesaid provisions of the facility. An announcement pursuant to Rules 704(31) and 728 of the SGX-ST Listing Manual had been released to the SGX-ST on 27 October 2011.

Sino Harbour Limited, a subsidiary of the Group, had obtained a bank loan facility of HKD315.0 million from Hang Seng Bank Limited (“Hang Seng”) in April 2013. Mr. Wong Lam Ping, the controlling shareholder and executive chairman of the Company, had executed personal guarantees for HK\$315.0 million in favour of Hang Seng to obtain the aforesaid facility. Mr. Wong would not be receiving any form of consideration from the Company or the Group for the provisions of his personal guarantees to Hang Seng, and he had confirmed that he would not claim against the Company or the Group in the event of any such claim against him by Hang Seng. An announcement relating thereto had been released to the SGX-ST on 25 April 2013.

Save as disclosed and the Service Agreements entered into with the Executive Directors, there are no material contracts entered into by the Group involving the interests of the CEO, any director or controlling shareholder subsisting for the year ended 31 March 2015.

Directors' Report

The Directors present their report to the members together with the audited consolidated financial statements of Pan Hong Property Group Limited (the "Company") and its subsidiaries (collectively known as the "Group") for the financial year ended 31 March 2015 ("FY2015").

DIRECTORS

The Directors of the Company in office at the date of this report are:

Wong Lam Ping (*Chairman*)
Sim Wee Leong (*Lead Independent Director*)
Dr. Choo Kian Koon (*Independent Director*)
Dr. Zheng Haibin (*Independent Director*)
Chan Kin Sang (*Non-Executive and Non-Independent Director*)
Wang Cuiping (*Executive Director*)
Chan Chun Kit (*Executive Director*)
Wong Ching (*Executive Director*)

In accordance with the Company's Bye-laws, Mr. Chan Kin Sang, Mr. Sim Wee Leong, Ms. Wang Cuiping, Dr. Zheng Haibin and Mr. Wong Ching shall retire at the forthcoming annual general meeting and being eligible, offer themselves for re-election.

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

During and at the end of the financial year, neither the Company nor any of its subsidiaries was a party to any arrangement whose objects are, or one of whose objects is, to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

According to the register of director's shareholdings, the interests of Directors who held office at the end of the financial year are as follows:

	Direct interest		Deemed interest	
	At 01.04.2014 or *14.08.2014	At 21.04.2015 and 31.03.2015	At 01.04.2014 or *14.08.2014	At 21.04.2015 and 31.03.2015
Ordinary shares				
Wong Lam Ping (<i>Executive Chairman</i>)#	20,952,194	20,952,194	302,443,300	302,443,300
Sim Wee Leong (<i>Lead Independent Director</i>)	–	–	–	–
Choo Kian Koon (<i>Independent Director</i>)	–	–	–	–
Zheng Haibin (<i>Independent Director</i>)	–	–	–	–
Chan Kin Sang (<i>Non-Executive and Non-Independent Director</i>)	–	–	–	–
Wang Cuiping (<i>Executive Director</i>)	689,900	689,900	–	–
Chan Chun Kit (<i>Executive Director</i>)	–	–	–	–
Wong Ching (<i>Executive Director</i>)*	–	–	–	–

Directors' Report

Wong Lam Ping and Chan Heung Ling hold 52% and 48% of the issued share capital of Extra Good Enterprises Ltd ("Extra Good") respectively. Chan Heung Ling is the spouse of Wong Lam Ping. As such, Wong Lam Ping is deemed interested in the 288,000,000 and 14,443,300 shares held by Extra Good and Chan Heung Ling in the capital of the Company respectively.

DIRECTORS' CONTRACTUAL BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefits by reason of a contract made by the Company or a related corporation with the Director, or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than in the normal course of business and except as disclosed in this report and the accompanying financial statements.

SHARE OPTIONS

The Company does not have any share option scheme.

AUDIT COMMITTEE, NOMINATING COMMITTEE AND REMUNERATION COMMITTEE

Details of the Company's Audit Committee ("AC"), Nominating Committee and Remuneration Committee are set out in the Corporate Governance Report under pages 22 to 39 of this annual report.

COMPLIANCE WITH RULE 1207(10) OF THE LISTING MANUAL OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED ("SGX-ST")

The AC has reviewed the overall scope of both internal and external audits and the assistance given by Management to the internal and external auditors. The AC has also met once with the Company's internal and external auditors for FY2015 to discuss the results of their respective examinations and their evaluation of the Company's system of internal accounting controls without the presence of Management. Details on the duties and functions carried out by the AC, adequacy and effectiveness of the internal controls and internal audit during FY2015 are set out under pages 35 to 39 of the Corporate Governance Report.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews carried out by Management, various Board Committees and the Board, the Audit Committee and the Board are of the opinion that the Group's internal controls, addressing financing, operational, compliance and information technology risks, and risk management systems were adequate and effective as at 31 March 2015.

Directors' Report

MATERIAL CONTRACTS INVOLVING THE INTERESTS OF CHIEF EXECUTIVE OFFICER, EACH DIRECTOR OR CONTROLLING SHAREHOLDER

As at 27 October 2011, the substantial shareholders of the Company, namely Extra Good Enterprises Ltd, Mr. Wong Lam Ping and Ms. Chan Heung Ling, had provided undertakings to notify the Company as soon as they become aware of any share pledging arrangement relating to their shareholdings (direct or indirect) in the Company, and of any event which may result in a breach of the aforesaid provisions of the facility. An announcement pursuant to Rules 704(31) and 728 of the SGX-ST Listing Manual had been released to the SGX-ST on 27 October 2011.

Sino Harbour Limited, a subsidiary of the Group, had obtained a bank loan facility of HKD315.0 million from Hang Seng Bank Limited ("Hang Seng") in April 2013. Mr. Wong Lam Ping, the controlling shareholder and executive chairman of the Company, had executed personal guarantees for HKD315.0 million in favour of Hang Seng to obtain the aforesaid facility. Mr. Wong would not be receiving any form of consideration from the Company or the Group for the provisions of his personal guarantees to Hang Seng, and he had confirmed that he would not claim against the Company or the Group in the event of any such claim against him by Hang Seng. An announcement relating thereto had been released to the SGX-ST on 25 April 2013.

Save as disclosed and the Service Agreements entered into with the Executive Directors, there are no material contracts entered into by the Group involving the interests of the CEO, any director or controlling shareholder subsisting for the year ended 31 March 2015.

AUDITORS

The AC has recommended to the Board of Directors the re-appointment of BDO Limited, Certified Public Accountants, Hong Kong and BDO LLP, Public Accountants and Chartered Accountants, Singapore to act jointly and severally as the Company's auditors at the forthcoming annual general meeting.

BDO Limited and BDO LLP have expressed their willingness to accept re-appointment as auditors.

On behalf of the Directors,

Wong Lam Ping
Director

Chan Chun Kit
Director

30 June 2015

Directors' Opinion Statement

We, Wong Lam Ping and Chan Chun Kit, being two of the directors of the Company, do hereby state that, in the opinion of the Directors:

- (i) the accompanying consolidated statement of financial position, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and statement of financial position of the Company together with the notes thereto as set out on pages 50 to 130, are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2015 and the results of the business, changes in equity and cash flows of the Group for the year then ended; and
- (ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors,

Wong Lam Ping
Director

Chan Chun Kit
Director

30 June 2015

Financial Section

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Expressed in Renminbi ("RMB")

Independent Joint Auditors' Report

To the shareholders of Pan Hong Property Group Limited 汎港地产集团有限公司 (incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Pan Hong Property Group Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 50 to 130, which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 March 2015, and the consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity of the Group 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 International Financial Reporting Standards, and for such internal control as directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of the 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.

Independent Joint Auditors' Report

OPINION

In our opinion, the consolidated financial statements of the Group and the statement of financial position of the Company give a true and fair view of the financial position of the Group and of the Company as at 31 March 2015, and of the financial performance and cash flows of the Group for the year then ended in accordance with International Financial Reporting Standards.

BDO LLP

Public Accountants and Chartered Accountants
21 Merchant Road #05-01
Singapore 058267

30 June 2015

BDO Limited

Certified Public Accountants
25th Floor, Wing On Centre
111 Connaught Road Central
Hong Kong

30 June 2015

Consolidated Statement of Comprehensive Income

for the year ended 31 March 2015

		Group	
	Notes	2015 RMB'000	2014 RMB'000
Revenue	5	505,224	535,077
Cost of sales		(369,020)	(353,032)
Gross profit		136,204	182,045
Other income and gains	6	67,472	106,000
Selling and distribution expenses		(25,049)	(18,114)
Administrative expenses		(44,535)	(45,709)
Other operating expenses		(230)	(1,469)
Operating profit		133,862	222,753
Finance costs	7	(3,233)	(1,208)
Share of result of a joint venture	16	(1,219)	(480)
Share of result of an associate	17	–	(6)
Profit before income tax	8	129,410	221,059
Income tax expense	9	(58,307)	(80,815)
Profit for the year		71,103	140,244
Other comprehensive income, net of tax			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of foreign operations		1,915	4,006
Other comprehensive income for the year		1,915	4,006
Total comprehensive income for the year		73,018	144,250
Profit for the year attributable to:			
Owners of the Company		50,965	107,521
Non-controlling interests		20,138	32,723
		71,103	140,244
Total comprehensive income attributable to:			
Owners of the Company		52,496	111,941
Non-controlling interests		20,522	32,309
		73,018	144,250
Earnings per share for profit attributable to the owners of the Company during the year (in RMB cents):			
– Basic and diluted	11	9.95	20.93

Statements of Financial Position

as at 31 March 2015

	Notes	Group		Company	
		31 March 2015 RMB'000	31 March 2014 RMB'000	31 March 2015 RMB'000	31 March 2014 RMB'000
ASSETS AND LIABILITIES					
Non-current assets					
Property, plant and equipment	12	29,117	22,053	–	–
Investment properties	13	405,654	359,229	–	–
Investments in subsidiaries	15	–	–	564,060	564,060
Interests in joint ventures	16	184,654	182,437	–	–
Other financial assets	18	20,000	20,000	20,000	20,000
Long-term pledged deposits	26	100,000	330,000	–	–
Deferred tax assets	19	25,164	24,986	–	–
		764,589	938,705	584,060	584,060
Current assets					
Properties held under development	20	2,285,262	1,607,064	–	–
Properties held for sale	21	733,296	461,767	–	–
Accounts receivable	22	2,361	1,584	–	–
Prepayments and other receivables	23	485,570	816,674	110	110
Amounts due from subsidiaries	24	–	–	260,838	258,338
Financial assets at fair value through profit or loss	25	7,364	6,149	–	–
Structured bank deposits	26	154,000	–	–	–
Pledged deposits	26	349,403	295,195	–	–
Cash and bank balances	26	309,501	74,236	132	92
		4,326,757	3,262,669	261,080	258,540
Non-current assets held for sale					
Investment property held for sale	14	7,050	–	–	–
		4,333,807	3,262,669	261,080	258,540
Current liabilities					
Accounts and bill payables	27	69,413	28,949	–	–
Accruals, receipts in advance and other payables	28	1,108,757	727,899	255	274
Provision for tax		182,379	167,806	–	–
Amounts due to related parties	24	116,598	96,938	248,350	246,130
Bank and other loans	29	848,141	407,930	–	–
		2,325,288	1,429,522	248,605	246,404
Net current assets		2,008,519	1,833,147	12,475	12,136
Total assets less current liabilities		2,773,108	2,771,852	596,535	596,196

Statements of Financial Position

as at 31 March 2015

	Notes	Group		Company	
		31 March 2015 RMB'000	31 March 2014 RMB'000	31 March 2015 RMB'000	31 March 2014 RMB'000
Non-current liabilities					
Bank and other loans	29	667,500	748,500	–	–
Deferred tax liabilities	19	57,690	48,452	–	–
		725,190	796,952	–	–
Net assets		2,047,918	1,974,900	596,535	596,196
EQUITY					
Equity attributable to the Company's owners					
Share capital	30	313,446	313,446	313,446	313,446
Reserves	31	1,212,076	1,159,580	283,089	282,750
		1,525,522	1,473,026	596,535	596,196
Non-controlling interests		522,396	501,874	–	–
Total equity		2,047,918	1,974,900	596,535	596,196

Wong Lam Ping
Director

Chan Chun Kit
Director

Consolidated Statement of Cash Flows

for the year ended 31 March 2015

	Notes	Group	
		2015 RMB'000	2014 RMB'000
Cash flows from operating activities			
Profit before income tax		129,410	221,059
Adjustments for:			
Interest income	6	(10,278)	(10,088)
Interest expense	7	3,233	1,208
Depreciation of property, plant and equipment	12	2,089	2,039
Written off of property, plant and equipment	8	–	158
Gain on disposal of property, plant and equipment	6	(53)	–
Share of result of an associate	17	–	6
Share of result of a joint venture	16	1,219	480
Fair value gain on re-measurement of equity in an associate	6	–	(613)
Net fair value gain for financial assets at fair value through profit or loss	6	(626)	(1,153)
Fair value adjustment on investment properties	6	(36,971)	(83,467)
Operating profit before working capital changes		88,023	129,629
Increase in properties held under development and properties held for sale		(444,163)	(213,036)
Increase in accounts and other receivables and prepayments		(90,551)	(421,157)
Increase in financial assets at fair value through profit or loss		(589)	(4,463)
Increase in accounts and bill payables and other payables, accruals and receipts in advance		421,322	148,427
Increase in amounts due to related parties		–	19
Cash used in operations		(25,958)	(360,581)
Interest received		13,265	5,058
Income taxes paid		(34,674)	(84,524)
<i>Net cash used in operating activities</i>		(47,367)	(440,047)

Consolidated Statement of Cash Flows

for the year ended 31 March 2015

		Group	
	<i>Notes</i>	2015	2014
		RMB'000	RMB'000
Cash flows from investing activities			
Purchases of property, plant and equipment		(2,215)	(2,318)
Proceeds from disposal of property, plant and equipment		536	98
Proceeds from disposal of investment properties		–	11,108
Acquisition of subsidiary, net	38	–	(36,585)
Acquisition of other financial assets		–	(20,000)
Advance to a joint venture		(3,436)	(8,768)
Increase in prepayments and other receivables		(23,097)	(8,005)
Increase in structured bank deposits	26	(154,000)	–
Decrease/(increase) in pledged deposits with original maturity over three months		175,792	(332,047)
<i>Net cash used in investing activities</i>		(6,420)	(396,517)
Cash flows from financing activities			
Repurchase of treasury shares		–	(4,537)
Proceeds from shares issued to non-controlling interests by subsidiary		–	14,911
Advance from a related company		18,396	63,839
Dividend paid		–	(35,716)
New borrowings		607,660	860,173
Repayment of borrowings		(248,449)	(270,352)
Interest paid		(90,041)	(53,164)
<i>Net cash generated from financing activities</i>		287,566	575,154
Net increase/(decrease) in cash and cash equivalents		233,779	(261,410)
Effect of foreign exchange difference		1,486	3,660
Cash and cash equivalents at beginning of the year		74,236	331,986
Cash and cash equivalents at end of the year	26	309,501	74,236

Consolidated Statement of Changes in Equity

for the year ended 31 March 2015

	Equity attributable to owners of the Company												Total equity
	Share capital	Treasury shares	Share premium	Merger reserve	Statutory reserve	Capital reserve	Other reserve	Exchange reserve	Retained earnings	Proposed	Non-		
										final dividend	Total	controlling interests	
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
At 1 April 2013	313,446	(8,280)	203,250	(2,243)	68,862	3,838	82,217	(8,277)	712,809	26,033	1,391,655	462,689	1,854,344
Dividend paid	-	-	-	-	-	-	-	-	-	(26,033)	(26,033)	-	(26,033)
Dividend paid to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(9,683)	(9,683)
Deregistration of subsidiary	-	-	-	-	-	-	-	-	-	-	-	(5,796)	(5,796)
Repurchase of treasury shares	-	(4,537)	-	-	-	-	-	-	-	-	(4,537)	-	(4,537)
Acquisition of subsidiary (note 38)	-	-	-	-	-	-	-	-	-	-	-	7,444	7,444
Capital contribution by minority equity holders of subsidiary	-	-	-	-	-	-	-	-	-	-	-	14,911	14,911
Transactions with owners	-	(4,537)	-	-	-	-	-	-	-	(26,033)	(30,570)	6,876	(23,694)
Profit for the year	-	-	-	-	-	-	-	-	107,521	-	107,521	32,723	140,244
Other comprehensive income													
Exchange differences on translation of financial statements of foreign operations	-	-	-	-	-	-	-	4,420	-	-	4,420	(414)	4,006
Total comprehensive income for the year	-	-	-	-	-	-	-	4,420	107,521	-	111,941	32,309	144,250
Transfer to statutory reserves	-	-	-	-	9,245	-	-	-	(9,245)	-	-	-	-
At 31 March 2014 and 1 April 2014	313,446	(12,817)	203,250	(2,243)	78,107	3,838	82,217	(3,857)	811,085	-	1,473,026	501,874	1,974,900
Profit for the year	-	-	-	-	-	-	-	-	50,965	-	50,965	20,138	71,103
Other comprehensive income													
Exchange differences on translation of financial statements of foreign operations	-	-	-	-	-	-	-	1,531	-	-	1,531	384	1,915
Total comprehensive income for the year	-	-	-	-	-	-	-	1,531	50,965	-	52,496	20,522	73,018
Transfer to statutory reserves	-	-	-	-	6,331	-	-	-	(6,331)	-	-	-	-
At 31 March 2015	313,446	(12,817)	203,250	(2,243)	84,438	3,838	82,217	(2,326)	855,719	-	1,525,522	522,396	2,047,918

Notes to the financial statements

for the year ended 31 March 2015

1. GENERAL INFORMATION

Pan Hong Property Group Limited (the "Company") was incorporated in Bermuda under the laws of Bermuda on 20 December 2005 as an exempted company with limited liability. The Company's shares are listed on the Main Board of the Singapore Exchange Securities Trading Limited (the "SGX-ST").

The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The principal place of business of the Company is located at Room 1214, Tower B, Hunghom Commercial Centre, 37-39 Ma Tau Wai Road, Hunghom, Hong Kong. The Company does not have a place of business in Singapore as at the date of this report.

The principal activity of the Company is investment holding. The principal activities of the Company's subsidiaries (together with the Company, known as the "Group") are set out in note 15 to the financial statements.

The financial statements on pages 50 to 130 have been prepared in accordance with International Financial Reporting Standards ("IFRSs") which collective term includes all applicable individual International Financial Reporting Standards and Interpretations approved by the International Accounting Standards Board ("IASB"), and all applicable individual International Accounting Standards and Interpretations as originated by the Board of the International Accounting Standards Committee and adopted by the IASB. The financial statements also include the applicable disclosure requirements of the Listing Manual of the SGX-ST (the "Listing Manual").

The financial statements for the year ended 31 March 2015 were approved for issue by the board of directors ("Directors") on 30 June 2015.

2. ADOPTION OF NEW OR AMENDED IFRSs

In current year, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations (the "new IFRSs") issued by IASB and the International Financial Reporting Interpretations Committee (the "IFRIC") of the IASB, which are effective for the Group's financial statements for the annual period beginning on 1 April 2014.

Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to IFRS 10, IFRS 12 and IAS 27 (2011)	Investment Entities
Amendments to IAS 39 IFRIC 21	Novation of Derivatives and Continuation of Hedge Accounting Levies

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

Notes to the financial statements

for the year ended 31 March 2015

2. ADOPTION OF NEW OR AMENDED IFRSs (Continued)

Amendments to IAS 32 – Offsetting Financial Assets and Financial Liabilities

The amendments clarify the offsetting requirements by adding appliance guidance to IAS 32 which clarifies when an entity “currently has a legally enforceable right to set off” and when a gross settlement mechanism is considered equivalent to net settlement. The amendments are applied retrospectively.

The adoption of the amendments has no impact on these financial statements as the Group does not have any offsetting arrangements.

Amendments to IFRS 10, IFRS 12 and IAS 27-Investment Entities

The Group has applied the amendments to IFRS 10, IFRS 12 and IAS 27, Investment Entities, for the first time in the current year. The amendments to IFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements. Consequential amendments have been made to IFRS 12 and IAS 27 to introduce new disclosure requirements for investment entities.

As the Company is not an investment entity, the application of the amendments had no impact on the disclosures or the amount recognised in the Group’s consolidated and Company’s financial statements.

The following new and amended IFRSs which are potentially relevant to the Group’s financial statements have been issued but are not yet effective and have not been early adopted by the Group:

Improvements to IFRSs	Annual Improvements 2010-2012 Cycle ²
Improvements to IFRSs	Annual Improvements 2011-2013 Cycle ¹
Improvements to IFRSs	Annual Improvements 2012-2014 Cycle ³
Amendments to IAS 1	Disclosure Initiative ³
Amendments to IAS 27	Equity Method in Separate Financial Statements ³
IFRS 9 (2014)	Financial Instruments ⁵
IFRS 15	Revenue from Contracts with Customers ⁴

¹ Effective for annual periods beginning on or after 1 July 2014

² Effective for annual periods beginning, or transaction occurring on or after 1 July 2014

³ Effective for annual periods beginning on or after 1 January 2016

⁴ Effective for annual periods beginning on or after 1 January 2017

⁵ Effective for annual periods beginning on or after 1 January 2018

Annual Improvements 2010-2012 Cycle, 2011-2013 Cycle and 2012-2014 Cycle

The amendments issued under the annual improvements process make small, non-urgent changes to a number of standards where they are currently unclear.

Notes to the financial statements

for the year ended 31 March 2015

2. ADOPTION OF NEW OR AMENDED IFRSs (Continued)

IFRS 9 – Financial Instruments

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

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

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

IFRS 9 will be effective for accounting period beginning on or after 1 January 2018. The directors of the Company anticipate that the application of IFRS 9 in the future may have a material impact on amounts reported in respect of the group’s financial assets and financial liabilities; especially the Company has financial assets classified as available-for-sale. However, it is not practicable to provide reasonable estimate of the effect of IFRS 9 until the group undertakes a detailed review.

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IFRS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. Consequently, it is no longer necessary for a credit event to have occurred before credit losses are recognised. Due to the recent release of this standard, the entity has not yet made a detailed assessment of the impact of this standard.

Notes to the financial statements

for the year ended 31 March 2015

2. ADOPTION OF NEW OR AMENDED IFRSs (Continued)

IFRS 15 – Revenue from Contracts with Customers

In May 2014, IFRS 15 was issued which established a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18, Revenue, IAS 11 Construction Contracts and the related interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expected to be entitled in exchange for those goods or services. Specifically, IFRS 15 introduces a 5-step approach to revenue recognition.

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

IFRS 15 will be effective for accounting period beginning on or after 1 January 2017. The directors of the Company anticipate that the application of IFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group’s consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 15 until the Group performs a detailed review.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of these financial statements are summarised below. These policies have been consistently applied all the years presented unless otherwise stated. The adoption of new or amended IFRSs and the impacts on the Group’s financial statements, if any, are disclosed in note 2.

3.1 Basis of preparation

The consolidated financial statements have been prepared under the historical cost basis, except for investment properties and financial assets at fair value through profit or loss which are stated at fair values. The measurement bases are fully described in the accounting policies below.

The financial statements are presented in RMB and all values are rounded to the nearest thousand (“RMB’000”), except when otherwise indicated.

It should be noted that the accounting estimates and assumptions are used in preparing these financial statements. Although these estimates are based on management’s best knowledge and judgment of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

Notes to the financial statements

for the year ended 31 March 2015

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Basis of consolidation and business combination

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries.

Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective dates of acquisition or up to the effective dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

Acquisition of subsidiaries or businesses is accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition date fair value. The Group's previously held equity interest in the acquiree is re-measured at acquisition-date fair value and the resulting gains or losses are recognised in profit or loss.

The Group may elect, on a transaction-by-transaction basis, to measure the non-controlling interest that represent present ownership interests in the subsidiary either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other non-controlling interests are measured at fair value unless another measurement basis is required by IFRS. Acquisition-related costs incurred are expensed unless they are incurred in issuing equity instruments in which case the costs are deducted from equity.

Subsequent to acquisition, the carrying amount of non-controlling interests that represent present ownership interests in the subsidiary is the amount of those interests at initial recognition plus the non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interest having a deficit balance.

Any contingent consideration to be transferred by the acquirer is recognised at acquisition date fair value. Subsequent adjustments to consideration are recognised against goodwill only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

Notes to the financial statements

for the year ended 31 March 2015

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Basis of consolidation and business combination (Continued)

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interest are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

3.3 Subsidiaries

Subsidiaries are entities over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: power over the investee, exposure, or rights, to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

3.4 Joint arrangements

The group is a party to a joint arrangement where there is a contractual arrangement that confers joint control over the relevant activities of the arrangement to the group and at least one other party. Joint control is assessed under the same principles as control over subsidiaries.

The group classifies its interests in joint arrangements as either:

- Joint ventures: where the group has rights to only the net assets of the joint arrangement; or
- Joint operations: where the group has both the rights to assets and obligations for the liabilities of the joint arrangement.

Notes to the financial statements

for the year ended 31 March 2015

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.4 Joint arrangements (Continued)

In assessing the classification of interests in joint arrangements, the Group considers:

- The structure of the joint arrangement;
- The legal form of joint arrangements structured through a separate vehicle;
- The contractual terms of the joint arrangement agreement; and
- Any other facts and circumstances (including any other contractual arrangements).

The Group accounts for its interests in joint ventures using the equity method whereby they are initially recognised at cost and thereafter, their carrying amount are adjusted for the Group's share of the post-acquisition change in the joint ventures' net assets except that losses in excess of the Group's interest in the joint ventures are not recognised unless there is an obligation to make good those losses.

Profits and losses arising on transactions between the Group and its joint ventures are recognised only to the extent of unrelated investors' interests in joint ventures. The investor's share in the joint ventures' profits and losses resulting from these transactions is eliminated against the carrying value of the interests in joint ventures. Where unrealised losses provide evidence of impairment of the asset transferred they are recognised immediately in profit or loss.

Any premium paid for an investment in a joint venture above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the investment in joint venture. Where there is objective evidence that the investment in a joint venture has been impaired the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

The Group accounts for its interests in joint operations by recognising its share of assets, liabilities, revenues and expenses in accordance with its contractually conferred rights and obligations.

3.5 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of properties, rendering of services and the use by others of the Group's assets yielding interest, dividends, net of rebates and discounts. 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 as follows:

Notes to the financial statements

for the year ended 31 March 2015

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.5 Revenue recognition (Continued)

Revenue arising from sale of properties held for sale is recognised upon the transfer of the significant risks and rewards of ownership of these properties held for sale to the purchasers. Revenue is recognised upon the transfer of the legal title or the passing of possession to the buyer or a completion certificate by the relevant government authorities, whichever is the later. Deposits and instalments received from purchasers prior to the date of revenue recognition are included in current liabilities as receipts in advance.

Consultancy fee income is recognised at the time when the services are rendered.

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

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease terms.

3.6 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to the working condition and location for its intended use. 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. All other costs, such as repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is provided to write off the cost of property, plant and equipment over their estimated useful lives, using the straight line method, at the following rates per annum:

Leasehold interests in land	2.5%
Buildings	2.5%
Computers and other equipment	20.0%
Leasehold improvement	5.0%
Motor vehicles	20.0%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted, if appropriate, at each reporting date.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use.

The gain or loss arising on retirement or disposal is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Notes to the financial statements

for the year ended 31 March 2015

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.7 Investment properties

Investment properties are land and/or buildings which are owned or held under a leasehold interest 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.

On initial recognition, investment properties are measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at fair value, unless it is still in the course of construction or development at the reporting date and its fair value cannot be reliably determined at that time.

Fair value is determined by external professional valuers with sufficient experience with respect to both the location and the nature of the investment properties. The carrying amounts recognised in the consolidated statement of financial position reflect the prevailing market conditions at the reporting date.

Gain or loss arising from either a change in fair value or the sale of investment properties is included in profit or loss for the period in which it arises.

For a transfer from properties held under development to investment properties that is carried at fair value, any difference between fair value of the property at that date and its previous carrying amount is recognised in profit or loss.

When the Group completes the construction or development of a self-constructed investment property, any difference between the fair value of the property at the completion date and its previous carrying amount is recognised in profit or loss.

3.8 Non-current assets held for sale

Non-current assets are classified as held for sale when:

- they are available for immediate sale;
- management is committed to a plan to sell;
- it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn;
- an active programme to locate a buyer has been initiated;
- the asset or disposal group is being marketed at a reasonable price in relation to its fair value; and
- a sale is expected to complete within 12 months from the date of classification.

Notes to the financial statements

for the year ended 31 March 2015

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.8 Non-current assets held for sale (Continued)

Non-current assets classified as held for sale are measured at the lower of:

- their carrying amount immediately prior to being classified as held for sale in accordance with the Group's accounting policy; and
- fair value less costs to sell.

Immediately before classification as held for sale, the measurement of the non-current assets (and all individual assets and liabilities in a disposal group) is brought up-to-date in accordance with the accounting policies before the classification. Then, on initial classification as held for sale and until disposal, the non-current assets (except for certain assets as explained below), are recognised at the lower of their carrying amount and fair value less costs to sell. The principal exceptions to this measurement policy so far as the financial statements of the group and the company are concerned are deferred tax assets, assets arising from employee benefits, financial assets (other than investments in subsidiaries and joint ventures) and investment properties. The investment property held for sale (Note 14) would continue to be measured in accordance with the policy set out in note 3.7.

Impairment losses on initial classification as held for sale, and on subsequent remeasurement while held for sale, are recognised in profit or loss. As long as a non-current asset is classified as held for sale, the noncurrent asset is not depreciated or amortised.

3.9 Properties held under development

Properties held under development which are held for future sale are included in current assets and comprise certain leasehold interest in land (note 3.11) and capitalised depreciation of certain property, plant and equipment (note 12) and aggregate cost of development, materials and supplies, wages, and other expenses ("development costs"). Properties held under development are stated at the lower of cost and net realisable value. Other expenses included (a) those costs that are incurred in bringing the properties held under development to their present location and condition; and (b) a systematic allocation of fixed overheads that are incurred on development of properties. Fixed overheads are indirect costs which remain relatively constant regardless of the size or volume of the development.

On completion, the properties are transferred to properties held for sale. Cost is calculated using the weighted average method.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and applicable selling expenses.

Properties under development are classified as current assets unless the construction period of the relevant property development project is expected to complete beyond normal operating cycle.

Notes to the financial statements

for the year ended 31 March 2015

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.10 Properties held for sale

In case of completed properties developed by the Group, cost is determined by apportionment of the total development costs for that development project, attributable to the unsold properties. The cost of completed properties held for sale comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Properties held for sale are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less estimated selling expenses.

3.11 Leases

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.

Leases where substantially all the risks and rewards of ownership of assets remain within the lessor are accounted for as operating leases. Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss on a straight line basis over the lease terms except where an alternative basis is more representative of the time pattern of benefits to be derived from the leased assets. Lease incentive received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the period in which they are incurred.

Leasehold interests in land are up-front payments to acquire the land use right. The payments are stated at cost less accumulated amortisation and any impairment losses. Amortisation is calculated on the straight-line basis over the lease term.

Certain leasehold interests in land are included in properties held under development and properties held for sale (notes 20 and 21).

Properties leased out under operating leases are included in the statement of financial position as investment properties. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line-basis over the lease term. The recognition of rental income is set out in note 3.5.

Notes to the financial statements

for the year ended 31 March 2015

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.12 Financial assets

The Group's accounting policies for financial assets are set out below.

Financial assets are classified into the following categories:

- financial assets at fair value through profit or loss
- loans and receivables
- available-for-sale financial assets

Management determines the classification of its financial assets at initial recognition depending on the purpose for which the financial assets were acquired and where allowed and appropriate, re-evaluates this designation at every reporting date. All financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the instrument. All regular way purchases and sales of financial assets are recognised on trade date. When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Derecognition of financial assets occurs when the rights to receive cash flows from the receivables/investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred.

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

Financial assets at fair value through profit or loss includes financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss.

Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments or financial guarantee contracts.

Subsequent to initial recognition, the financial assets included in this category are measured at fair value with changes in fair value recognised in profit or loss.

Notes to the financial statements

for the year ended 31 March 2015

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.12 Financial assets (Continued)

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are subsequently measured at amortised cost using the effective interest method, less any impairment losses. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction cost.

At each reporting date, loans and receivables are reviewed to determine whether there is any objective evidence of impairment.

Objective evidence of impairment of individual financial assets includes observable data that come to the attention of the Group about one or more of the following loss events:

- (a) significant financial difficulty of the debtor; a breach of contract, such as a default or delinquency in interest or principal payments;
- (b) it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;
- (c) significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtors; and
- (d) a significant or prolonged decline in the fair value of an investment in an equity instrument below its costs.

Loss events in respect of a group of financial assets include observable data indicating that there is a measurable decrease in the estimated future cash flows from the group of financial assets. Such observable data includes but not limited to adverse changes in the payment status of debtors in the group and, national or local economic conditions that correlate with defaults on the assets in the group.

Notes to the financial statements

for the year ended 31 March 2015

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.12 Financial assets (Continued)

(ii) Loans and receivables (Continued)

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The amount of the loss is recognised in profit or loss of the period in which the impairment occurs. In relation to accounts and notes receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Group will not be able to collect all of the amounts due under the original terms of the invoice. Except for accounts and other receivables, the carrying amount of loans and receivables is directly reduced by any identified amount of impairment. The carrying amount of account and other receivables is reduced through the use of an allowance account. When any part of account and other receivables is determined as uncollectible, it is written off against the allowance account.

If, in subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that it does not result in a carrying amount of the financial asset exceeding what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss of the period in which the reversal occurs.

(iii) Available-for-sale financial assets

These assets are non-derivative financial assets that are designated as available-for-sale or are not included in other categories of financial assets. Subsequent to initial recognition, these assets are carried at fair value with changes in fair value recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses on monetary instruments, which are recognised in profit or loss.

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses.

Notes to the financial statements

for the year ended 31 March 2015

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.12 Financial assets (Continued)

(iii) Available-for-sale financial assets (Continued)

Where a decline in the fair value constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognised in profit or loss.

Any impairment losses on available-for-sale debt investments are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

For available-for-sale equity investment, any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income.

For available-for-sale equity investment that is carried at cost, the amount of impairment loss is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss is not reversed.

3.13 Foreign currency translation

The consolidated financial statements are presented in RMB, which is also the functional currency of the Company.

In the individual financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. At the reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the reporting date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the reporting date retranslation of monetary assets and liabilities are recognised in profit or loss.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined and are reported as part of the fair value gain or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Notes to the financial statements

for the year ended 31 March 2015

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.13 Foreign currency translation (Continued)

In the consolidated financial statements, all individual financial statements of foreign operations, originally presented in a currency different from the Group's presentation currency, have been converted into RMB. Assets and liabilities have been translated into RMB at the closing rates at the reporting date. Income and expenses have been converted into the RMB at the exchange rates ruling at the transaction dates, or at the average rates over the reporting period provided that the exchange rates do not fluctuate significantly. Any differences arising from this procedure have been recognised in other comprehensive income and accumulated separately in the exchange reserve in equity. Goodwill and fair value adjustments arising on the acquisition of a foreign operation on or after 1 January 2005 have been treated as assets and liabilities of the foreign operation and translated into RMB at the closing rates.

When a foreign operation is sold, such exchange differences are recognised in profit or loss as part of the gain or loss on sale.

3.14 Accounting for income tax

Income tax comprises current tax and deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the reporting date. They are calculated according to the tax rates and tax laws that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of income tax expense in profit or loss.

Deferred tax is calculated using the liability method on temporary differences at the reporting date between the carrying amounts of assets and liabilities in the financial statements and their respective tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither taxable nor accounting profit or loss.

Notes to the financial statements

for the year ended 31 March 2015

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.14 Accounting for income tax (Continued)

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, an associate and joint ventures, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset realised, provided they are enacted or substantively enacted at the reporting date.

An exception to the general requirement on determining the appropriate tax rate used in measuring deferred tax amount is when an investment property is carried at fair value under IAS 40 "Investment Property". Unless the presumption is rebutted, the deferred tax amounts on these investment properties are measured using the tax rates that would apply on sale of these investment properties at their carrying amounts at the reporting date. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all the economic benefits embodied in the property over time, rather than through sale.

Changes in deferred tax assets or liabilities are recognised in the profit or loss or in other comprehensive income or directly in equity if they relate to items that are charged or credited directly to other comprehensive income or directly in equity.

- (a) the Group has the legally enforceable right to set off the recognised amounts;
- (b) current tax assets and current tax liabilities are presented in net if, and only if, and;
- (c) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The Group presents deferred tax assets and deferred tax liabilities in net if, and only if,

- (a) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - (i) the same taxable entity; or
 - (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Notes to the financial statements

for the year ended 31 March 2015

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.15 Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand, demand deposits with banks and short term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, less pledged deposits.

3.16 Impairment of non-financial assets

Property, plant and equipment and the interests in subsidiaries and a joint venture are subject to impairment testing and are tested for impairment whenever there are indications that the assets' carrying amount may not be recoverable.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less cost to sell, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the asset.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash generating unit). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

3.17 Financial liabilities

The Group's financial liabilities include accounts and other payables, amounts due to related parties, bank and other loans.

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. All interest related charges are recognised in accordance with the group's policy on borrowing costs (note 3.20). A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Notes to the financial statements

for the year ended 31 March 2015

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.17 Financial liabilities (Continued)

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in profit or loss.

Bank and other loans

Bank and other loans are recognised initially at fair value, net of transaction cost incurred. Bank and other loans are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the loans using the effective interest method.

Bank and other loans are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Amounts due to related parties, accounts and bill and other payables

Amounts due to related parties and accounts and bill and other payables are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method.

3.18 Retirement benefit costs and short term employee benefits

Retirement benefits to employees

The Group operates a defined contribution scheme ("MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance which is available to its employees in Hong Kong. Contributions to the MPF Scheme by the Group and employees are made based on a percentage of employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme.

Pursuant to the relevant regulations in the People's Republic of China ("PRC"), the Group has participated in a local municipal government retirement benefit scheme (the "Scheme"), whereby the Group is required to contribute a certain percentage of basic salaries of its employees to the Scheme to fund their retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees in the PRC. The only obligation of the Group with respect to the Scheme is to pay the ongoing required contributions under the Scheme mentioned above. The Group's contributions to the Scheme are expensed as incurred.

Notes to the financial statements

for the year ended 31 March 2015

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.18 Retirement benefit costs and short term employee benefits (Continued)

Short-term employee benefits

Short term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short term employee benefits are recognised in the year when the employees render the related service.

Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

3.19 Share capital, treasury shares and share premium

Ordinary shares are classified as equity. Share capital is determined using the nominal value of shares that have been issued.

Own equity instruments which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration is recognised in equity.

Share premium includes any premiums received on the issuance of shares over the par value. Any transaction costs associated with the issuance of shares are deducted from share premium (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction.

3.20 Borrowing costs

Borrowing costs incurred for the acquisition, construction or production of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. A qualifying asset is an asset which necessarily takes a substantial period of time to get ready for its intended use or sale. Other finance costs are expensed.

Borrowing costs are capitalised as part of the cost of a qualifying asset when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are being undertaken. Capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are completed.

Notes to the financial statements

for the year ended 31 March 2015

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.21 Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors for their decisions about resources allocation to the Group's business components and for their review of the performance of those components.

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.

3.22 Provisions and contingent liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation 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.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

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 uncertain events not wholly within the control of the Group, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Contingent liabilities are recognised in the course of the allocation of purchase price to the assets and liabilities acquired in a business combination. They are initially measured at fair value at the date of acquisition and subsequently measured at the higher of the amount that would be recognised in a comparable provision as described above and the amount initially recognised less any accumulated amortisation, if appropriate.

3.23 Contingent asset

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Notes to the financial statements

for the year ended 31 March 2015

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.24 Financial guarantees issued

A financial guarantee contract is a contract that requires the issuer (or guarantor) to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee is initially recognised as deferred income within accounts and other payables. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

The amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised if and when it becomes probable that the holder of the guarantee will call upon the Group under the guarantee and the amount of that claim on the Group is expected to exceed the current carrying amount i.e. the amount initially recognised less accumulated amortisation, where appropriate.

3.25 Dividends

Final dividends proposed by the directors are classified as a separate allocation of retained profits within equity, until they have been approved by the shareholders in a general meeting. When these dividends are approved and declared, they are recognised as a liability. Interim dividends are simultaneously proposed and declared and consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

3.26 Related parties

- (a) A person or a close member of that person's family is related to the Group if that person:
- (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of key management personnel of the Group or the Company's parent.

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the Group or the Company, directly or indirectly, including any directors (whether executive or otherwise) of the Group or the Company.

Notes to the financial statements

for the year ended 31 March 2015

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.26 Related parties (Continued)

- (b) An entity is related to the Group if any of the following conditions apply:
- (i) the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) both entities are joint ventures of the same third party.
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) the entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.
 - (vi) the entity is controlled or jointly controlled by a person identified in (a).
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).

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

- (i) that person's children and spouse or domestic partner;
- (ii) children of that person's spouse or domestic partner; and
- (iii) dependents of that person or that person's spouse or domestic partner.

Notes to the financial statements

for the year ended 31 March 2015

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Critical accounting estimates and assumptions

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

Fair value of investment properties and properties held for sale upon transfer to investment properties

Properties held for sale upon transfer to investment properties of the Group was stated at fair value in accordance with the accounting policy. The fair value of the investment properties is determined by a firm of independently qualified professional surveyors and the fair value of investment properties as at the reporting dates and properties held for sale upon transfer to investment properties are set out in notes 13, 14 and 21 respectively. Such valuation was based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results.

Impairment of accounts and other receivables

The Group's management assesses the collectability of accounts and other receivables. This estimate is based on the credit history of its customers or counterparties and the current market condition. Management reassesses the impairment loss at the reporting date.

Net realisable value of properties held for sale and properties held under development

Management determines the net realisable value of properties held for sale and properties under development by using prevailing market data such as most recent sale transactions and valuation of the projects in its existing partially completed state of construction taking into account cost of work done, and cost to completion from gross development value assuming satisfactory completion.

These estimates require judgment as to the anticipated sale prices by reference to recent sales transactions in nearby locations, rate of new property sales, marketing costs (including price discounts required to stimulate sales) and the expected costs to completion of properties, the legal and regulatory framework and general market conditions. The carrying amounts of the Group's properties held under development and properties held for sale as at 31 March 2015 were approximately RMB2,285,262,000 and RMB733,296,000 respectively (2014: RMB1,607,064,000 and RMB461,767,000 respectively).

Notes to the financial statements

for the year ended 31 March 2015

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

4.2 Critical judgments in applying the entity's accounting policies

Revenue recognition

The Group has recognised revenue from sale of properties held for sale during the period as disclosed in note 5 to these financial statements. The assessment of when an entity has transferred the significant risks and rewards of ownership to buyer requires examination of the circumstances of the transaction. In most cases, the transfer of risks and rewards of ownership coincides with the transfer of the legal title or the passing of possession to the buyer or a completion certificate is issued by the relevant government authorities. The Group believes that its recognition basis of sales as set out in note 3.5 is appropriate and is the current practice in the PRC.

Estimates of current tax and deferred tax

The Group is subject to taxation in various jurisdictions. Significant judgment is required in determining the amount of the provision of taxation and the timing of payment of the related taxation. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in periods in which such determination are made.

The Group is subject to Land Appreciation Tax ("LAT") in the PRC. However, the implementation and settlement of this tax varies among various tax jurisdictions in cities of the PRC, and the Group has not finalised its LAT calculation and payments with any local tax authorities in the PRC. Accordingly, significant judgment is required in determining the amount of the land appreciation and its related LAT. The Group recognised LAT based on management's best estimates according to the understanding of the tax rules.

Notes to the financial statements

for the year ended 31 March 2015

5. SEGMENT INFORMATION

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive directors are determined following the Group's operating locations.

The Group has identified the following reportable segments based on regions in which the properties are developed and sold:

- Northern Region, which including the Group's business in northern provinces or cities of the PRC (the country of domicile of the Company)
- Southern Region, which including the Group's business in southern provinces or cities of the PRC

Each of these operating segments is managed separately as each of the properties phases requires different resources. All inter-segment transfers are carried out at prices mutually agreed between the parties. Certain expenses are not allocated to the operating segments as they are not included in the measure of the segments' profit that is used by the chief operating decision-maker for assessment of segment performance.

Notes to the financial statements

for the year ended 31 March 2015

5. SEGMENT INFORMATION (Continued)

	Northern Region RMB'000	Southern Region RMB'000	Unallocated Expenses RMB'000	Total RMB'000
Year ended 31 March 2015				
Revenue from external customers				
Sales of properties held for sale	4,350	500,874	–	505,224
Reportable segment revenue	4,350	500,874	–	505,224
Reportable segment (loss)/profit	(12,824)	89,873	(5,946)	71,103
At 31 March 2015				
Reportable segment assets	1,876,496	3,221,790	–	5,098,286
Other corporate assets				110
Group assets				5,098,396
Reportable segment liabilities	(676,371)	(2,373,852)	–	(3,050,223)
Other corporate liabilities				(255)
Group liabilities				(3,050,478)
Other reportable segment information				
Year ended 31 March 2015				
Interest income	2,901	7,377		10,278
Interest expenses	(3,233)	–		(3,233)
Net fair value change of investment properties	(410)	37,381		36,971
Depreciation of property, plant and equipment	(895)	(1,194)		(2,089)
Net fair value gain for financial assets at fair value through profit or loss	626	–		626
Income tax expense	(3,733)	(54,574)		(58,307)
Share of result of a joint venture	–	(1,219)		(1,219)
Additions to non-current segment assets	9,291	54,685		63,976
At 31 March 2015				
Interests in joint ventures	–	184,654		184,654

Notes to the financial statements

for the year ended 31 March 2015

5. SEGMENT INFORMATION (Continued)

	Northern Region RMB'000	Southern Region RMB'000	Unallocated Expenses RMB'000	Total RMB'000
Year ended 31 March 2014				
Revenue from external customers				
Sales of properties held for sale	58,738	476,339	–	535,077
Reportable segment revenue	58,738	476,339	–	535,077
Reportable segment (loss)/profit	5,837	140,963	(6,556)	140,244
At 31 March 2014				
Reportable segment assets	942,722	3,258,542	–	4,201,264
Other corporate assets				110
Group assets				4,201,374
Reportable segment liabilities	(274,200)	(1,952,000)	–	(2,226,200)
Other corporate liabilities				(274)
Group liabilities				(2,226,474)
Other reportable segment information				
Year ended 31 March 2014				
Interest income	3,684	6,404		10,088
Interest expenses	(1,208)	–		(1,208)
Net fair value change of investment properties	(10,062)	93,529		83,467
Depreciation of property, plant and equipment	(1,032)	(1,007)		(2,039)
Written off of property, plant and equipment	158	–		158
Net fair value gain for financial assets at fair value through profit or loss	1,153	–		1,153
Income tax expense	(7,415)	(73,400)		(80,815)
Share of result of an associate	(6)	–		(6)
Share of result of a joint venture	–	(480)		(480)
Additions to non-current segment assets	375	247,740		248,115
At 31 March 2014				
Interest in a joint venture	–	182,437		182,437

Notes to the financial statements

for the year ended 31 March 2015

5. SEGMENT INFORMATION (Continued)

The Group's revenue from external customers is derived from the PRC (country of domicile) and its non-current assets (other than deferred tax assets) are located in the PRC. There is no single customer that contributed to 10% or more of the Group's revenue for the years ended 31 March 2015 and 2014.

The geographical location of customers is based on the location at which the services were provided or the goods were delivered. The geographical location of the non-current assets is based on the physical location of the asset.

6. OTHER INCOME AND GAINS

The Group's other income and gains recognised during the year are as follows:

	Group	
	2015	2014
	RMB'000	RMB'000
Consultancy fee income	–	1,271
Exchange gain	169	810
Net fair value gain for financial assets at fair value through profit or loss	626	1,153
Fair value gain on re-measurement of equity in an associate (note 38)	–	613
Net fair value change of investment properties (note 13)	36,971	83,467
Gain on disposal of property, plant and equipment	53	–
Interest income		
– from bank deposits	10,278	7,862
– from other receivables	–	2,226
	10,278	10,088
Rental income	18,679	8,450
Sundry income	696	148
	67,472	106,000

Notes to the financial statements

for the year ended 31 March 2015

7. FINANCE COSTS

		Group	
	Notes	2015 RMB'000	2014 RMB'000
Interest charges on financial liabilities stated at amortised cost:			
Bank loans wholly repayable within five years	(a)	43,276	27,698
Other loans wholly repayable within five years		48,544	29,974
		91,820	57,672
Less: amount capitalised in properties held under development	(b)	(88,587)	(56,464)
		3,233	1,208

Notes:

- (a) The analysis shows the finance costs of bank loans, including term loans which contain a repayment on demand clause, in accordance with the agreed scheduled repayments dates set out in the loan agreements. For the year ended 31 March 2015, the interest on bank loans which contain a repayment on demand clause amounted to approximately RMB1,454,000 (2014: RMB1,208,000).
- (b) The weighted average capitalisation rate of borrowings was 7.14% (2014: 6.07%) per annum for the year.

Notes to the financial statements

for the year ended 31 March 2015

8. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging/(crediting):

	Group	
	2015 RMB'000	2014 RMB'000
Auditors' remuneration	1,357	1,333
Depreciation of property, plant and equipment (<i>note 12</i>)	2,089	2,039
Cost of properties held for sale recognised as expense	339,596	321,314
Written off of property, plant and equipment	–	158
Operating lease charge in respect of land and buildings	642	1,130
Less: amount capitalised in properties held under development	(82)	(144)
	560	986
Outgoings in respect of investment properties that generated rental income during the year	722	379
Staff costs, including directors' remuneration		
– Wages and salaries	32,523	27,469
– Retirement benefit scheme contributions – defined contribution plans	3,221	2,643
Less: amount capitalised in properties held under development	(12,011)	(12,318)
	23,733	17,794
Marketing and promotion	11,415	9,386
Other taxes	7,962	10,187
Net fair value gain on financial assets at fair value through profit or loss	(626)	(1,153)

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for the year ended 31 March 2015

9. INCOME TAX EXPENSE

		Group	
		2015	2014
	Notes	RMB'000	RMB'000
Current tax – PRC			
– Enterprise income tax (“EIT”)	(a)	27,283	28,779
– LAT	(b)	21,964	26,453
		49,247	55,232
Deferred income tax (note 19)		9,060	25,583
Total income tax expense		58,307	80,815

Notes:

- (a) EIT has been provided on the estimated assessable profits of subsidiaries operating in the PRC at 25% (2014: 25%).

Under the law of the PRC on EIT, corporate withholding income tax is levied on the foreign investor for the dividends distributed out of the profits generated by the foreign investment enterprises. The Group's applicable withholding income tax rate is 5% (2014: 5% and 10%).

- (b) LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of properties less deductible expenditures including cost and land use rights, borrowing costs, business tax and all property development expenditures. The tax is incurred upon transfer of property ownership. There are certain exemptions available for the sale of ordinary residential properties if the appreciation values do not exceed 20% of the total deductible items (as defined in the relevant PRC tax laws). Sales of commercial properties are not eligible for such an exemption.

Notes to the financial statements

for the year ended 31 March 2015

9. INCOME TAX EXPENSE (Continued)

Reconciliation between income tax expense and accounting profit at the applicable tax rate is as follows:

	Group	
	2015	2014
	RMB'000	RMB'000
Profit before income tax	129,410	221,059
Tax on profit before taxation, calculated at the rates applicable to profit in the jurisdiction concerned	33,150	54,230
Tax effect of non-taxable income	(1,451)	(2,641)
Tax effect of non-deductible expenses	7,736	4,764
Provision for LAT for the year	21,964	26,453
Tax effect on EIT of LAT payable	(5,491)	(6,524)
Effect of withholding income tax on distributable profits of the Group's PRC subsidiaries	2,399	4,533
Total income tax expense	58,307	80,815

10. DIVIDENDS

The Board does not recommend the payment of final dividend for the year ended 31 March 2015 (2014: Nil).

11. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to the owners of the Company of approximately RMB50,965,000 (2014: RMB107,521,000) divided by 512,311,024 (2014: 513,839,695) ordinary shares during the year.

The diluted earnings per share is the same as the basic earnings per share, as the Group has no dilutive potential ordinary shares during the current and prior years.

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12. PROPERTY, PLANT AND EQUIPMENT

Group

	Computers and other equipment RMB'000	Motor vehicles RMB'000	Leasehold interest in land RMB'000	Buildings RMB'000	Leasehold improvement RMB'000	Total RMB'000
At 1 April 2013						
Cost	2,683	7,034	7,892	4,284	1,827	23,720
Accumulated depreciation	(1,368)	(4,696)	(2,228)	(974)	(223)	(9,489)
Carrying amount	1,315	2,338	5,664	3,310	1,604	14,231
Year ended 31 March 2014						
Opening carrying amount	1,315	2,338	5,664	3,310	1,604	14,231
Additions	1,437	881	–	–	–	2,318
Transferred from properties held for sale (note 21)	–	–	–	8,320	–	8,320
Acquisition of subsidiary (note 38)	50	–	–	–	–	50
Disposals/written off	–	(98)	–	–	(158)	(256)
Depreciation	(652)	(1,075)	(212)	(176)	(303)	(2,418)
Exchange difference	–	(16)	(119)	(46)	(11)	(192)
Closing carrying amount	2,150	2,030	5,333	11,408	1,132	22,053
At 31 March 2014						
Cost	4,160	7,779	7,766	12,550	1,655	33,910
Accumulated depreciation	(2,010)	(5,749)	(2,433)	(1,142)	(523)	(11,857)
Carrying amount	2,150	2,030	5,333	11,408	1,132	22,053
Year ended 31 March 2015						
Opening carrying amount	2,150	2,030	5,333	11,408	1,132	22,053
Additions	1,215	598	–	–	402	2,215
Transferred from properties held for sale (note 21)	–	–	–	8,051	–	8,051
Disposals/written off	–	(483)	–	–	–	(483)
Depreciation	(865)	(673)	(212)	(580)	(303)	(2,633)
Exchange difference	(2)	(2)	(56)	(22)	(4)	(86)
Closing carrying amount	2,498	1,470	5,065	18,857	1,227	29,117
At 31 March 2015						
Cost	5,365	7,152	7,703	20,574	2,050	42,844
Accumulated depreciation	(2,867)	(5,682)	(2,638)	(1,717)	(823)	(13,727)
Carrying amount	2,498	1,470	5,065	18,857	1,227	29,117

Notes to the financial statements

for the year ended 31 March 2015

12. PROPERTY, PLANT AND EQUIPMENT (Continued)

Buildings held by the Group are located in the PRC and Hong Kong. At 31 March 2015, the Group's certain buildings of approximately RMB9,328,000 (2014: RMB9,646,000) were pledged for bank and other loans (note 29) of the Group. At 31 March 2015 and 2014, a leasehold interest in land is pledged for a bank loan (note 29(a)) of the Group.

Depreciation charges have been included in:

	2015 RMB'000	2014 RMB'000
Consolidated statement of financial position		
– capitalised in properties held under development	544	379
Consolidated statement of comprehensive income		
– selling and distribution expenses	293	169
– administrative expenses	1,796	1,870
	2,089	2,039
	2,633	2,418

During the year ended 31 March 2015, properties held for sale with a carrying value of approximately RMB8,051,000 (2014: RMB8,320,000) were transferred to property, plant and equipment as these properties were designated as their permanent offices for administrative use.

13. INVESTMENT PROPERTIES

	Group	
	2015 RMB'000	2014 RMB'000
Carrying amount at beginning of the year	359,229	153,202
Transfer from properties held for sale	53,710	237,477
Transfer to investment property held for sale (note 14)	(7,050)	–
Net fair value change charged to profit or loss	(235)	(27,816)
Disposals	–	(3,634)
Carrying amount at end of the year	405,654	359,229

The investment properties included leasehold interest in land located in the PRC with lease terms expiring from 2032 to 2047 (2014: 2032 to 2047). As at 31 March 2015 and 2014, the building ownership certificates of certain investment properties of the Group with carrying amount of approximately RMB23,578,000 (2014: RMB22,478,000) have not yet been obtained. In the opinion of the independent PRC legal advisors of the Group, the Group is entitled to obtain the building ownership certificates without legal impediment and is entitled to lawfully and validly use the investment properties during the year.

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13. INVESTMENT PROPERTIES (Continued)

At 31 March 2015, an investment property of approximately RMB295,353,000 (2014: RMB245,736,000) was pledged against other loans of the Group (note 29 (b)); besides, the Group's investment properties of approximately RMB67,933,000 (2014: RMB66,053,000) were placed with the bank as custody as at 31 March 2015 (note 29 (a)).

Certain investment properties are leased to non-related parties under operating lease (note 34(a)).

During the year ended 31 March 2015, properties held for sale with the carrying value of approximately RMB16,504,000 (2014: RMB126,194,000) (note 21) were transferred to investment properties as these properties were under operating lease arrangements with third parties during the year to earn rental. The fair value of these properties upon transfer to investment properties approximate RMB53,710,000 (2014: RMB237,477,000). The total net fair value change of investment properties of approximately RMB36,971,000 (2014: RMB83,467,000) was credited to profit or loss for the year ended 31 March 2015 (note 6).

The fair value of the investment properties at 31 March 2015 and 2014 was revalued by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, a firm of independent qualified professional surveyors who have the recent experience in the location and category of property being valued, which were based on the direct comparison approach, assuming sale of the property interests in their existing state with the benefit of immediate vacant possession and by making reference to comparable sales transactions as available in the relevant market while appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the subject properties; and the income approach by taking into account the net rental income derived from its existing leases and/or achievable in the existing market with due allowance for the reversionary income potential of the leases, which have been then capitalised to determine the market value at an appropriate capitalisation rate.

The fair value of investment properties is a level 3 recurring fair value measurement. A reconciliation of the opening and closing fair value balance is provided below.

	2015 RMB'000	2014 RMB'000
Opening balance (level 3 recurring fair value)	359,229	153,202
Disposals	–	(3,634)
Transfer from properties held for sale	53,710	237,477
Transfer to investment properties held for sale	(7,050)	–
Change in revaluation of investment properties	(235)	(27,816)
Closing balance (level 3 recurring fair value)	405,654	359,229
Change in unrealised gains or losses for the year included in profit or loss for assets held at 31 March	36,971	83,467

Notes to the financial statements

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13. INVESTMENT PROPERTIES (Continued)

The following table shows the significant unobservable inputs used in the valuation model:

Properties	Fair value hierarchy	Valuation technique	Significant unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Commercial offices in the PRC	3	Direct comparison approach	Price per square meter	RMB12,000 – RMB16,000	The higher the price, the higher the fair value
Shop units in the PRC	3	Direct comparison approach	Price per square meter	RMB7,000 – RMB42,700	The higher the price, the higher the fair value
Shop units in the PRC	3	Income approach	Term yield	2.0% – 5.0%	The higher the term yield, the lower the fair value.
			Reversionary yield	2.5% – 5.5%	The higher the reversionary yield, the lower the fair value

There were no changes to the valuation techniques during the year.

The fair value measurement is based on the above properties' highest and best use, which does not differ from their actual use.

14. INVESTMENT PROPERTY HELD FOR SALE

	Group	
	2015 RMB'000	2014 RMB'000
Investment property (<i>note 13</i>)	7,050	–

At 31 March 2015, the investment property held for sale comprised one retail unit located in the PRC with lease terms expiring in 2046.

During the year ended 31 March 2015, the Group entered into a sale and purchase agreement to sell the investment property at consideration of approximately RMB7,050,000. As at 31 March 2015, the Group had received deposits of approximately RMB3,836,000, as the transfers of the property title was still under progress, the amounts received were recognised as receipts in advance.

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15. INVESTMENTS IN SUBSIDIARIES

	Company	
	2015 RMB'000	2014 RMB'000
Listed investments, at cost	285,452	285,452
Unlisted investments, at cost	278,608	278,608
	564,060	564,060

Particulars of principal subsidiaries, each of which is a limited liability company were as follows:

Name	Place of incorporation/ establishment	Principal activities and place of operation	Effective percentage of equity interest held by the Company	
			2015	2014
Directly held:				
Modernland Developments Limited	British Virgin Islands ("BVI")	Investment holding, Hong Kong	100%	100%
Far East Construction Limited	Hong Kong	Investment holding, Hong Kong	100%	100%
Loerie Investments Limited	BVI	Investment holding, Hong Kong	100%	100%
Ho Hong (HK) Management Company Limited	Hong Kong	Investment holding, Hong Kong	100%	100%
Sino Harbour Property Group Limited ("Sino Harbour Property") (note (a))	Bermuda	Investment holding, Hong Kong	75%	75%
Indirectly held:				
Sino Harbour Property Holdings Limited ("SHPH") (note (a))	BVI	Investment holding, Hong Kong	75%	75%
Sino Harbour Limited ("Sino Harbour") (note (a))	Hong Kong	Investment holding, Hong Kong	75%	75%
Enrich H.K. Investments Limited (note (a))	Hong Kong	Investment holding, Hong Kong	75%	75%
Sino Harbour Development Limited (notes (a))	Hong Kong	Investment holding, Hong Kong	75%	75%
Sino Africa Investment and Development Group Limited (notes (a))	Hong Kong	Investment holding, Hong Kong	75%	75%

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15. INVESTMENTS IN SUBSIDIARIES (Continued)

Name	Place of incorporation/ establishment	Principal activities and place of operation	Effective percentage of equity interest held by the Company	
			2015	2014
Indirectly held (Continued):				
Sino Harbour Development and Investment Limited (notes (a))	Hong Kong	Investment holding, Hong Kong	75%	75%
Hangzhou Ganglian Real Estate Company Limited (notes (a))	PRC	Property development, PRC	75%	75%
Capital Manager Investment Limited (notes (a))	BVI	Investment holding, Hong Kong	75%	75%
Pan Hong Investment Limited ("Pan Hong Investment")	Hong Kong	Investment holding, Hong Kong	100%	100%
Wiseidea Investments Limited	BVI	Investment holding, Hong Kong	100%	100%
All Grace Corporation Limited	Hong Kong	Investment holding, Hong Kong	100%	100%
Fuzhou Pan Hong Kai Xuan Property Development Co., Ltd. (note (a))	PRC	Property development, PRC	75%	75%
Hangzhou Liyang Housing and Landing Development Co., Ltd.	PRC	Property development and investment holding, PRC	100%	100%
Huzhou Jiangnan Hailian Construction Co., Ltd. ("Huzhou Hailian")	PRC	Property development, PRC	80%	80%
Huzhou Liyang Housing and Landing Development Co., Ltd.	PRC	Property development, PRC	100%	100%
Huzhou Luzhou Housing and Landing Development Co., Ltd. ("Huzhou Luzhou")	PRC	Property development, PRC	100%	100%
Huzhou Delong Real Estate Co., Limited ("Huzhou Delong") (note (b))	PRC	Property development, PRC	64%	64%
Huzhou Hongjin Market Construction & Development Co., Limited	PRC	Property development and investment, PRC	100%	100%
Jiangxi Asia City Real Estate Development Co., Ltd. (note (a))	PRC	Property development, PRC	75%	75%
Modern China Holdings Limited	Hong Kong	Investment holding, PRC	100%	100%

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15. INVESTMENTS IN SUBSIDIARIES (Continued)

Name	Place of incorporation/ establishment	Principal activities and place of operation	Effective percentage of equity interest held by the Company	
			2015	2014
Indirectly held (Continued):				
Nanchang Liyang Decoration Limited (note (a), (c))	PRC	Interior and exterior decoration and furnishing, PRC	75%	75%
Nanchang Dingxun Co. Limited ("Nanchang Dingxun") (note (a), (d))	PRC	Property development, PRC	41.25%	41.25%
Huzhou Pan Hong Runyuan Housing and Land Development Company Limited ("Huzhou Runyuan")	PRC	Property development, PRC	100%	100%
Leping City Fenghuang Jincheng Industry Co., Ltd. ("Leping City") (note (a) and (e))	PRC	Property development, PRC	38.25%	38.25%
Huzhou Runho Import and Export Trading Limited	PRC	General trading and consultancy services, PRC	100%	100%

Notes:

The financial statements of the above subsidiaries were audited by BDO Limited, Hong Kong, for statutory purpose and/or for the purpose of the Group consolidation of the Company.

- (a) These companies were collectively known as Sino Harbour Property Group. On 22 July 2011, the Group completed the spin-off of its residential and commercial property development business in the cities located in the Jiangxi Province into a separate company, Sino Harbour Property, whose shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited. Following the spin-off, the Group's shareholding in Sino Harbour Property decreased from 100% to 75%.
- (b) During the year ended 31 March 2014, the Group had entered into an agreement to acquire an additional 34% equity interest in the Group's associated company, Huzhou Delong (the "Acquisition") for a cash consideration of RMB6.80 million and the Group had undertaken and repaid the amounts owing by Huzhou Delong of RMB30.27 million to the seller. Accordingly, the total consideration was RMB37.07 million. After the Acquisition, the Group's equity interest in the capital of Huzhou Delong had increased from 30% to 64%. Accordingly, Huzhou Delong has become a subsidiary of the Group (note 38).
- (c) On 19 June 2014, the 75% equity interests in Nanchang Liyang held by the Group were transferred to Nanchang Gangrui Trading Company Limited (南昌港潤貿易有限公司 "Nanchang Gangrui"), which held the interest on behalf of the Group under a trust agreement dated 19 June 2014. Nanchang Gangrui is wholly owned by the spouse of Mr. Wong Lui, a director of the Group's subsidiary. In the opinion of the independent PRC legal advisor of the Group, the trust agreement is legal and complies with PRC laws and regulations.
- (d) The company is 55% held by Sino Harbour Property Group.
- (e) The company is 51% held by Sino Harbour Property Group.

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15. INVESTMENTS IN SUBSIDIARIES (Continued)

Notes: (Continued)

- (f) Set out below are the summarised financial information for Sino Harbour Property Group, a subsidiary that has non-controlling interests which is material to the Group, before any elimination.

Summarised statement of financial position

	As at 31 March	
	2015	2014
	RMB'000	RMB'000
Current		
Assets	3,076,132	2,388,071
Liabilities	(1,839,441)	(1,158,434)
Total net current assets	1,236,691	1,229,637
Non-current		
Assets	695,669	870,471
Liabilities	(534,411)	(793,566)
Total net non-current assets	161,258	76,905
Net assets	1,397,949	1,306,542
Accumulated non-controlling interests	349,487	326,636

Summarised statement of comprehensive income

	For the year ended 31 March	
	2015	2014
	RMB'000	RMB'000
Revenue	500,874	476,339
Profit before income tax	144,447	214,363
Income tax expense	(54,574)	(73,400)
Other comprehensive income	1,534	(1,655)
Total comprehensive income	91,407	139,308
Total comprehensive income allocated to non-controlling interests	22,852	34,827
Dividends paid to non-controlling interests	–	–

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15. INVESTMENTS IN SUBSIDIARIES (Continued)

Notes: (Continued)

(f) (Continued)

Summarised statement of cash flows

	For the year ended 31 March	
	2015 RMB'000	2014 RMB'000
Cash flows from operating activities		
Cash generated from/(used in) operations	173,111	(297,346)
Interest received	10,614	2,769
Income tax paid	(29,835)	(74,086)
Net cash generated from/(used in) operating activities	153,890	(368,663)
Cash flows from investing activities		
Purchase of property, plants and equipment	(975)	(1,993)
Proceeds from disposal of property, plants and equipment	536	98
Advance to a joint venture	(3,436)	(8,768)
Increase in prepayments and other receivables	–	(4,505)
Increase in structured bank deposits	(154,000)	–
Decrease/(increase) in pledged deposits	144,369	(302,048)
Net cash used in investing activities	(13,506)	(317,216)
Cash flows from financing activities		
Proceeds from new borrowings	294,000	860,173
Repayment of borrowings	(239,841)	(270,000)
Dividend paid	–	(38,741)
Capital contribution by non-controlling interests	–	14,911
Interest paid	(80,188)	(51,971)
Net cash (used in)/generated from financing activities	(26,029)	514,372
Net increase/(decrease) in cash and cash equivalents	114,355	(171,507)
Effect on foreign exchange rate, net	1,537	(1,642)
Cash and cash equivalents at beginning of the year	67,768	240,917
Cash and cash equivalent at the end of the year	183,660	67,768

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16. INTERESTS IN JOINT VENTURES

	Group	
	2015 RMB'000	2014 RMB'000
Unlisted investment, at cost	50,000	50,000
Share of post-acquisition losses	(4,252)	(3,033)
	45,748	46,967
Amount due from a joint venture	138,906	135,470
	184,654	182,437

Jiangxi Ganghong Investment Co. Ltd. ("Jiangxi Ganghong") is a strategic partnership for the Group, and engaged in property development in the PRC. The contractual arrangement provides the Group with only the rights to the net assets of the joint arrangement, with the rights to the assets and obligation for the liabilities of the joint arrangement resting primarily with Jiangxi Ganghong.

On 26 February 2015, the Group entered into a joint venture arrangement with an independent third party, Mr. Xu Jia Bao, to establish a joint venture company, Sino Grace Holdings Limited ("Sino Grace"), incorporated in Hong Kong with registered share capital of HK\$2. Sino Grace is principally engaged in general trading and is currently inactive.

Under IFRS 11, the joint arrangements are classified as joint ventures and have been included in the consolidated financial statements using the equity method. At 31 March 2015, the Group had interest in the following joint ventures:

Company name	Place of establishment	Principal activities and place of operation	Paid-up registered capital	Percentage of equity interest held by the Group
Jiangxi Ganghong	PRC	Property development, PRC	RMB100,000,000	50% (2014: 50%)
Sino Grace	Hong Kong	General trading, HK	Hong Kong Dollar ("HK\$") 2	50%

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16. INTERESTS IN JOINT VENTURES (Continued)

The aggregate amounts relating to Jiangxi Ganghong, which is considered as a material joint venture of the Group, that have been included in the Group's consolidated financial statements as extracted from the related financial statements of the Jiangxi Ganghong are set out below:

	Group	
	2015	2014
	RMB'000	RMB'000
Results for the year ended 31 March		
Income	–	–
Expenses	(2,438)	(960)
Loss for the year	(2,438)	(960)
Group's share of result of a joint venture for the year	(1,219)	(480)
Group's accumulated share of results of a joint venture	(4,252)	(3,033)

	Group	
	2015	2014
	RMB'000	RMB'000
Assets and liabilities as at 31 March		
Non-current assets	–	–
Current assets	277,172	274,002
Current liabilities	(185,675)	(180,067)
	91,497	93,935
Group's share of net assets of a joint venture	45,748	46,967
Current financial liabilities (excluding trade and other payables and provisions)	(185,675)	(180,067)

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for the year ended 31 March 2015

16. INTERESTS IN JOINT VENTURES (Continued)

The following table illustrates the aggregate financial information of the Group's joint venture that is not individually material:

	2015 RMB'000	2014 RMB'000
Share of loss and total comprehensive income of a joint venture for the year	–	–
Aggregate carrying amount of the Group's interest in a joint venture	–	–

At 31 March 2015, certain properties held under development of Jiangxi Ganghong amounting to approximately RMB146,253,000 (2014: RMB148,508,000) were pledged against bank loans of the ultimate holding company and a fellow subsidiary of Jiangxi HongKeLong Industrial Limited (江西洪客隆實業有限公司) ("Jiangxi HongKeLong") which held the remaining 50% equity interest in Jiangxi Ganghong.

Except for above, at 31 March 2015 and 2014, neither contingent liabilities nor capital commitments are shared by the Group.

Amount due from Jiangxi Ganghong was unsecured, interest free and not repayable within 12 months from the reporting date.

17. INTEREST IN AN ASSOCIATE

	Group 2015 RMB'000	2014 RMB'000
Unlisted shares, at cost	–	–

Details of the associate are as follows:

Name	Place of establishment	Principal activities and place of operation	Paid-up registered capital	Percentage of equity interest held by the Group
Huzhou Delong	PRC	Property development, PRC	RMB20,000,000	30%

On 19 September 2013, the Group had entered into an agreement to acquire an additional 34% equity interest in the Group's associated company, Huzhou Delong for a cash consideration of RMB6.80 million and the Group had undertaken and repaid the amounts owing by Huzhou Delong of RMB30.27 million to the seller. Accordingly, the total consideration was RMB37.07 million. After the Acquisition, the Group's equity interest in the capital of Huzhou Delong had increased from 30% to 64%. Accordingly, Huzhou Delong has become a subsidiary of the Group (notes 15(b) and 38).

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17. INTEREST IN AN ASSOCIATE (Continued)

The aggregate amounts relating to the associate that have been included in the Group's financial statements as extracted from the relating financial statements of the associate, adjusted to reflect adjustments made by the Group when applying the equity method of accounting is set out below:

	Group	
	2015	2014
	RMB'000	RMB'000
Associate's results for the year ended 31 March		
Income	–	–
Expenses	–	(20)
Loss for the year	–	(20)
Group's share of result of an associate for the year	–	(6)

18. OTHER FINANCIAL ASSETS

	Group and Company	
	2015	2014
	RMB'000	RMB'000
Available-for-sale investments		
Unlisted equity investment, – at cost	20,000	20,000
	20,000	20,000

As at 4 September 2013, the Group acquired 10% equity interest ("Investment") in Zhejiang Gene Stem Cell Biotech Company Limited ("Zhejiang GSCB") for a total cash consideration of RMB20million. A director of the Company, Ms. Wang Cuiping is holding the Investment in trust for the Company pursuant to a declaration of trust. Zhejiang GSCB engages in the business of commercialisation of stem cell technology in the PRC. In the opinion of the independent PRC legal advisor of the Group, the trust agreement is legal and complies with PRC laws and regulations.

The investment was designated as available-for-sale financial assets and has no fixed maturity date or coupon rate.

The investment does not have a quoted market price in an active market and whose fair value cannot be reliably measured.

The directors have assessed the impacts on the recoverable amount of the financial asset and concluded that no impairment loss needs to be made.

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19. DEFERRED TAX ASSETS/(LIABILITIES)

Deferred taxation is calculated in full on temporary differences under the balance sheet liability method using principal taxation rates of 25% for the year (2014: 25%). The movement on the deferred tax assets/(liabilities) is as follows:

	Deferred tax assets in respect of provision for LAT RMB'000	Group Deferred tax liabilities in respect of fair value change of investment properties RMB'000	Total RMB'000
At 1 April 2013	29,726	(27,609)	2,117
Deferred tax credited to profit or loss	(4,740)	(20,843)	(25,583)
At 31 March 2014 and 1 April 2014	24,986	(48,452)	(23,466)
Deferred tax debited/(credited) to profit or loss	178	(9,238)	(9,060)
At 31 March 2015	25,164	(57,690)	(32,526)

Deferred tax assets are recognised for tax loss carried forward to the extent that realisation of the related tax benefit through the future taxable profits is probable. The Group has no material unrecognised tax losses to carry forward against future taxable income at 31 March 2014 and 2015.

Withholding rate 5% or 10% is imposed on dividends distributed to foreign investors. At 31 March 2015, deferred tax liabilities amounted to approximately RMB28,007,000 (2014: RMB50,880,000) in respect of aggregate amount of temporary difference of approximately RMB560,135,000 (2014: RMB508,799,000) associated with undistributed earnings of subsidiaries have not been recognised. No deferred tax liabilities have been recognised in respect of these differences because the earnings are continually reinvested by the Group and there is no intention for these subsidiaries to pay dividends.

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for the year ended 31 March 2015

20. PROPERTIES HELD UNDER DEVELOPMENT

	Group	
	2015	2014
	RMB'000	RMB'000
Leasehold interests in land	1,324,389	871,935
Development costs	858,322	689,502
Finance costs capitalised	102,551	45,627
	2,285,262	1,607,064

At 31 March 2015, properties held under development amounting to approximately RMB1,759,947,000 (2014: RMB847,874,000) were not scheduled to be sold within twelve months.

Leasehold interests in land are located in the PRC and have lease terms expiring from 2044 to 2079 (2014: 2044 to 2080). The Group's leasehold interests in land are analysed as follows:

	Group	
	2015	2014
	RMB'000	RMB'000
Leasehold interests in land held on:		
– Leases of over 30 years	1,324,389	871,935

Certain properties held under development of approximately RMB973,914,000 (2014: RMB736,407,000) were pledged against bank and other loans of the Group (note 29).

21. PROPERTIES HELD FOR SALE

Properties held for sale included leasehold interests in land located in the PRC with lease terms expiring from 2043 to 2080 (2014: 2043 to 2080). At 31 March 2015, the carrying value of the operating lease up-front payments on the leasehold interests in land amounted to approximately RMB99,631,000 (2014: RMB81,760,000).

During the year ended 31 March 2015, properties held for sale with a carrying value of approximately RMB16,504,000 (2014: RMB126,194,000) were transferred to investment properties as these properties were under operating lease arrangements with third parties during the year to earn rental (note 13).

During the year ended 31 March 2015, certain properties held for sale of approximately RMB416,247,000 (2014: RMB366,830,000) were pledged against bank and other loans of the Group. Besides, certain properties held for sale of approximately RMB17,917,000 (2014: RMB41,969,000) were placed with the bank as custody as at 31 March 2015 (note 29).

During the year ended 31 March 2015, properties held for sale with a carrying value of approximately RMB8,051,000 (2014: RMB8,320,000) were transferred to property, plant and equipment as these properties were designated as their permanent offices for administrative use (note 12).

Notes to the financial statements

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22. ACCOUNTS RECEIVABLE

The aging analysis of accounts receivable that are neither individually nor collectively considered to be impaired is as follows:

	Group	
	2015 RMB'000	2014 RMB'000
Not past due	1,637	994
Past due and less than one year	–	–
Past due and more than one year	724	590
	2,361	1,584

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

Receivables that were past due but not impaired relate to a number of independent buyers. Based on past experience, the Directors considered that no impairment allowance is required as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

23. PREPAYMENTS AND OTHER RECEIVABLES

	Notes	Group		Company	
		2015 RMB'000	2014 RMB'000	2015 RMB'000	2014 RMB'000
Prepayments	(a)	121,056	468,066	110	110
Other receivables	(b)	364,514	348,608	–	–
		485,570	816,674	110	110

Notes:

- (a) As at 31 March 2014, prepayment included a deposit paid to the Bureau of Land Resources of Hangzhou (杭州市國土資源局) of RMB412,200,000 to secure a land grant contract dated 28 March 2013 for the acquisition of land use rights of the land in Hangzhou, the PRC. The total consideration of the acquisition amounted to RMB506,000,000 and the Group settled the outstanding consideration of RMB93,800,000 (note 33) on 1 April 2014 and the corresponding land use right certificate was obtained on 28 May 2014.

As at 31 March 2015, prepayment substantially included advances of RMB85,107,000 (2014: RMB38,747,000) made to contractors for purchase of construction materials.

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23. PREPAYMENTS AND OTHER RECEIVABLES (Continued)

Notes: (Continued)

- (b) At 31 March 2015, other receivables included an amount of approximately RMB234,445,000 (2014: RMB234,445,000) that was a sale consideration for the disposal of the Group's six parcels of land located at Jiashanyang, Zhonggeng Village, Daochang Town in Huzhou City, Zhejiang Province (浙江省湖州市道場鄉中庚村夾山漾魚場), the PRC (the "Land Parcels").

Reference to the Group's announcements dated 28 November 2011 and 16 December 2011, the Group had entered into a letter of intent with Huzhou Economic – Technological Development Area Management Committee (the "Committee" 湖州經濟技術開發區管理委員會) to sell and transfer the Land Parcels. The Group has completed the sale and transfer of the Land Parcels on 4 January 2012.

On 29 December 2014, the Committee and the Group signed a Memorandum of Agreement ("Memorandum") which offered the Group an opportunity to bid for a designated parcel of land located in Huzhou and for which the receivable of RMB234,445,000 will become a part of land deposit of the designated parcel of land. Pursuant to the Memorandum, should the land bid is successfully won by a third party, the Committee will pay RMB234,445,000 plus the premium to the Group. The land will be provided in accordance to the PRC laws and regulations. The Committee expects this transaction will be completed within one year from the Memorandum.

At 31 March 2015, except for the above, other receivables of the Group substantially comprise the following:

- approximately RMB6,000,000 (2014: RMB28,700,000) was unsecured, interest-bearing at monthly interest rate of 1% (2014: 1%) per annum, and repayable by 31 December 2016 or on demand (2014: on demand).
- approximately RMB23,530,000 (2014: Nil) due from 浙江豐景金屬材料有限公司, a third party, was unsecured, interest-bearing at interest rate of 10% per annum and repayable within one year in cash.
- approximately RMB15,000,000 (2014: Nil) and approximately RMB21,130,000 (2014: Nil) due from 湖州江南機動車交易市場有限公司 and 費學良, both third parties, were unsecured, non-interest bearing and repayable within one year in cash.
- approximately RMB2,199,000 (2014: RMB4,125,000) and approximately RMB14,471,000 (2014: RMB13,106,000) being advance to the Group's staff and held by PRC government in relation to construction work respectively, were unsecured, non-interest bearing and repayable within one year in cash or at the time construction work completed.
- approximately RMB47,739,000 (2014: RMB68,232,000) was unsecured; non-interest bearing and repayable on demand and/or to be set off against construction costs.

None of the other receivables are either past due or impaired. The other receivables related to counterparties for which there were no recent history of default.

The carrying amounts of other receivables approximate their fair values as these financial assets which are measured at amortised cost, are expected to be repaid within a short time scale, such that the time value of money is not significant.

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24. AMOUNTS DUE FROM/(TO) RELATED PARTIES

	Group		Company	
	2015 RMB'000	2014 RMB'000	2015 RMB'000	2014 RMB'000
Amounts due from:				
– subsidiaries	–	–	260,838	258,338
	–	–	260,838	258,338
Amounts due to:				
– subsidiaries	–	–	(248,350)	(246,130)
– a related company	(83,499)	(63,839)	–	–
– non-controlling interests	(33,099)	(33,099)	–	–
	(116,598)	(96,938)	(248,350)	(246,130)

Amounts due from/(to) subsidiaries and non-controlling interests were unsecured, non-interest bearing and repayable on demand and to be settled in cash.

As at 31 March 2015, amounts due to non-controlling interests comprised approximately RMB32,040,000 (2014: RMB32,040,000) payable to the non-controlling shareholders of Huzhou Delong and RMB1,059,000 (2014: RMB1,059,000) payable to non-controlling shareholder of Huzhou Hailian.

As at 31 March 2015, amount due to a related company comprised balances due to Pan Hong Company Limited, in which Mr. Wong Lam Ping, the controlling shareholder and a director of the Company is a beneficial owner. The amounts due are unsecured. Approximately RMB58,810,000 (equivalent US\$9,620,330) (2014: RMB59,288,000, equivalent US\$9,620,330) is interest bearing at 3% (2014: 3%) per annum and repayable on demand or on before 26 February 2016 (2014: 26 February 2015) in cash. The remaining balance of approximately RMB24,689,000 (2014: RMB4,551,000) is interest free and repayable on demand in cash.

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25. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group	
	2015	2014
	RMB'000	RMB'000
Listed equity securities held for trading are as follows:		
– Hong Kong	27	36
– the PRC	7,337	6,113
Fair value of listed securities	7,364	6,149

The fair value of the Group's investment in listed securities has been determined by reference to their quoted bid prices at the end of reporting period.

For more detailed information in relation to the fair value measurement of the items above, please refer to note 36(vii).

26. STRUCTURED BANK DEPOSITS, PLEDGED DEPOSITS AND CASH AND BANK BALANCES

		Group		Company	
		2015	2014	2015	2014
	Notes	RMB'000	RMB'000	RMB'000	RMB'000
Cash and bank deposits	(a)	912,904	699,431	132	92
Less:					
Structured bank deposits	(b)	(154,000)	–	–	–
Deposit pledged against banking facilities granted to the mortgagees	(c)	(49,403)	(37,271)	–	–
Deposit restricted for construction work		–	(60,174)	–	–
Deposit pledged against bill payables	(d)	(20,000)	–	–	–
Deposit pledged for bank and other loans	(e)	(380,000)	(527,750)	–	–
Cash and cash equivalents for the purpose of the consolidated statement of cash flows		309,501	74,236	132	92

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26. STRUCTURED BANK DEPOSITS, PLEDGED DEPOSITS AND CASH AND BANK BALANCES (Continued)

Notes:

- (a) At 31 March 2015, short term bank deposit of approximately RMB83,477,000 (2014: RMB5,000,000) have maturities within one year (2014: 7 to 14 days) and were eligible for immediate cancellation without receiving any interest for the last deposit period. The effective interest rates of time deposits were 2.80% to 3.25% (2014: 1.35% to 2.80%) per annum.
- (b) The structured bank deposits were principal-protected yield enhancement bank deposits, with a range of minimum interest rates from 2.82% per annum and could be enhanced to a maximum of maximum interest rates of 4.05% per annum which were to be indexed to market exchange rate of United States Dollar ("US\$")/HK\$ during a pre-determined period of three months, maturing in May 2015. These deposits were pledged against bank loans due to be settled within twelve months after the reporting period (note 29) as at 31 March 2015.
- (c) The deposits were pledged to certain banks as security in the PRC as detailed in note 35. These banks provided mortgage loans to purchasers for acquisition of properties from the Group. The pledge will last for the period from the date of draw-down of mortgage loans to the date when the certificates for housing ownership are granted to the property purchasers. Such charges will be released upon the certificates are granted to the property purchasers.
- (d) The bank deposit of approximately RMB20,000,000 (2014: Nil) with interest rate of 2.99% (2014: Nil) per annum was pledged against bill payables of the Group (note 27) as at 31 March 2015.
- (e) At 31 March 2015, the bank deposits included an amount of approximately RMB30,000,000 (2014: RMB31,250,000) with interest rate of 3.55% (2014: 3.3%) per annum was pledged to a bank in the PRC against a bank loan of approximately HK\$37,000,000 (approximately RMB29,148,000) (2014: HK\$37,000,000 (approximately RMB29,385,000)) (note 29(a)). The deposit will mature in August 2015 (2014: August 2014). The pledged will last for the period from the date of draw-down of secured bank loans to the date when the bank loan is fully settled.

The bank deposits of approximately RMB100,000,000 (2014: RMB330,000,000) and RMB230,000,000 (2014: Nil) with interest rate of 4.25% and 4.68% (2014: 4.25% and 4.68%) were pledged against other loans due to be settled over and within twelve months after the reporting period respectively (note 29) as at 31 March 2015. The pledged deposits have maturity of approximately 0.7 year to 1.7 years (2014: 1.7 years to 2.7 years) after reporting date.

The bank deposits of approximately RMB20,000,000 (2014: RMB166,500,000) with interest rate 2.35% (2014: 3% to 3.3%) per annum was pledged against bank loans due to be settled within twelve months after the reporting period (note 29) as at 31 March 2015. The pledged deposits have maturity of approximately 0.25 year (2014: 0.2 year) after reporting date.

At 31 March 2015, approximately RMB911,347,000 (2014: RMB697,801,000) was deposited with banks in the PRC. These balances were mainly denominated in RMB and HK\$. RMB is not freely convertible into foreign currencies. Under the PRC Foreign Exchange Control Regulations and Administration of Settlement, Sales and Payment of Foreign Exchange regulations, the Group is permitted to exchange RMB for foreign currencies through banks in the PRC that are authorised to conduct foreign exchange businesses.

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27. ACCOUNTS AND BILL PAYABLES

	Group	
	2015 RMB'000	2014 RMB'000
Accounts payable	44,413	28,949
Bill payables	25,000	–
	69,413	28,949

As of 31 March 2015, bill payables refer to payables due to third party suppliers which were guaranteed by bank for settlement, and secured by the pledge of the Group's time deposits of approximately RMB20,000,000 (2014: Nil) (note 26(d)).

28. ACCRUALS, RECEIPTS IN ADVANCE AND OTHER PAYABLES

	Notes	Group		Company	
		2015 RMB'000	2014 RMB'000	2015 RMB'000	2014 RMB'000
Receipts in advance		719,666	360,985	–	–
Accruals and other payables	(a)	389,091	366,914	255	274
		1,108,757	727,899	255	274

Note:

- (a) At 31 March 2015, accrued construction cost and other project-related expense were included in accruals and other payables amounted to approximately RMB225,506,000 (2014: RMB105,804,000). The amount was accrued based on the terms of the relevant agreements and project progress and was not due for payment as at the end of the reporting period.

As at 31 March 2015, other payables included an amount of approximately RMB490,000 (2014: RMB490,000), which was payable to Jiangxi Dongjing Property Development Limited (江西東景房地產開發有限公司) which held 49% equity interest in the Group's subsidiary, Leping City. These payable balances were unsecured, interest-free and repayable on demand in cash.

As at 31 March 2015, other payables included an amount of approximately RMB5,245,000 (2014: RMB8,467,000), which was payable to Jiangxi HongKeLong, which held the remaining 50% equity interest in Jiangxi Ganghong (note 16). These payable balances were unsecured, interest-free and repayable on demand in cash.

As at 31 March 2015, other payables included an amount of approximately RMB90,000,000 (2014: RMB92,800,000), which was payable to JiangXi HongKeLong Investment Group Company Limited, a third party. These payable balances were unsecured, interest-free and repayable on demand in cash.

As at 31 March 2015, other payables included an amount of approximately RMB26,480,000.00 (2014: RMB16,180,000), which was payable to Zhejiang Tianli Construction Group Company Limited, a third party. These payable balances were unsecured, interest-free and repayable on demand in cash.

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28. ACCRUALS, RECEIPTS IN ADVANCE AND OTHER PAYABLES (Continued)

As at 31 March 2015, other payables included an amount of approximately RMB5,794,000 (2014: RMB5,794,000), which was payable to 湖州祺泰紡織品有限公司, a third party. These payable balances were unsecured, interest-free and repayable on demand in cash.

As at 31 March 2014, other payables included an amount of approximately RMB9,751,000 which was payable to Shanghai Dingxun Enterprise (Group) Limited (上海鼎迅實業(集團)有限公司) which held 45% equity interest in the Group's subsidiary, Nanchang Dingxun. These payable balances were unsecured, interest-free and repayable on demand in cash.

At 31 March 2015, other payables of the Group amounting RMB35,576,000 (2014: RMB127,628,000) were unsecured; interest-free and repayable on demand and or at the time construction work completed.

29. BANK AND OTHER LOANS

		Group	
		2015	2014
	Notes	RMB'000	RMB'000
Bank loans – secured	(a)	717,141	527,930
Other financial institution loans – secured	(b)	738,500	628,500
Other loan – secured	(c)	60,000	–
Total borrowings		1,515,641	1,156,430

The analysis of the carrying amount of the bank and other loans is as follows:

		Group	
		2015	2014
	Note	RMB'000	RMB'000
Current			
Portion of bank loans due for repayment within one year or on demand		472,945	318,722
Portion of other financial institution loans due for repayment within one year or on demand		308,500	20,000
Portion of other loan due for repayment within one year or on demand		60,000	–
Portion of bank loans due for repayment after one year which contain repayment on demand clause	(d)	6,696	69,208
		848,141	407,930
Non-current			
Portion of bank loans due for repayment after one year		237,500	140,000
Portion of other financial institution loans due for repayment after one year		430,000	608,500
		667,500	748,500
Total borrowings		1,515,641	1,156,430

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29. BANK AND OTHER LOANS (Continued)

The Group's bank and other loans are repayable as follows:

	Group	
	2015	2014
	RMB'000	RMB'000
Within one year or on demand	848,141	407,930
In the second year	485,000	313,500
In the third to fifth year	182,500	435,000
	667,500	748,500
	1,515,641	1,156,430

Notes:

- (a) Bank loan amounting to approximately HK\$37,000,000 (approximately RMB29,148,000) (2014: HK\$37,000,000 (approximately RMB29,385,000)) had a term of 12 months commencing August 2014 (2014: 12 months commencing August 2013). The bank loan was secured by (i) bank deposits denominated in RMB (note 26(e)), (ii) corporate guarantee of the Company and certain subsidiaries of the Group and bore interest at HIBOR plus 3.5% (2014: HIBOR plus 3.5%) per annum. The effective interest rate was 3.71% to 3.88% (2014: 3.71% to 3.72%) per annum at 31 March 2015.

Bank loan amounting to approximately HK\$14,167,000 (approximately RMB11,161,000) (2014: HK\$4,246,000 (approximately RMB3,372,000)) had a term of 3 years commencing 23 July 2014. The bank loan was secured by (i) the Group's buildings and a leasehold interest in land of approximately RMB6,405,000 (2014: RMB1,393,000) (note 12), (ii) corporate guarantee of the Company and certain subsidiaries of the Group, and (iii) guarantees by Mr. Wong Lam Ping, the controlling shareholder and director of the Company (2014: joint and several guarantees by Mr. Wong Lam Ping and his spouse Ms. Chan Heung Ling, non executive director of Sino Harbour Property Group), and bears interest at the HIBOR plus 3% or the bank's cost of fund, whichever is higher. The effective interest rate was 3.37% to 3.88% (2014: 2.5%) per annum at 31 March 2015.

Bank loan amounting to approximately RMB215,332,000 (approximately to HK\$273,333,000) (2014: RMB250,173,000 (approximately to HK\$315,000,000)) were denominated in HK\$ and bore interest at HIBOR plus 4.5% and 7%. The effective interest rate ranged from 4.71% to 7.38% (2014: 4.71% to 8.61%) per annum. The bank loan was secured by (i) personal guarantee by Mr. Wong Lam Ping, the controlling shareholder and director of the Company; (ii) entire present and future issued share capital of certain subsidiaries approximately RMB464,040,000 of the Group; (iii) corporate guarantee of certain subsidiaries of the Group; and (iv) the Group's bank structure deposits denominated in RMB amounted to approximately RMB154,000,000 (2014: bank deposits RMB153,000,000) (note 26(b)) as at 31 March 2015. Besides, the building ownership certificates of the Group's investment properties and properties held for sale of approximately RMB67,933,000 (2014: RMB66,053,000) and RMB17,917,000 (2014: RMB41,969,000) were placed with the bank as custody as at 31 March 2015. These banking facilities require the Group to adhere to certain capital requirements. As at 31 March 2015, certain financial covenants were breached. Pursuant to the banking facilities, the bank can immediately cancel or recall the facilities and request the Group to make immediate repayment to the bank. Subsequent to the end of the reporting period, the Group has been granted the waiver in respect of the breached provisions from the bank.

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29. BANK AND OTHER LOANS (Continued)

Notes: (Continued)

(a) (Continued)

Bank loan amounting to RMB50,000,000 (2014: Nil) bore interest rate at 30% above China prime lending rate. The effective interest rate range from 6.21% to 6.84% per annum was secured by the Group's properties held for sale of approximately RMB25,457,000, properties of third party up to a maximum of approximately RMB22,340,000 and corporate guarantee of certain subsidiaries of the Group at 31 March 2015.

Bank loans amounting to RMB403,500,000 (2014: RMB235,000,000) bore interest at floating rates ranging from 7.2% to 8.61% (2014: 7.38% to 8.61%) per annum, was secured by the Group's properties held for sale and properties held under development of approximately RMB204,008,000 (2014: RMB270,845,000) and RMB757,750,000 (2014: RMB736,407,000) respectively; corporate guarantee of Shanghai Dingxun Enterprise (Group) Limited and corporate guarantee of certain subsidiaries of the Group as at 31 March 2015.

Bank loans amounting to RMB8,000,000 (2014: RMB10,000,000) was secured by the Group's bank deposits denominated in RMB amounting to approximately RMB20,000,000 (2014: RMB13,500,000) as at 31 March 2015 (note 26(e)). The loan effective interest rate was 5.6% (2014: 6.76%) per annum.

(b) Other financial institution loans were denominated in RMB and bore interest at fixed rates ranging from 6.15% to 10.25% (2014: 6.15% to 7.95%) per annum.

Other financial institution loans were secured by (i) the Group's property, plant and equipment of approximately RMB7,988,000 (2014: RMB8,253,000) (note 12), investment properties of approximately RMB295,353,000 (2014: RMB245,736,000) (note 13), properties held under development of approximately RMB136,236,000 (2014: Nil) (note 20) and properties held for sale of approximately RMB186,782,000 (2014: RMB95,985,000) (note 21), (ii) bank deposits denominated in RMB amounting to approximately RMB330,000,000 (2014: RMB330,000,000) (note 26(e)) and (iii) corporate guarantee of certain subsidiaries of the Group as at 31 March 2015.

(c) Other loan was secured by the Group's properties under development of approximately RMB79,928,000 and corporate guarantee of a subsidiary of the Group of RMB90 million (note 35(i)). The loan bore interests at 9% per annum at 31 March 2015.

(d) As at 31 March 2015, the current liabilities included bank borrowings of approximately RMB11,161,000 (2014: RMB69,208,000) that were not scheduled to repay within one year. They were classified as current liabilities as the related loan agreements contain a clause that provided the lender with an unconditional right to demand repayment at any time at its own discretion.

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30. SHARE CAPITAL AND TREASURY SHARES

Share capital

Movement of share capital of the Company is summarised below:

	Number of shares	RMB'000
Authorised:		
Ordinary shares of HK\$0.6 each		
At 1 April 2013, 31 March 2014 and 2015	850,000,000	517,374
Issued and fully paid:		
Ordinary shares of HK\$0.6 each		
At 1 April 2013, 31 March 2014 and 2015	518,855,024	313,446

Ordinary shares

Fully paid ordinary shares carry one vote per share. The holders of ordinary shares are entitled to receive dividends as and when declared by the Company.

Treasury shares

Pursuant to the resolutions approved by the shareholders at the special general meeting held on 22 July 2009, for the proposal of (i) amendments to the Bye-laws of the Company; and (ii) adoption of Share Purchase Mandate, the details of which were set out in the Company's circular dated 29 June 2009, to rationalise the Company the flexibility to undertake share purchase at any time, subject to market conditions, during the validity period of the Share Purchase Mandate. The directors believed that the Share Purchase Mandate provided the Company with a mechanism to facilities the return of any surplus cash in excess of the Group's working capital requirements in an expedient and cost-efficient manner.

Details of treasury shares of the Company as at 31 March 2014 and 2015 are as below:

	2015		2014	
	Number of shares	RMB'000	Number of shares	RMB'000
At 31 March	6,544,000	12,817	6,544,000	12,817

In 2014, the Company repurchased 3,084,000 of its ordinary shares by way of on-market purchases at share prices ranging from S\$0.250 to S\$0.325 per share.

Notes to the financial statements

for the year ended 31 March 2015

31. RESERVES

(a) Group

	Notes	2015 RMB'000	2014 RMB'000
Share premium	(i)	203,250	203,250
Treasury shares (note 30)	(ii)	(12,817)	(12,817)
Merger reserve	(iii)	(2,243)	(2,243)
Statutory reserve	(iv)	84,438	78,107
Capital reserve	(v)	3,838	3,838
Other reserve	(vi)	82,217	82,217
Exchange reserve	(vii)	(2,326)	(3,857)
Retained earnings		855,719	811,085
		1,212,076	1,159,580

The amounts of the Group's reserves and the movements therein for the year ended 31 March 2015 are presented in the consolidated statement of changes in equity of the financial statements.

Notes:

- (i) The share premium account of the Group/Company represented the premium arising from the issue of shares of the Company at a premium.
- (ii) The treasury shares reserve is used to record the shares being repurchased by the Company but not yet cancelled at the end of reporting period. The amounts will be reversed upon the repurchased shares being cancelled (note 30).
- (iii) The merger reserve of the Group arose as a result of the reorganisation exercise completed on 9 September 2006 and represented the difference between the nominal value of the Company's shares issued under the reorganisation exercise and the nominal value of the aggregate share capital and share premium of the subsidiaries then acquired.
- (iv) According to the relevant PRC laws, the subsidiaries are required to transfer at least 10% of its net profit after tax, as determined under the PRC accounting regulation, to a statutory reserve until the reserve balance reaches 50% of the subsidiaries' registered capital. The transfer to this reserve must be made before the distribution of dividend to the subsidiaries' equity owners. The statutory reserve is non-distributable other than upon the liquidation of the subsidiaries.
- (v) The capital reserve arose from the capitalisation of statutory reserve of the PRC subsidiaries.
- (vi) Other reserve represents the difference between the consideration and the carrying amount of the net assets attributable to the additional and reduction of interests in subsidiaries being acquired from and disposed to non-controlling equity holders respectively.
- (vii) The exchange reserves comprise all foreign exchange differences arising from the translation of the financial statements of the relevant companies in the Group whose functional currency are different from that of the Group's presentation currency which is RMB and are non-distributable.

Notes to the financial statements

for the year ended 31 March 2015

31. RESERVES (Continued)

(b) Company

	Notes	2015 RMB'000	2014 RMB'000
Share premium	(a)(i)	203,250	203,250
Treasury shares (note 30)	(a)(ii)	(12,817)	(12,817)
Merger reserve		59,579	59,579
Retained earnings		33,077	32,738
		283,089	282,750

The merger reserve of the Company arose as a result of the reorganisation exercise completed on 9 September 2006 and represents the excess of the nominal value of the Company's shares issued in exchange therefore over the then consolidated net assets value of the subsidiaries then acquired.

32. CAPITAL MANAGEMENT

The Group's objectives when managing capital are:

- (i) To safeguard the Group's ability to continue as a going concern, so that it continues to provide returns and benefits for stakeholders;
- (ii) To support the Group's stability and growth; and
- (iii) To provide capital for the purpose of strengthening the Group's risk management capability.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Group currently does not adopt any formal dividend policy.

Notes to the financial statements

for the year ended 31 March 2015

32. CAPITAL MANAGEMENT (Continued)

Management regards total equity as capital. The amount of capital as at 31 March 2015 amounted to approximately RMB2,047,918,000 (2014: RMB1,974,900,000) which the management considers as optimal having consider the projected capital expenditures and the projected strategic investment opportunities. The net debts-to-equity ratio at 31 March 2015 and 2014 were as follows:

	Group	
	2015	2014
	RMB'000	RMB'000
Current liabilities		
Accounts and bill payables	69,413	28,949
Accruals, receipts in advance and other payables	1,108,757	727,899
Amounts due to related parties	116,598	96,938
Bank and other loans	848,141	407,930
	2,142,909	1,261,716
Non-current liabilities		
Bank and other loans	667,500	748,500
Total debts	2,810,409	2,010,216
Less: Cash and bank balances	(309,501)	(74,236)
Structured bank deposits	(154,000)	–
Pledged deposits	(449,403)	(625,195)
	(912,904)	(699,431)
Net debts	1,897,505	1,310,785
Total equity	2,047,918	1,974,900
Net debts to equity ratio	92.7%	66.4%

Certain banking facilities granted to a subsidiary require the subsidiary to adhere to certain capital requirements. It is required to maintain certain net worth or gearing ratios in excess of specific financial thresholds. As at 31 March 2015, certain financial covenants were breached. Pursuant to the banking facility, the bank can immediately cancel or recall the facilities and request the subsidiary to make immediate repayment to the bank (note 29(a)).

Except as disclosed above and in note 31(a)(iv) on statutory reserves, the Group is not subject to any other externally imposed capital requirements for the years ended 31 March 2015 and 2014.

The Group's overall strategy remains unchanged from 2014.

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for the year ended 31 March 2015

33. COMMITMENTS

	Group	
	2015	2014
	RMB'000	RMB'000
Contracted but not provided for in respect of		
– properties held under development of the Group	450,469	806,183
– acquisition of land use rights (<i>note 23(a)</i>)	–	93,800

The Company did not have any commitments as at 31 March 2015 and 2014.

34. OPERATING LEASE ARRANGEMENTS

- (a) The Group had future aggregate minimum lease receipts under non-cancellable operating leases in respect of its properties as follows:

	Group	
	2015	2014
	RMB'000	RMB'000
Not later than one year	3,310	3,484
Later than one year and not later than five years	12,927	13,697
Later than five years	3,409	5,889
	19,646	23,070

The Group leases out certain investment properties which run for initial periods of three to sixteen years, without an option to renew the lease terms at the expiry date. None of the leases includes contingent rentals.

The Company does not have any operating lease receipts under non-cancellable operating leases.

Notes to the financial statements

for the year ended 31 March 2015

34. OPERATING LEASE ARRANGEMENTS (Continued)

- (b) The Group had future aggregate minimum lease payments under non-cancellable operating leases in respect of properties as follows:

	Group	
	2015	2014
	RMB'000	RMB'000
Not later than one year	112	203
Later than one year and not later than five years	17	16
	129	219

The Group leases a number of properties under operating lease arrangements which run for initial periods of one to three years, with an option to renew the lease terms at the expiry date. None of the leases includes contingent rentals.

The Company does not have any operating lease payments under non-cancellable operating leases.

35. CONTINGENCIES

(i) Group

Mortgage loan arrangements with banks

The Group has arranged mortgage loan facility for certain purchasers of property units and provided guarantees to secure obligations of repayments. At 31 March 2015, the outstanding guarantees amounted to RMB580,043,000 (2014: RMB357,506,000). Such guarantees terminate upon earlier of (i) issuance of the real estate ownership certificate which will generally be available within one or two years after the purchasers take possession of the relevant properties; and (ii) the satisfaction of mortgaged loans by the purchasers of properties.

Notes to the financial statements

for the year ended 31 March 2015

35. CONTINGENCIES (Continued)

(i) Group (Continued)

Loan arrangement with PingAn Bank

The Group's subsidiary, Huzhou Runyuan had obtained borrowings amounting to RMB60 million (Note 29(c)) ("Borrowings") from Zhejiang Tianli Construction Group Company Limited ("Tianli") for the purposes of the development of Huzhou Run Yuan Project. In respect of the Borrowings from Tianli, the Group had provided the following collateral in favour of PingAn Bank Co., Ltd. ("PingAn Bank") for Tianli to obtain a one year term bank loan amounting to RMB90 million from PingAn Bank:

- (a) corporate guarantee from the Group's subsidiary, Pan Hong Investment amounting to RMB90 million; and
- (b) pledged assets and land use right of the Group's subsidiary, Huzhou Luzhou with a carrying amount of approximately RMB79,928,000 as at 31 March 2015 (collectively the "Collateral").

Further, Mr Wong Lam Ping, a controlling shareholder and a director of the Company and his spouse, Ms Chan Heung Ling, a non-executive director of Sino Harbour Property Group, provided joint and several guarantee to PingAn Bank for Tianli's RMB90million loan.

Under the loan agreement ("Agreement") entered into between the Company's subsidiaries, (i) Huzhou Runyuan, (ii) Huzhou Luzhou and (iii) Pan Hong Investment of the one part and (iv) Tianli of the other part; Tianli agreed to use the construction costs owing by Huzhou Runyuan to Tianli in respect of Huzhou Run Yuan Project as indemnity security should there be any loss or liability suffered or incurred by Huzhou Luzhou as a result of Huzhou Luzhou providing its Collateral to PingAn Bank pursuant to the terms of the Agreement. As at 31 March 2015, the Group owes Tianli construction costs of approximately RMB53million. As at 31 March 2015, the fair value of corporate guarantee provided by the Group is immaterial.

(ii) Company

The Company has provided corporate guarantee for bank borrowings of a subsidiary. These bank borrowings amounted to RMB40,309,000 (2014: RMB32,757,000) as at 31 March 2015.

At the end of reporting period, the Group and Company do not consider that it is probable that a claim will be made against them under the financial guarantee contracts.

Accordingly the Group and Company do not expect any net cash outflows resulting from the financial guarantee contracts.

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36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group does not have written risk management policies and guidelines. However, the Directors meet periodically to analyse and formulate measures to manage the Group's exposure to market risk, including principally changes in interest rates and currency exchange rates. Generally, the Group employs a conservative strategy regarding its risk management. As the directors of the Company consider that the Group's exposure to market risk is kept at a minimum level, the Group has not used any derivatives or other instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes.

At 31 March 2015, the financial assets of the Group comprise primarily accounts and other receivables, amounts due from a joint venture and related parties and cash and bank balances. The financial liabilities of the Group comprise accounts payable, accruals and other payables, amount due to related parties, loans from bank and other borrowings.

(i) Interest rate risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rate. The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest rate risk mainly arises from deposits at banks, other receivables and bank and other loans which bore interests at fixed and floating interest rates. Bank and other loans arranged at variable rates and fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. The interest rate and repayment terms of the borrowing outstanding at the end of the reporting period are disclosed in note 29.

Interest rate sensitivity

If the saving interest rates had been increased/decreased by 100 basis points at the beginning of the year and all other variables were held constant, the Group's profit after tax for the year and retained profits would decrease/increase by approximately RMB2,163,000 (2014: RMB2,805,000) respectively.

The 100 basis point increase or decrease represents management's assessment of a reasonably possible change in interest rate over the period until the next annual reporting date. Changes in saving interest rates have no impact on the Group's other components of equity. The assumed changes in interest rates are considered to be reasonably possible based on observation of current market conditions and represents management's assessment of a reasonably possible change in interest rate over the next twelve month period.

The sensitivity analysis included in the financial statements for the year ended 31 March 2014 has been prepared on the same basis.

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for the year ended 31 March 2015

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(ii) Foreign currency risk

Most of the Group's transactions are carried out in RMB which is the functional currency of most of the group entities. Exposures to currency exchange rates arise from certain of the Group's cash and bank balances which are denominated in HK\$, and US\$. The Group does not use derivative financial instruments to hedge its foreign currency risk. The Group reviews its foreign currency exposures regularly and does not consider its foreign exchange risk to be significant.

Foreign currency risk exposure

The following table details the Group's exposure at the reporting date to foreign currency risk from financial assets at fair value through profit or loss, other receivables, bank balances, bank and other loans, and other payables denominated in a currency other than the functional currency of the Company and its subsidiaries.

	Group	
	2015	2014
	RMB'000	RMB'000
Financial assets at fair value through profit or loss denominated in		
– HK\$	27	37
Other receivables denominated in		
– HK\$	300	101
Bank deposits denominated in		
– HK\$	223	1,401
– US\$	35	230
Other payables denominated in		
– HK\$	(824)	(398)
Amount due to related company denominated in		
– US\$	(60,612)	(59,288)
– HK\$	(22,887)	(4,551)

Notes to the financial statements

for the year ended 31 March 2015

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(ii) Foreign currency risk (Continued)

Foreign currency risk exposure (Continued)

By assessing foreign currency risk on financial assets at fair value through profit or loss, other receivables, bank balances, bank and other loans, and other payables, the effect arising from a reasonably possible change in the exchange rates of RMB against HK\$ and US\$ in the next twelve months was not material to the results for the year and retained profits at each of the reporting date, on the basis that all other variables remain constant.

The Company is not exposed to any foreign currency risk.

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and financial assets. The Group's credit risk is primarily attributable to accounts and other receivables and cash and bank balances and pledged and structured deposits. The management has a credit policy and the exposures to credit risks are monitored on an ongoing basis.

In respect of accounts and other receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. 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. Normally, the Group does not obtain collateral from customers.

None of the Group's financial assets are secured by collateral or other credit enhancements.

The Group performs ongoing credit evaluation of its customers' financial positions. Provision for impairment is based upon a review of the expected collectability of all receivables.

The Group's cash and bank balances and pledged and structured deposits are mainly deposits with state-owned banks in the PRC and a reputable bank in Hong Kong. As at 31 March 2015, the Group had approximately 61% (2014: 74%) cash and bank balances, and pledged and structured deposits placed with two banks.

At the end of reporting period, the Group has other receivables (note 23(b)) and amount due from a joint venture (note 16) amounting to RMB364,514,000 and RMB138,906,000 respectively (2014: RMB348,608,000 and RMB135,470,000 respectively) representing 99.4% (2014: 99.7%) of total gross accounts and other receivables. Except for these receivables, there was no concentration of credit risk.

The Company's credit risk is primarily attributable to amounts due from subsidiaries.

Notes to the financial statements

for the year ended 31 March 2015

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(iii) Credit risk (Continued)

Financial guarantee

The principal risk to which the Group and the Company is exposed to is credit risk in connection with guarantee contracts which have been issued. The credit risk represents the loss that would be recognised upon a default by the parties to which the guarantees were given on behalf of. To mitigate these risks, management continually monitors the risks and has established processes including performing credit evaluations of the parties it is providing the guarantee on behalf of. The maximum exposure to credit risk in respect of these financial guarantees at the balance sheet date is disclosed in note 35.

There are no terms and conditions attached to the guarantee contracts that would have a material effect on the amount, timing and uncertainty of the Group's future cash flows.

(iv) Liquidity risk

The Group's objective is to ensure adequate funds to meet commitments associated with its financial liabilities. Cash flows are closely monitored on an ongoing basis. The Group will raise funds from the realisation of its assets if required.

At 31 March 2015 and 2014, the remaining contractual maturities of the Group's financial liabilities which are based on undiscounted cash flows and the earliest date the Group can be required to pay are summarised below.

Specifically, for term loans which contain a repayment on demand clause which can be exercised at the bank's sole discretion, the analysis shows the cash outflow based on the earliest period in which the entity can be required to pay, that is if the lenders were to invoke their unconditional rights to call the loans with immediate effect. The maturity analysis for other bank borrowings is prepared based on the scheduled repayment dates.

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for the year ended 31 March 2015

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(iv) Liquidity risk (Continued)

Group

	Total contractual		On demand	Less than 3 months	3 to less than 12 months	Over 1 year
	Carrying Amount	undiscounted cash flow				
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 March 2015						
- Accounts and bill payables	69,413	69,413	69,413	-	-	-
- Accruals and other payables	388,689	388,689	388,689	-	-	-
- Amounts due to related parties	116,598	118,215	55,985	441	61,789	-
- Interest-bearing bank borrowings	1,515,641	1,634,194	345,641	68,006	538,862	681,685
	2,090,341	2,210,511	859,728	68,447	600,651	681,685
At 31 March 2014						
- Accounts payable	28,949	28,949	28,949	-	-	-
- Accruals and other payables	366,914	366,914	366,914	-	-	-
- Amounts due to related parties	96,938	98,555	37,675	441	60,439	-
- Interest-bearing bank borrowings	1,156,430	1,258,084	282,930	86,022	83,283	805,849
	1,649,231	1,752,502	716,468	86,463	143,722	805,849

The table that follows summarises the maturity analysis of term loans with a repayment on demand clause based on agreed scheduled repayments set out in the loan agreements. The amounts include interest payments computed using contractual rates. As a result, these amounts were greater than the amounts disclosed in the "on demand" time band in the maturity analysis above. Taking into account the financial positions of the companies in the Group, the directors do not consider that it is probable that the bank will exercise its discretion to demand immediate repayment. The directors believe that such term loans will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

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for the year ended 31 March 2015

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(iv) Liquidity risk (Continued)

Maturity analysis – Bank borrowings subject to a repayment on demand clause based on scheduled repayments

	On demand	Less than 3 months	3 to less than 12 months	Over 1 year	Total undiscounted amount	Carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 March 2015	-	1,378	33,000	6,998	41,376	40,309
31 March 2014	-	215,655	4,156	72,464	292,275	282,930

At 31 March 2015 and 2014, all financial liabilities held by the Company are either repayable on demand or due to repay within one year.

The Group and Company have not recognised in its financial statements the corporate guarantees issued for the facilities issued as disclosed in note 35. The financial guarantees have not been allocated to the earliest period in which the guarantee could be called upon on as the Group and Company do not consider it probable that a claim will be made against the Group and Company (note 36(iii)).

(v) Fair value

The fair values of the Group's financial assets and liabilities are not materially different from their carrying amounts because of the immediate or short term maturity of these financial instruments. The fair value of borrowings is not disclosed because the carrying value is not materially different from the fair value at the reporting date.

(vi) Equity price risk

The Group is exposed to equity price risk through its investment in listed equity securities which are classified as at fair value through profit or loss (note 25). The management manages this exposure by maintaining a portfolio of investments with different risk and return profiles and will consider hedging the risk exposure should the need arise and represent a small percentage of the Group's net assets and the risk is minimal.

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36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(vii) Fair value measurements recognised in the statement of financial position

The following table presents financial assets and liabilities measured at fair value in the statement of financial position in accordance with the fair value hierarchy. The hierarchy groups financial assets and liabilities into three levels based on the relative reliability of significant inputs used in measuring the fair value of these financial assets and liabilities. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level in the fair value hierarchy within which the financial asset or liability is categorised in its entirety is based on the lowest level of input that is significant to the fair value measurement.

The financial assets measured at fair value in the statement of financial position are grouped into the fair value hierarchy as follows:

Group

	Note	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Year ended 31 March 2015					
Assets					
Securities held for trading					
– Listed	(a)	7,364	–	–	7,364
Year ended 31 March 2014					
Assets					
Securities held for trading					
– Listed	(a)	6,149	–	–	6,149

There were no transfers between levels during the year.

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting periods.

(a) Listed securities

The listed equity securities are denominated in HK\$ and RMB. Fair values have been determined by reference to their quoted bid prices at the reporting date and have been translated using the spot foreign currency rates at the end of the reporting period where appropriate.

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37. SUMMARY OF FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

The carrying amounts of the Group's financial assets and liabilities as recognised at 31 March 2015 and 2014 may also be categorised as follows. See notes 3.12 and 3.17 for explanations about how the category of financial instruments affects their subsequent measurement.

Financial Assets

	Group		Company	
	2015 RMB'000	2014 RMB'000	2015 RMB'000	2014 RMB'000
Financial assets measured at fair value				
– Financial assets at fair value through profit or loss	7,364	6,149	–	–
Loans and receivables				
– Accounts and other receivables	366,875	350,192	–	–
– Due from a joint venture	138,906	135,470	–	–
– Due from related parties	–	–	260,838	258,338
Pledged deposits	449,403	625,195	–	–
Structured bank deposits	154,000	–	–	–
Cash and cash equivalents	309,501	74,236	132	92
	1,418,685	1,185,093	260,970	258,430
Available-for-sale investment	20,000	20,000	–	–
	1,446,049	1,211,242	260,970	258,430

Financial Liabilities

	Group		Company	
	2015 RMB'000	2014 RMB'000	2015 RMB'000	2014 RMB'000
Financial liabilities measured at amortised cost				
– Accounts and bill payables, accruals and other payables	458,102	395,863	255	782
– Bank and other loans	1,515,641	1,156,430	–	–
– Due to related parties	116,598	96,938	248,350	246,130
	2,090,341	1,649,231	248,605	246,912

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38. ACQUISITION OF ASSETS AND LIABILITIES THROUGH ACQUISITION OF SUBSIDIARY

On 19 September 2013, the Group acquired properties under development for sale and its related assets and liabilities, through acquisition of the additional 34% of the issued share capital of Huzhou Delong from Vitoria (Huzhou) Garment Co., Ltd (“Victoria”). The total cash consideration of RMB37.07 million includes the consideration for the purchase of the shareholder’s loan owed by Huzhou Delong to Victoria of RMB30.27 million. This transaction has been accounted as a purchase of assets and liabilities.

Upon completion of the acquisition, the Group’s 30% interest in an associate already held was treated as being disposed of and immediately reacquired at fair value on the date of obtaining control. As a result, a fair value gain on remeasurement of equity in an associate of RMB613,000 has been recognised and is included in other income in the consolidated statement of comprehensive income.

The fair values of net assets acquired at the date of acquisition are as follows:

	RMB’000
Property, plant and equipment	50
Properties under development	109,029
Deposit, Prepayment and other receivables	603
Cash and bank balances	485
Accruals, receipts in advance and other payables	(15,423)
Shareholder’s loan	(30,270)
Amounts due to related parties	(13,516)
	50,958
Non-controlling interests	(7,444)
Net assets acquired	43,514
Total consideration satisfied by:	
Cash	37,070
Interest in an associate	6,444
	43,514
Net cash outflow arising on acquisition:	RMB’000
Cash consideration paid	37,070
Cash and cash equivalent balances acquired	(485)
Total consideration satisfied by cash	36,585

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39. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in these financial statements, the Group had the following material related party transactions:

	Note	Group	
		2015 RMB'000	2014 RMB'000
Car park rental expense	(a)	40	35
Interest expense paid to a related company		1,790	24

Note:

- (a) During years ended 31 March 2015 and 2014, the non-executive director of Sino Harbour Property, Ms. Chan Heung Ling has entered into an agreement of car park rental for HK\$48,000 per year.
- (b) During the years ended 31 March 2015 and 2014, interest expense paid to Pan Hong Company Limited, Mr. Wong Lam Ping is a common director of the Company, at 3% interest per annum.
- (c) Details of balances with related parties are set out in notes 16, 24 and 28. None of the related parties' receivables has been past due nor impaired as at 31 March 2015 and 2014.

Included in staff costs are key management personnel compensation as follows:

	Group		Company	
	2015 RMB'000	2014 RMB'000	2015 RMB'000	2014 RMB'000
Directors' fee	826	853	826	853
Short-term employment benefits	5,530	5,486	–	–
Post employment benefits	83	88	–	–
	6,439	6,427	826	853

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40. EVENTS AFTER THE END OF REPORTING PERIOD

- (i) In April 2015, the Group incorporated, Sinotech Digital Company Limited (“STech”) (漢昀數碼有限公司). STech is incorporated in Hong Kong with a registered capital of HK\$1. Its principal activity is investment holding. In June 2015, Sinotech Digital Company Limited (“STech”) had established a subsidiary, Shanghai Han Yun Information Technology Limited (“Han Yun”) together with Mr. Tong Tinxia (“Mr. Tong”). The shareholdings held by STech and Mr. Tong are 80% and 20% respectively.

Han Yun was incorporated in the PRC with a registered and paid-up capital of RMB5 million. Its principal activities include information technology and computer network system development, technical consultant as well as software development.

- (ii) In June 2015, the Group had established an associated company, Shenzhen Qianhai Guang Shang Xin He Financial Holdings Company Limited (深圳前海廣商信合金融控股股份有限公司) (“Shenzhen Qianhai”) together with Jieyang Airport Economic Zone Xing Yu Investment Company Limited (揭陽空港經濟區興宇投資有限公司) (“Xing Yu”), Qinghai Da Hai Engineering & Construction Company Limited (青海大海工程建設有限公司) (“Qinghai Da Hai”), Jieyang Airport Zone Tai Xing Wine Company Limited (揭陽空港區台興酒業有限公司) (“Jieyang Tai Xing”) and Shenzhen Jia Qi Da Investment Consultants Company Limited (深圳市佳其達投資諮詢有限公司) (“Shenzhen Jia Qi Da”). The shareholdings held by the Group, Xing Yu, Qinghai Da Hai, Jieyang Tai Xing and Shenzhen Jia Qi Da are 30%, 30%, 20%, 10% and 10% respectively.

Shenzhen Qianhai was incorporated in PRC with a registered and paid-up capital of RMB150 million. Its principal activities include internet finance business, electronic commerce business, asset management, and the provision of business consultancy services.

Pursuant to the Shenzhen Qianhai’s Memorandum and Articles of Association, the Group will be injecting a capital of RMB45 million (the “Consideration”) to invest 30% equity stake in Shenzhen Qianhai as its pro rata share of the registered capital. The Consideration will be satisfied by payment of cash. The Group will be paying RMB9 million as partial payment of the Consideration, and shall pay the remaining balance of RMB36 million within two years from the date of incorporation of Shenzhen Qianhai.

Property Portfolio

Description	Location	Type	Site Area in respect of entire project	Planned/ Actual Gross Floor Area	Tenure	Effective Group Interest	Approximate Percentage Sold and Delivered	Expected Completion Date
COMPLETED PROPERTIES								
Huzhou Liyang Jingyuan Phase 2	No. 579 Longxi Bei Road and Land No. 5 Huzhou Economic and Technological Development Zone, Huzhou City, Zhejiang Province, the PRC	C	17,251	C: 12,149	C: Expiring on 19 February 2046	100%	99%	Completed
Hangzhou Liyang Yuan	Shenhua Road Xihu District, Hangzhou City, Zhejiang Province, the PRC	R, C	7,833	R: 24,921 C: 8,181	R: Expiring on 14 December 2076 C: Expiring on 14 December 2046	100%	R: 99% C: 84%	Completed
Huzhou Hua Cui Ting Yuan Phase 1	Taihu Meidong, Huzhou Development, Zone, Zhejiang Province, the PRC	R, C	58,386	R: 44,006 C: 7,471	R: Expiring on 18 November 2080 C: Expiring on 18 November 2050	100%	R: 99% C: 0%	Completed
Nanchang Honggu Kaixuan Phase 2	No. 1568 Honggu Avenue, Honggu Tan Central District, Nanchang City, Jiangxi Province, the PRC	R, C	80,521	R: 116,214 C: 32,490	R: Expiring on 16 September 2073 C: Expiring on 16 September 2043	100%	R: 98% C: 86%	Completed
Various retail units on Level 1-4 and various office units on Level 6-14 of Sino Harbour Kaixuan Center, Nanchang Honggu Kaixuan	No. 1568 Honggu Avenue, Honggu Tan Central District, Nanchang City, Jiangxi Province, the PRC	C	80,521	C: 9,358	C: Expiring on 16 September 2043	100%	0%	Completed
Nanchang Sino Harbour Kaixuan City Phase 1 – Low-rise residential annexed with commercial	No. 888 Huang Jia Hu West Road, Nanchang Economic and Technology Zone, Nanchang City, Jiangxi Province, the PRC	R, C	719,548	R 19,558 C 6,174	R: Expiring on 18 May 2072 C: Expiring on 18 May 2052	55%	R: 59% C: 0%	Completed
Fuzhou Hua Cui Ting Yuan Phase 1	No. 766 Jinchao Avenue, Fuzhou City, Jiangxi Province, the PRC	R, C	190,753	R: 89,115 C: 4,664	R: Expiring on 31 January 2080 C: Expiring on 31 January 2050	100%	R: 94% C: 37%	Completed
Fuzhou Hua Cui Ting Yuan Phase 2	No. 766 Jinchao Avenue, Fuzhou City, Jiangxi Province, the PRC	R, C	190,753	R: 79,933 C: 2,383	R: Expiring on 31 January 2080 C: Expiring on 31 January 2050	100%	R: 83% C: 37%	Completed
Fuzhou Hua Cui Ting Yuan Phase 3	No. 766 Jinchao Avenue, Fuzhou City, Jiangxi Province, the PRC	R	190,753	R: 117,177	R: Expiring on 31 January 2080	100%	33%	Completed
Yichun Royal Lake City Phase 1	No. 299 Yiyang Avenue, Yuanzhou District, Yichun City, Jiangxi Province, the PRC	R, C	607,084	R: 104,320 C: 10,348	R: Expiring on 29 March 2077 C: Expiring on 29 March 2047	100%	R: 74% C: 36%	Completed
PROPERTIES HELD UNDER DEVELOPMENT								
Huzhou Run Yuan Project Phase 1	Lot 188 land parcels Southwest District, Huzhou City, Zhejiang Province, the PRC	R, C	102,972	R: 104,327 C: 7,031	R: Expiring on 30 December 2079 C: Expiring on 30 December 2049	100%	N.A.	Q4CY2016
Huzhou Hua Cui Ting Yuan Phase 2	Taihu Meidong Huzhou Development Zone, Zhejiang Province, the PRC	R	66,667	R: 50,525	R: Expiring on 18 November 2080 C: Expiring on 18 November 2050	100%	N.A.	Q4CY2016

Property Portfolio

Description	Location	Type	Site Area in respect of entire project	Planned/ Actual Gross Floor Area	Tenure	Effective Group Interest	Approximate Percentage Sold and Delivered	Expected Completion Date
PROPERTIES HELD UNDER DEVELOPMENT (continued)								
Nanchang Sino Harbour Kaixuan City Phase 1 – High-rise residential annexed with commercial	No. 888 Huang Jia Hu West Road, Nanchang Economic and Technology Development Zone, Nanchang City, Jiangxi Province, the PRC	R, C	719,548	R: 61,128 C: 1,640	R: Expiring on 18 May 2072 C: Expiring on 18 May 2052	55%	N/A	Q1CY2016
Nanchang Sino Harbour Kaixuan City Phase 1 – Townhouses	No. 888 Huang Jia Hu West Road, Nanchang Economic and Technology Zone, Nanchang City, Jiangxi Province, the PRC	R	719,548	R: 54,978	R: Expiring on 18 May 2072 C: Expiring on 18 May 2052	55%	N/A	Q2CY2017
Nanchang Sino Harbour Kaixuan City Phase 2	No. 888 Huang Jia Hu West Road, Nanchang Economic and Technology Development Zone, Nanchang City, Jiangxi Province, the PRC	R, C	719,548	R: 169,763 C: 1,993	R: Expiring on 18 May 2072 C: Expiring on 18 May 2052	55%	N/A	Q3CY2017
Yichun Royal Lake City Phase 2	No. 299 Yiyang Avenue, Yuanzhou District, Yichun City, Jiangxi Province, the PRC	R	607,804	R: 105,000	R: Expiring on 29 March 2077 C: Expiring on 29 March 2047	100%	N/A	Q2CY2015
FUTURE PROJECTS								
Huzhou Delong Project	Taihu Meixi, Huzhou Development Zone, Zhejiang Province, the PRC	C	54,452	C: 16,165	C: Expiring on 04 November 2050	64%	N.A.	Under Planning
Huzhou Run Yuan Project Phase 2	Lot 188 land parcels Southwest District, Huzhou City, Zhejiang Province, the PRC	R, C	102,972	102,518	R: Expiring on 30 December 2079 C: Expiring on 30 December 2049	100%	N.A.	Under Planning
Nanchang Sino Harbour Kaixuan City Phase 3 – 5	No. 888 Huang Jia Hu West Road, Nanchang Economic and Technology Development Zone, Nanchang City, Jiangxi Province, the PRC	R, C	719,548	688,900	R: Expiring on 18 May 2072 C: Expiring on 18 May 2052	55%	N/A	Phase 3: Q1CY2018 Phase 4: Q1CY2019 Phase 5: Q1CY2020
Yichun Royal Lake City Phase 3 – 6	No. 299 Yiyang Avenue, Yuanzhou District, Yichun City, Jiangxi Province, the PRC	R, C	607,084	1,047,038	R: Expiring on 29 March 2077 C: Expiring on 29 March 2047	50%	N/A	Phase 3: Q4CY2017 Phase 4: Q1CY2019 Phase 5: Q2CY2020 Phase 6: Q3CY2021
Leping Project	Hushan Meiyuan Reclamation Farm, Leping City, Jiangxi Province, the PRC	R, C	333,341	394,800	R: Expiring on 17 June 2074 C: Expiring on 17 June 2044	51%	N/A	Phase 1: Q4CY2018 Phase 2: Q4CY2019 Phase 3: Q4CY2020
Hangzhou Ganglian Sino Africa Tower Project	Southwest junction of Moganshan Road and Shenhua Road, Gongshu District, Hangzhou City, Zhejiang Province, the PRC	C	20,482	C: 81,928	C: Expiring on 06 April 2054	100%	N/A	Under planning
PROPERTIES HELD FOR INVESTMENT								
42 car parking space and 32 bicycle space of Xinya Jianyuan	Nos. 678 to 688 Shiyuan Road, Nanxun Tower, Huzhou City, Zhejiang Province, the PRC	C	N.A.	C: 1,785	C: Expiring on 24 April 2040	100%	N.A.	Completed
Various retail units on Level 2 of Nanxun Commercial Complex	Tai'an Road Nanxun Town, Huzhou City, Zhejiang Province, the PRC	C	N.A.	C: 1,354	C: Expiring on 30 December 2032	100%	N.A.	Completed

Property Portfolio

Description	Location	Type	Site Area in respect of entire project	Planned/ Actual Gross Floor Area	Tenure	Effective Group Interest	Approximate Percentage Sold and Delivered	Expected Completion Date
PROPERTIES HELD FOR INVESTMENT (continued)								
Various retail units on Level 1 and 3 of Hongjin Commercial Plaza	Balidian Town, Huzhou City, Zhejiang Province, the PRC	C	N.A.	C: 3,515	C: Expiring on 03 January 2046	100%	N.A.	Completed
Levels 1 and 2 of Block 2, Unit 02 to 06 on Level 1 of Block 6 and a 3-storey kindergarten of Nanchang Honggu Kaixuan	No. 1568 Honggu Avenue, Honggu Tan Central District, Nanchang City, Jiangxi Province, the PRC	C	N/A	C: 4,461	C: Expiring on 16 September 2043	100%	N/A	Completed
Various retail units on Level 1-4 and various office units on Level 6-9, 11-24 of Sino Harbour Kaixuan Center, Nanchang Honggu Kaixuan	No. 1568 Honggu Avenue, Honggu Tan Central District, Nanchang City, Jiangxi Province, the PRC	C	N/A	C: 22,481	C: Expiring on 16 September 2043	100%	N/A	Completed
Various retail units on Level 1 and 2 of Block 2, 3, 6, 7 of Yichun Royal Lake City	No. 299 Yiyang Avenue, Yuanzhou District, Yichun City, Jiangxi Province, the PRC	C	N/A	C: 1,494	C: Expiring on 29 March 2047	100%	N/A	Completed
INVESTMENT PROPERTIES HELD FOR SALES								
Unit 5 on Level 1 Hongjin Commercial Plaza	Balidian Town, Huzhou City, Zhejiang Province, the PRC	C	N.A.	C: 1,494	C: Expiring on 03 January 2046	100%	N.A.	Completed
PROPERTIES OCCUPIED BY THE GROUP								
Room 1214-15	Unit Nos 14 and 15 on 12th Floor of Tower B, Hunghom Commercial Centre, No 37 Ma Tau Wai Road, Hunghom, Kowloon	C	N.A.	C: 390	C: Expiring on 15 September 2047	100%	N.A.	Completed
No. 25 Building, Huzhou Liyang Jingyuan Phase 1	Land No. 5 Huzhou Economic and Technological Development Zone, Huzhou City, Zhejiang Province, the PRC	C	N.A.	C: 1,408	C: Expiring on 19 February 2046	100%	N.A.	Completed
Various unit of Block 4 of Hangzhou Liyang Yuan	Shenhua Road Xihu District, Hangzhou City, Zhejiang Province, the PRC	C	N.A.	C: 738	C: Expiring on 14 December 2046	100%	N.A.	Completed
Level 25 and 26 of Sino Harbour Kaixuan Center, Nanchang Honggu Kaixuan	No. 1568 Honggu Avenue, Honggu Tan Central District, Nanchang City, Jiangxi Province, the PRC	C	N/A	C: 1,232	C: Expiring on 16 September 2043	100%	N/A	Completed
Unit 1502 of Entrance B of the South Building of Minshi Garden	No. 28 Zhongshan West Road, Xihu District, Nanchang City, Jiangxi Province, the PRC	R	N/A	R: 166	R: Expiring on June 2069	100%	N/A	Completed

R: Residential

C: Commercial and others

The "Planned Gross Floor Area" and "Expected Completion Date" are based on the best estimate by the management. These figures may change as the projects progress.

Shareholders' Information

SHAREHOLDERS' INFORMATION AS AT 19 JUNE 2015

Class of shares	: Ordinary shares of HK\$0.60 each
Authorised share capital	: HK\$510,000,000.00
Issued and fully paid-up capital	: HK\$311,313,014.40
Number of Shares issued	: 518,855,024
Number of Shares issued (excluding Treasury Shares)	: 512,311,024
Number (Percentage) of Treasury Shares	: 6,544,000 (1.26%)
Voting rights (excluding Treasury Shares)	: One vote per share

STATISTICS OF SHAREHOLDINGS

Size of Shareholding	Number of Shareholders	%	Number of Shares	%
1 – 99	0	0	0	0
100 – 1,000	30	4.37	29,467	0.01
1,001 – 10,000	326	47.52	1,996,040	0.39
10,001 – 1,000,000	315	45.92	23,812,300	4.65
1,000,001 and above	15	2.19	486,473,217	94.95
Total	686	100.00	512,311,024	100.00

SUBSTANTIAL SHAREHOLDERS AS AT 19 JUNE 2015

(As recorded in the Register of Substantial Shareholders)

	Direct Interest	%	Deemed Interest	%
Extra Good Enterprises Ltd ⁽³⁾	288,000,000	56.22	–	–
Wong Lam Ping ^{(1) (2)}	20,952,194	4.09	302,443,300	59.04
Chan Heung Ling ^{(1) (2)}	14,443,300	2.82	308,952,194	60.31

Notes:

- (1) Mr. Wong Lam Ping and Ms. Chan Heung Ling hold 52% and 48% of the issued share capital of Extra Good Enterprises Ltd ("Extra Good") respectively. As such, both are deemed to be interested in the shares held by Extra Good in the capital of the Company.
- (2) Ms. Chan Heung Ling is the spouse of Mr. Wong Lam Ping and they are deemed to be interested in the shares held by each other.
- (3) Extra Good Enterprises Ltd held 140,000,000 shares through RHB Securities Singapore Pte Ltd.

Shareholders' Information

TWENTY LARGEST SHAREHOLDERS AS AT 19 JUNE 2015

No.	Name of Shareholders	Number of Shares	%
1	EXTRA GOOD ENTERPRISES LIMITED	148,000,000	28.89
2	RHB SECURITIES SINGAPORE PTE LTD	140,000,000	27.33
3	PHILLIP SECURITIES PTE LTD	60,667,716	11.84
4	RAFFLES NOMINEES (PTE) LTD	34,917,800	6.82
5	WONG LAM PING	20,952,194	4.09
6	CHAN HEUNG LING	14,443,300	2.82
7	SHEN LIANG	14,198,800	2.77
8	MAYBANK KIM ENG SECURITIES PTE LTD	11,783,800	2.30
9	ROYAL BANK OF CANADA	10,861,000	2.12
10	JUMBO KING HOLDINGS LIMITED	9,700,000	1.89
11	DBS VICKERS SECURITIES (S) PTE LTD	9,656,607	1.88
12	YIM AH HOE	4,192,000	0.82
13	CIMB SECURITIES (SINGAPORE) PTE LTD	4,160,000	0.81
14	SINGAPORE WAREHOUSE CO PTE LTD	1,870,000	0.37
15	CITIBANK NOMINEES SINGAPORE PTE LTD	1,070,000	0.21
16	LIM EE ANN	1,000,000	0.20
17	UOB KAY HIAN PTE LTD	955,000	0.19
18	SANTA LUCIA ASSET MANAGEMENT PTE LTD	750,000	0.15
19	YEO CHITT HOCK BRANDON (YONG QIFU)	700,000	0.14
20	NG CHENG CHOH	680,000	0.13
TOTAL		490,558,217	95.75

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

36.74% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Pan Hong Property Group Limited (the “Company”) will be held at Marie II room, Level 1, York Hotel, 21 Mount Elizabeth, Singapore 228516 on Thursday, 30 July 2015 at 10.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors’ Report and the Audited Financial Statements of the Company for the financial year ended 31 March 2015 together with the Auditors’ Report thereon. **(Resolution 1)**
2. To re-elect the following Directors of the Company retiring pursuant to Bye-Laws 86(1) and 85(6) of the Bye-Laws of the Company:

Mr. Chan Kin Sang	(Retiring under Bye-law 86(1))	(Resolution 2)
Mr. Sim Wee Leong	(Retiring under Bye-law 86(1))	(Resolution 3)
Ms. Wang Cuiping	(Retiring under Bye-law 86(1))	(Resolution 4)
Dr. Zheng Haibin	(Retiring under Bye-law 86(1))	(Resolution 5)
Mr. Wong Ching	(Retiring under Bye-law 85(6))	(Resolution 6)

Mr. Chan Kin Sang will, upon re-election as a Director of the Company, remain as a member of the Remuneration Committee and will be considered non-independent.

Mr. Sim Wee Leong will, upon re-election as a Director of the Company, remain as Chairman of the Audit Committee and a member of the Nominating Committee and will be considered independent.

Dr. Zheng Haibin will, upon re-election as Director of the Company, remain as Chairman of the Remuneration Committee and a member of the Audit Committee and will be considered independent.

3. To approve the payment of Directors’ fees of S\$175,450 for the financial year ending 31 March 2016, to be paid quarterly in arrears (FY2015: S\$175,450). **(Resolution 7)**
4. To re-appoint BDO Limited, Certified Public Accountants, Hong Kong and BDO LLP, Public Accountants and Chartered Accountants, Singapore to act jointly and severally as the Company’s Auditors and to authorise the Directors to fix their remuneration. **(Resolution 8)**
5. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

Notice of Annual General Meeting

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions:

6. SHARE ISSUE MANDATE

That pursuant to Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited (“SGX-ST”), authority be given to the Directors of the Company to issue shares (“Shares”) whether by way of rights, bonus or otherwise, and/or make or grant offers, agreements or options (collectively, “Instruments”) that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares at any time and upon such terms and conditions and to such persons as the Directors may, in their absolute discretion, deem fit provided that:

- (a) the aggregate number of Shares (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty percent (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, of which the aggregate number of Shares and convertible securities to be issued other than on a pro rata basis to all shareholders of the Company shall not exceed twenty percent (20%) of the total number of issued shares (excluding treasury shares) in the capital of the Company;
- (b) for the purpose of determining the aggregate number of Shares that may be issued under subparagraph (a) above, the total number of issued shares (excluding treasury shares) shall be based on the total number of issued shares (excluding treasury shares) of the Company as at the date of the passing of this Resolution, after adjusting for:
 - (i) new shares arising from the conversion or exercise of convertible securities;
 - (ii) new shares arising from exercising share options or vesting of Share awards outstanding or subsisting at the time this Resolution is passed; and
 - (iii) any subsequent bonus issue, consolidation or subdivision of shares;
- (c) And that such authority shall, unless revoked or varied by the Company in general meeting, continue in force (i) until the conclusion of the Company’s next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier or (ii) in the case of shares to be issued in accordance with the terms of convertible securities issued, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of such convertible securities;

[See Explanatory Note (i)]

(Resolution 9)

Notice of Annual General Meeting

7. THE PROPOSED RENEWAL OF SHARE PURCHASE MANDATE

- (a) That the Company be and is hereby authorised to purchase or otherwise acquire issued and paid up Shares not exceeding in aggregate the Maximum Limit (as hereinafter defined), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as hereinafter defined), whether by way of:-
- (i) on-market purchases (each an "On-Market Share Purchase") on the SGX-ST; and/or
 - (ii) off-market purchases (each an "Off-Market Share Purchase") effected in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they may consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act (Chapter 50) of Singapore ("Singapore Companies Act"), as amended, modified or supplemented from time to time, and otherwise in accordance with all other laws and regulations and rules of the SGX-ST as may for the time being be applicable, and the exercise by the Directors of all the powers of the Company to purchase or otherwise acquire Shares in the foregoing manner be and is hereby authorised and approved generally and unconditionally (the "Share Purchase Mandate");
- (b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Ordinary Resolution, and expiring on the earliest of:-
- (i) the conclusion of the next Annual General Meeting of the Company; or
 - (ii) the date by which the next Annual General Meeting of the Company is required to be held; or
 - (iii) the date on which the purchase of Shares by the Company pursuant to the Share Purchase Mandate is carried out to the full extent mandated (the "Relevant Period").

Notice of Annual General Meeting

(c) in this Ordinary Resolution:–

“Maximum Limit” means ten percent (10%) of the total number of issued and paid-up ordinary shares of the Company as at the date of the passing of this Ordinary Resolution unless the Company has effected a reduction of its share capital in accordance with the Companies Act 1981 of Bermuda and such other laws and regulations for the time being be applicable, at any time during the Relevant Period, in which event the issued ordinary share capital of the Company shall be taken to be the amount of the issued ordinary share capital of the Company as altered (excluding any treasury shares that may be held by the Company from time to time); and

“Maximum Price” in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) not exceeding:–

(i) in the case of an On-Market Share Purchase, 105 percent (105%) of the Average Closing Price; and

(ii) in the case of an Off-Market Share Purchase, 120 percent (120%) of the Average Closing Price,

where:–

“Average Closing Price” means the average of the closing market prices of the Shares over the last five (5) Market Days (“Market Day” being a day on which the SGX-ST is open for securities trading), on which transactions in the Shares were recorded, before the day on which the On-Market Share Purchase was made or as the case may be, the day of making of the offer for an Off-Market Share Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant five (5) Market Day period; and

“day of making of the offer” means the day on which the Company makes an offer for the purchase or acquisition of Shares from Shareholders, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Share Purchase; and

(d) the Directors and each of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they/he/she may consider necessary, desirable, expedient, incidental or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution.

[See Explanatory Note (ii)]

(Resolution 10)

By Order of the Board

Chan Chun Kit
Toh Li Ping, Angela
Company Secretaries

14 July 2015

Notice of Annual General Meeting

Explanatory Notes to Resolutions to be passed –

- (i) The Ordinary Resolution 9 proposed in item 6 above, if passed, will empower the Directors from the date of the above Meeting until the date of the next Annual General Meeting, to allot and issue Shares and convertible securities in the Company up to an amount not exceeding fifty percent (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to twenty percent (20%) may be issued other than on a pro rata basis.
- (ii) The Ordinary Resolution 10 proposed in item 7 above, if passed, will empower the Directors from the date of the above Meeting until the date the next Annual General Meeting is to be held or is required by law to be held, whichever is earlier, to make purchases (whether by way of On-Market Share Purchases or Off-Market Share Purchases on an equal access scheme) from time to time of up to 10 percent (10%) of the total number of issued Shares excluding any Shares which are held as treasury shares of the Company at prices up to but not exceeding the Maximum Price. The rationale for, the authority and limitation on, the sources of funds to be used for the purchase or acquisition including the amount of financing and the financial effects of the purchase or acquisition of Shares by the Company pursuant to the Share Purchase Mandate are set out in greater details in the Addendum accompanying this Notice.

Notes:

1. A Shareholder being a Depositor whose name appears in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50 of Singapore) is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a Member of the Company.
2. If a Depositor wishes to appoint a proxy/proxies to attend the Meeting, then he/she must complete and deposit the Depositor Proxy Form at the office of the Singapore Share Transfer Agent, B.A.C.S Private Limited, 63 Cantonment Road, Singapore 089758, at least forty-eight (48) hours before the time of the Meeting.
3. If the Depositor is a corporation, the instrument appointing a proxy must be executed under seal or the hand of its duly authorised officer or attorney.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company or a Depositor, as the case may be (i) consents to the collection, use and disclosure of the member or Depositor's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member or a Depositor discloses the personal data of the member or Depositor's proxy(ies) and/or representative(s) to the Company (or its agents), the member or Depositor has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member or Depositor will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member or Depositor's breach of warranty.



汎港地產集團
PAN HONG PROPERTY GROUP

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