汎港控股
PAN HONG HOLDINGS

Pan Hong Holdings Group Limited

Annual Report 2015-2016

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive:

Wong Lam Ping *(Chairman)*
Wang Cuiping
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

Fok Ka Ki
Toh Li Ping, Angela

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton, HM 11
Bermuda

BUSINESS OFFICE

Room 1214, 12 Floor, Tower B
Hunghom Commercial Centre
37-39 Ma Tau Wai Road
Hunghom, 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
8 Robinson Road #03-00
ASO Building
Singapore 048544

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
600 North Bridge Road
#23-01 Parkview Square
Singapore 188778

AUDIT DIRECTOR AND PARTNER-IN-CHARGE

BDO Limited
Certified Public Accountants
Lam Hung Yun, Andrew (Appointed with effect from financial year 31 March 2016)

BDO LLP
Public Accountants and Chartered Accountants
Poon Yew Wah (Appointed with effect from financial year 31 March 2016)

CORPORATE PROFILE

Headquartered in Hong Kong, Pan Hong Holdings Group Limited (汎港控股集團有限公司) (formerly known as Pan Hong Property Group Limited 汎港地產集團有限公司) 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 (湖洲潤源項目) had received "2014 Huzhou Most Expected Property Project (2014湖洲最期待樓盤)" and "2015 Huzhou Most Influential Property Selling Project (2015年度湖洲最具影響力營銷事件樓盤)". The Group's Huzhou Hua Cui Ting Yuan (湖洲華萃庭院) was awarded "2015 Huzhou Good Living Property Project (2015年度湖洲宜居樓盤)". In 2015, the Group's Nanchang Sino Harbour Kaixuan City (南昌漢港凱旋城) was awarded "2015 Most Outstanding Quality Property Project (2015最具卓越品質樓盤)" and "2015 Nanchang Most Investment Value Property Project (2015南昌樓市最具投資價值名盤)". The Group's Yichun Royal Lake City (宜春御湖城) had received "Most Comparative Price Property Project (最具高性價比樓盤)" in 2013 and "Yichun Most Popular Project (宜春最佳人氣樓盤)" in 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 Limited on the Main Board of the Stock Exchange of Hong Kong Limited (the "SEHK") in July 2011.

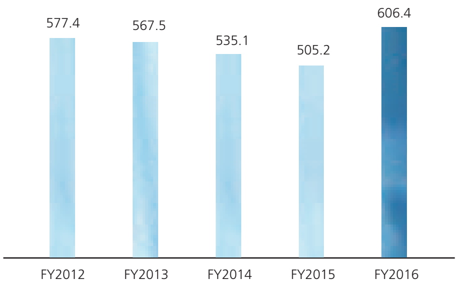
FINANCIAL HIGHLIGHTS

FINANCIAL HIGHLIGHTS

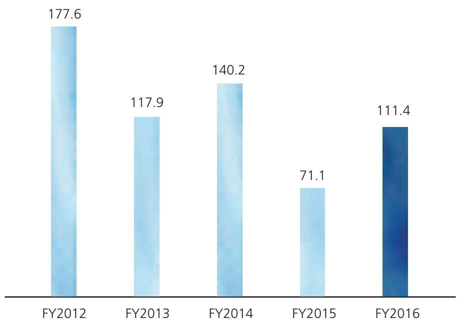
(RMB'000)	**FY2016**	FY2015	Change
PROFIT AND LOSS			
Revenue	**606,416**	505,224	20.0%
Gross Profit	**80,712**	136,204	(40.7%)
Gross profit margin	**13.3%**	27.0%	(13.7 pts)
Profit after tax	**111,367**	71,103	56.6%
Profit attributable to the owners of the Company	**80,533**	50,965	58.0%
REVENUE ANALYSIS BY TYPE OF PROPERTIES			
Residential	**587,177**	433,782	35.4%
Commercial and others	**19,239**	71,442	(73.1%)
REVENUE ANALYSIS BY SEGMENT			
Northern Region	**9,393**	4,350	115.9%
Southern Region	**597,023**	500,874	19.2%

FINANCIAL HIGHLIGHTS

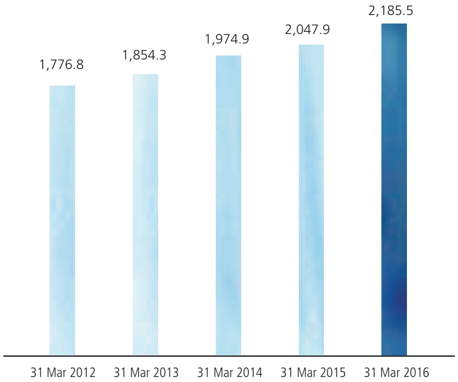
Revenue (RMB' mil)



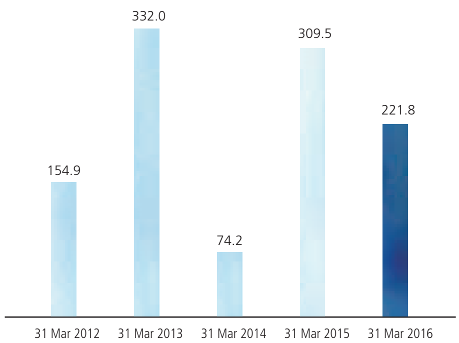
Profit After Tax (RMB' mil)



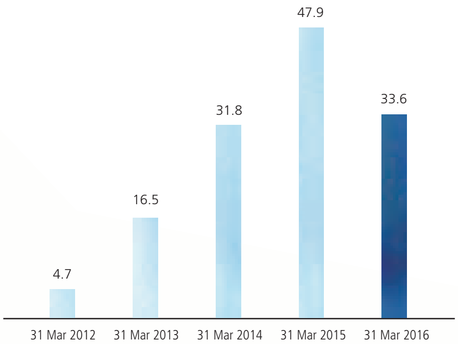
Net Assets (RMB' mil)



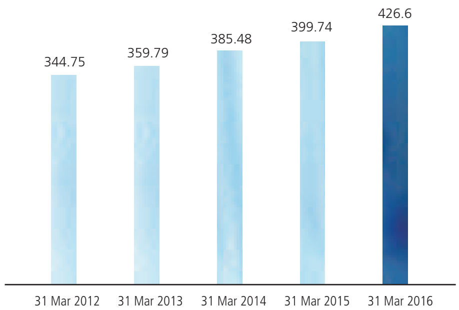
Cash and Bank balances (RMB' mil)



Gearing (%) : Total borrowings less deposit collateral / Total Equity



Net assets value per share (RMB' cents)



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 year ended 31 March 2016 ("FY2016").

The Group had recorded a revenue of RMB606.4 million and a net profit of RMB111.4 million in FY2016. Profit attributable to shareholders amounted to RMB80.5 million and basic earnings per share was RMB15.72 cents.

MARKET REVIEW

The property market in the PRC has been improving 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.

The improvement in property market in the PRC is also evidenced by official data published by the National Bureau of Statistics, which indicated that new home prices of 65 out of a statistical pool of 70 major PRC cities recorded a month-on-month increase in April 2016, up from 62 cities in March 2016.

Overall, supported by the changes in the PRC government's macro policy, we expect that the property market will remain relatively stable in 2016.

BUSINESS OUTLOOK

The Group's iconic projects – Yichun Royal Lake City (宜春御湖城) Phase 2 and Fuzhou Hua Cui Ting Yuan (撫州華萃庭院) Phase 3 were the main contributors to the Group's revenue in FY2016.

We will continue to focus on the sales of our existing projects and to continue and launch the pre-sale of other iconic projects – Nanchang Sino Harbour Kaixuan City (南昌漢港凱旋城) Phase 1, Huzhou Run Yuan Project (湖洲潤源項目) Phase 1 as well as Huzhou Hua Cui Ting Yuan (湖州華萃庭院) Phase 2 in the coming financial year.

The Group is also exploring suitable business opportunities to broaden its revenue base and diversify its core business. With reference to the Group's announcement dated 27 November 2015, the Group had subscribed for 30% equity interest in an associated company, which principal activities are of research and development, manufacturing and sale of active pharmaceutical ingredients and intermediates. On 15 December 2015, the Group announced the entering into of a joint venture agreement to enter into the pharmaceutical industry. We believe that the above provide opportunities to the Group to diversify our core business and expand our income sources.

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 2016

BUSINESS, OPERATIONS AND FINANCIAL REVIEW

BUSINESS AND OPERATIONS REVIEW

OVERVIEW OF OUR BUSINESS

During the year under review, the Group achieved revenue of RMB606.4 million mainly from the sales of Yichun Royal Lake City Phase 2 and Fuzhou Hua Cui Ting Yuan Phase 3. The total gross floor area of the residential and commercial properties (excluding car parking spaces sold) in FY2016 amounted to approximately 121,298 sq. m.

The following table presents an analysis of the Group's revenue in FY2016:

		Year ended 31 March 2016
(i)	**Residential**	
	– GFA sold (in sq. m.)	**119,240**
	– Average selling price (RMB per sq. m.)	**4,924**
	– Revenue (approx RMB'000)	**587,177**
(ii)	**Commercial**	
	– GFA sold (in sq. m.)	**2,058**
	– Average selling price (RMB per sq. m.)	**5,109**
	– Revenue (approx RMB'000)	**10,515**
(iii)	**Car parking spaces**	
	– Revenue (approx RMB'000)	**8,724**

PROPERTY PRE-SALES

As of 19 May 2016, the Group's aggregate pre-sales value from Nanchang Sino Harbour Kaixuan City Phase 1, Fuzhou Hua Cui Ting Yuan Phase 3, Yichun Royal Lake City Phase 2, Huzhou Run Yuan Project Phase 1 as well as Huzhou Hua Cui Ting Yuan Phase 2 had a total unbilled sales of RMB1,442.68 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 – Low-rise – Zone 1	Jiangxi	Residential	19,558	98%	10.09
Nanchang Sino Harbour Kaixuan City Phase 1 – High-rise – Zone 3	Jiangxi	Residential	61,128	99%	305.10
Fuzhou Hua Cui Ting Yuan Phase 3	Jiangxi	Residential	117,177	99%	167.42
Yichun Royal Lake City Phase 2	Jiangxi	Residential	93,805	88%	76.10
Huzhou Run Yuan Project Phase 1	Zhejiang	Residential	103,912	98%	665.20
Huzhou Hua Cui Ting Yuan Phase 2	Zhejiang	Residential	50,527	52%	218.77
Total					1,442.68

^ 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 2016

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 – Townhouse – Zone 2	Jiangxi	Nanchang	Residential: 34,716 Commercial: 676	Q4 CY2016

LAND BANK

As at 31 March 2016, the Group had land bank with total planned saleable GFA of 2,742,621 sq. m. in 5 cities in the PRC. The Group's land bank as at 31 March 2016 was as follows:

	Landbank (sq. m.)
Properties under development	197,277
Properties held for future development	2,545,344
Total	2,742,621

FINANCIAL REVIEW

FINANCIAL RESULTS

	Group	
	FY2016	FY2015
Revenue (RMB'000)		
Residential	**587,177**	433,782
Commercial and others	**19,239**	71,442
Total Revenue	**606,416**	505,224

The Group's revenue in FY2016 was RMB606.4 million compared to RMB505.2 million in FY2015, an increase of 20.0%. The increase was mainly attributable to more handover of property units of Yichun Royal Lake City Phase 2 and Fuzhou Hua Cui Ting Yuan Phase 3.

The revenue in FY2016 mainly comprised residential units sold in Yichun Royal Lake City Phase 2 and Fuzhou Hua Cui Ting Yuan Phase 3. In FY2015, the revenue was mainly derived from the handover of 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.

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.

In line with the increase in revenue, cost of sales increased from RMB369.0 million in FY2015 to RMB525.7 million in FY2016 due to more handover of residential units.

A greater proportion of revenue came from sale of commercial units in FY2015 compared to FY2016. Commercial unit has a higher profit margin compared to residential unit. In addition, the lower gross profit margin in FY2016 was due to the handover of residential units of Yichun Royal Lake City Phase 2 with lower gross profit margin. Consequently, gross profit margin in FY2016 decreased to 13.3% from 27.0% in FY2015.

Other income and other gains and losses increased 143.9% to RMB164.6 million in FY2016 from RMB67.5 million in FY2015. The increase was mainly due to a land consideration premium of RMB60.0 million from a local regional government committee in respect of a long outstanding receivable of approximately RMB234.4 million ("Initial Receivable") from the disposal of the six parcels of land located at Jiashanyang, Zhonggeng Village, Daochang Town in Huzhou City, Zhejiang Province, the PRC in January 2012 ("Disposal"). Accordingly, the total receivable from the Disposal is RMB294.4 million. During the financial period, the Group had received a partial payment of RMB173.5 million for the Initial Receivable. In addition, the increase in fair value gain on investment properties of RMB72.9 million in FY2016 compared to RMB37.0 million in FY2015 also led to the increase in other income and other gains and losses.

Selling and distribution expenses increased by 16.5% from RMB25.0 million in FY2015 to RMB29.2 million in FY2016. The higher selling expenses in FY2016 was mainly due to the increase in sales commission and staff costs in respect of the pre-sale of Huzhou Hua Cui Ting Yuan Phase 2 and Huzhou Run Yuan Project Phase 1.

FINANCIAL REVIEW

Administrative expenses increased by 20.0% from RMB44.5 million in FY2015 to RMB53.5 million in FY2016, mainly due to the increase in staff costs and depreciation for property, plant and equipment.

Other operating expenses decreased from RMB230,000 in FY2015 to nil in FY2016, mainly due to a decrease in donation in the PRC.

The decrease in finance costs from RMB3.2 million in FY2015 to RMB2.9 million in FY2016 was attributable to a decrease in interest expenses because of repayment of bank and other loans during the financial year.

Share of results of joint ventures decreased from RMB1.2 million in FY2015 to RMB916,000 in FY2016, mainly due to a decrease in expenses incurred by joint ventures.

The share of results of associates increased to RMB408,000 in FY2016 from nil in FY2015, mainly due to the share of result of an associate in respect of an investment in equity interest of the said associate (the "Associate") in the financial year. Please refer to the announcement dated 27 November 2015 in relation to the entering into of a subscription agreement ("Subscription Agreement") for the investment details. Please also refer to the details in relation to interests in associates on page 15 for more information.

Income tax expense decreased from RMB58.3 million in FY2015 to RMB47.1 million in FY2016. The lower income tax is mainly attributable to an overprovision of the PRC Land Appreciation Tax ("LAT") in prior years as well as a lower provision of LAT in FY2016 in line with higher proportion of turnover in FY2016 recognized from handover of ordinary residential properties in which under exemption of LAT payment. The decrease in LAT was mainly offset by the increase in deferred tax liabilities in respect of fair value gain in investment properties and as a result, a decrease of 19.3% in income tax expense was noted.

As a result of the foregoing factors, the Group recorded an increase of 56.6% profit after tax of RMB111.4 million in FY2016 from RMB71.1 million in FY2015.

Exchange differences on translation of financial statements of foreign operations decreased from a gain of RMB1.9 million in FY2015 to a loss of RMB11.8 million in FY2016. The decrease was mainly due to the depreciation of RMB against Hong Kong Dollar ("HKD") during the financial period that resulted in a translation loss of the Group's subsidiaries which were denominated in HKD.

As a cumulative effect of the above factors, the Group recorded a total comprehensive income for the year of RMB99.6 million in FY2016, compared to a total comprehensive income for the year of RMB73.0 million in FY2015.

FINANCIAL POSITION

As at 31 March 2016, property, plant and equipment of the Group amounted to RMB80.2 million, compared to RMB29.1 million as at 31 March 2015. The increase was mainly attributable to the transfer of properties occupied by the Group to property, plant and equipment during the financial year.

FINANCIAL REVIEW

As at 31 March 2016, the Group had investment properties of RMB513.3 million, compared to RMB405.7 million as at 31 March 2015. The increase mainly comprised net fair value gain of the Group's investment properties derived from the transfer of properties to the Group's investment properties during the financial year.

Investment property held for sale decreased from RMB7.1 million as at 31 March 2015 to nil as at 31 March 2016 due to the completion of transfer of title of the investment property to the customer during the financial year.

Interests in joint ventures increased from RMB184.7 million as at 31 March 2015 to RMB185.3 million as at 31 March 2016. The increase was mainly attributable to a cash advance to a joint venture.

Despite a share of result of RMB408,000 which was recognized in FY2016, interests in associates increased from nil as at 31 March 2015 to RMB6.1 million as at 31 March 2016. The increase was mainly attributable to the investment cost in the equity interests of the Associate during the financial year. According to the Subscription Agreement, the Group was granted an option to resell the entire equity interests of the said Associate and there was also a contingent consideration receivable which were measured at fair value and recorded as financial assets at fair value through profit or loss.

Non-current assets relating to the financial assets at fair value through profit or loss of RMB4.8 million as at 31 March 2016 was mainly attributable to the option granted to resell the entire equity interests of the said Associate and the contingent consideration receivable in relation to the investment in equity interests of the said Associate during the financial year. There were no non-current assets relating to financial assets at fair value through profit or loss in FY2015.

Current assets relating to the financial assets at fair value through profit or loss included listed equity securities in Hong Kong and the PRC. Current assets relating to the financial assets at fair value through profit or loss decreased to RMB3.0 million as at 31 March 2016 from RMB7.4 million as at 31 March 2015. The decrease was mainly attributable to the fair value loss recognised during the financial year.

The Group's properties held under development decreased by RMB64.8 million from RMB2.29 billion as at 31 March 2015 to RMB2.22 billion as at 31 March 2016. The decrease was mainly attributable to the net effect of re-classification of certain properties of Yichun Royal Lake City Phase 2 which were completed and transferred to properties held for sale during the financial period, as well as progress in the construction of projects such as Huzhou Hua Cui Ting Yuan Phase 2, Nanchang Sino Harbour Kaixuan City Phase 1 and Huzhou Run Yuan Project Phase 1.

Properties held for sale increased from RMB733.3 million as at 31 March 2015 to RMB762.1 million as at 31 March 2016, mainly due to the re-classification of certain properties of Yichun Royal Lake City Phase 2 and Nanchang Sino Harbour Kaixuan City Phase 1 which were completed and transferred from properties held under development during the financial period.

Accounts receivable increased from RMB2.4 million as at 31 March 2015 to RMB3.2 million as at 31 March 2016, mainly due to the receivable for the delivery of Fuzhou Hua Cui Ting Yuan residential units.

The Group's prepayments and other receivables increased from RMB485.6 million as at 31 March 2015 to RMB588.3 million as at 31 March 2016. The increase was mainly due to the net effect of the deposit paid for acquisition of land use rights in Huzhou City, Zhejiang Province, the PRC, and the partial settlement of receivable arising from the disposal of six parcels of land located in Huzhou City, Zhejiang Province, the PRC.

Tax recoverable of RMB32.6 million as at 31 March 2016 was mainly attributable to prepayment of PRC LAT and corporate income tax during the financial year.

Long-term and short-term pledged deposits decreased from RMB449.4 million as at 31 March 2015 to RMB407.9 million as at 31 March 2016. Structured bank deposits decreased from RMB154.0 million as at 31 March 2015 to nil as at 31 March 2016. The decreases were mainly due to the decrease in deposits pledged against and secured for the bank and other loans to the Group.

Accounts and bill payables decreased from RMB69.4 million as at 31 March 2015 to RMB54.5 million as at 31 March 2016 due to an increase in settlement of amounts payable to suppliers for construction costs incurred in respect of the Group's properties held under development and properties held for sale.

Accruals, receipts in advance and other payables increased from RMB1.11 billion as at 31 March 2015 to RMB1.45 billion as at 31 March 2016. Accruals, receipts in advance and other payables mainly comprised 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 deposits by the contractors as at 31 March 2016. The increase in accruals, receipts in advance and other payables was mainly due to the increase in advance receipts from the customers of Huzhou Hua Cui Ting Yuan Phase 2, Nanchang Sino Harbour Kaixuan City Phase 1 and Huzhou Run Yuan Project Phase 1.

Amounts due to related parties decreased from RMB116.6 million as at 31 March 2015 to RMB30.2 million as at 31 March 2016. The decrease was mainly attributable to repayment of cash advance from a related company, Pan Hong Company Limited.

As at 31 March 2016, the Group had total borrowings of RMB1.08 billion, a decrease from RMB1.52 billion as at 31 March 2015, mainly due to repayment of bank and other borrowings during the period.

Of these borrowings, bank and other loans of approximately RMB349.2 million were secured by deposits of RMB346.9 million which were classified as "Long-term pledged deposits" and "Pledged deposits" as at 31 March 2016.

Based on the Group's total equity of RMB2.19 billion and deposit collateral of RMB346.9 million, the Group recorded a net gearing ratio (total bank and other loans less deposit collateral/total equity) of 33.6% as at 31 March 2016, compared to 47.9% as at 31 March 2015.

Deferred tax liabilities increased to RMB75.9 million as at 31 March 2016 from RMB57.7 million as at 31 March 2015, mainly due to the provision of deferred tax liabilities in respect of fair value gain of investment properties.

FINANCIAL REVIEW

In FY2016, the Group recorded RMB312.4 million of net cash generated from operating activities which was mainly attributable to the increase in advance receipts from customers for pre-sale of properties.

Net cash generated from investing activities in FY2016 amounted to RMB182.2 million, mainly due to the decrease in pledged deposits and structured bank deposits.

Net cash used in financing activities in FY2016 amounted to RMB582.9 million, mainly due to repayment of borrowings.

As at 31 March 2016, the Group had cash and cash equivalents of RMB221.8 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 our Executive Director on 14 August 2006 and was last re-elected on 30 July 2015. 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（內蒙古海勃灣礦務局）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（內蒙古烏海市國税局）. She later joined 999 Huzhou Pharmaceutical Company（三九湖州藥業）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（內蒙古煤炭工業學校）in 1982 with a degree in Financial Accounting, and from the Inner Mongolia Broadcast and Television University（內蒙古廣播電視大學）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. Wong Ching was appointed as our Executive Director on 14 August 2014 and was last re-elected on 30 July 2015. 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. Mr. Wong is the co-founder and managing director of Shanghai Van Capital Investment Management Limited and he was working in Deloitte Hong Kong from 2009 to 2012.

Mr. Chan Kin Sang is our Non-Executive and Non-Independent Director. He was appointed to our Board on 14 August 2006 and was last re-elected on 30 July 2015. 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 is currently an independent non-executive director of another Singapore listed company, namely Luxking Group Holdings Limited and six Hong Kong listed companies, namely China Fortune Financial Group Limited, China Precious Metal Resources Holdings Co., Ltd., China Taifeng Beddings Holdings Limited, Runway Global Holdings Company Limited, Tianjin TEDA Biomedical Engineering Company Limited and Tianhe Chemicals Group Limited. Mr. Chan is also a non-executive director of Combest Holdings Limited which is listed in Hong Kong, and a director of Guanghe Landscape Culture Communication Co., Ltd., ShanXi which is listed on the Shanghai Stock Exchange. For the past 3 years, Mr. Chan also held directorships in People's Food Holdings Limited, a public company which had been delisted from the Singapore Exchange Securities Trading Limited and in the following Hong Kong listed companies, namely United Pacific Industries Limited and Pacific Plywood Holdings Limited.

BOARD OF DIRECTORS

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 2015. 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 our 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 (A-HTRUST) 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.

Dr. Zheng Haibin is our Independent Director. He was appointed to our Board on 14 August 2006 and was last re-elected on 30 July 2015. 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 MANAGEMENT PERSONNEL

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 (浙江省物資局化工輕工總公司) 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. (中國化工建設浙江物化有限公司). He then became Trading Manager of both Huzhou Jinquan Trading Co., Ltd. (湖洲金泉貿易有限公司) as well as Huzhou Yiyuan Trading Co., Ltd. (湖洲怡源有限公司), from 1998 to 2002. He subsequently joined Huzhou Longhai Biological Pharmaceutical Co. Ltd. (湖洲龍海生物藥業有限公司) as the Assistant General Manager before joining our Group in 2004. Mr. Wang graduated from Zhejiang University of Technology (浙江工業大學) 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 (浙江省學位委員會) in 2000. Mr. Wang was also certified as an Economist by the Zhejiang Provincial Bureau of Materials (浙江省物資局) 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. (杭州機床廠) where he rose to become Head of the Supply and Marketing Department. In 1988, he joined Hangzhou City Jiang Ping Sales and Trading Centre (杭州市江平供銷貿易中心) 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 (浙江廣播電視大學) 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 (南潯建築工程公司). 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 (浙江川菱電器有限公司) as Chief of the Infrastructure Department before leaving to take up the concurrent positions as General Manager of Nanxun Municipal Main Company (南潯市政總公司) and an assistant supervisor in the Nanxun Economic Development Zone Construction Office (南潯經濟開發區建設辦公室) 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 (重慶大學) in 2008, majoring in Engineering and he was certified as an Engineer by the Huzhou Municipal Bureau of Urban Construction (湖洲市城建局) in the same year. Aside from these positions, Mr. Zhang is also a member of the Fifth and Sixth Huzhou Municipal Political Committee (湖洲市第五屆及第六屆政治協商委員會) as well as a member of the First and Second Nanxun District Industry and Commerce Standing Committee (第一屆及第二屆南潯區工商聯常務委員).

KEY MANAGEMENT PERSONNEL

Mr. Fok Ka Ki joined our Group as the Group Financial Controller and Company Secretary on 31 July 2015. He is responsible for the Group's finance and accounting functions, and statutory compliance and corporate governance of the Group. Before joining the Group, he was working in Deloitte Touche Tohmatsu Hong Kong from 2008 to 2015. Mr. Fok graduated from the City University of Hong Kong with a Bachelor of Business Administration (Honours) in Accountancy. Mr. Fok is also an associate member of the Hong Kong Institute of Certified Public Accountants.

None of our key management personnel are related to each other or to any of our Directors or substantial shareholders.

None of our key management personnel 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 Holdings 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;

(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 facilitate effective management and assist the Board in executing its responsibilities and to enhance 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 accepts that while these Board Committees with the delegated power to make decisions, execute actions or make recommendations in their specific areas respectively and will report back to the Board with their decisions and/or recommendations, the ultimate responsibility for the 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 Committees' 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 any matters which is likely to have a material impact on the Group's operating units and/or financial positions 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.

Details of Board and Board committees meetings held in respect of the financial year ended 31 March 2016 ("FY2016") are summarised in the table below:

Meeting	Board of Directors	AC	NC	RC
Total meetings held in FY2016	4	4	1	1
Name of Director	**Attended**	**Attended**	**Attended**	**Attended**
Mr. Wong Lam Ping	3/4	N.A.	1/1	N.A.
Ms. Wang Cuiping	3/4	N.A.	N.A.	N.A.
Mr. Wong Ching	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	4/4	N.A.	N.A.	1/1

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 Cuiping	(Executive Director)	–	–	–
Mr. Wong Ching	(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. Chan Chun Kit	(Executive Director)	–	–	–

[1] Mr. Chan Chun Kit resigned as an Executive Director, Company Secretary and Group Financial Controller on 31 July 2015.

C – Chairman
M – Member

As at the date of this report, the Board comprises three 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.

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 seven 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.

The information on Directors' position, date of initial appointment, date of last re-election and directorships/chairmanships held by the Company's Directors in other listed companies are as follows:–

[1]Name of Director	Position	Date of Initial Appointment	Date of Last Re-election	Directorships in other listed companies: Current	Directorships in other listed companies: Past 3 Years
Mr. Wong Lam Ping	Executive Chairman	3 January 2006	30 July 2013	Nil	Nil
Ms. Wang Cuiping	Executive Director	14 August 2006	30 July 2015	Nil	Nil
Mr. Wong Ching	Executive Director	14 August 2014	30 July 2015	Nil	Nil
Mr. Sim Wee Leong	Lead Independent Director	14 August 2006	30 July 2015	Nil	Nil
Dr. Choo Kian Koon	Independent Director	14 August 2006	30 July 2013	(i) Ascendas Hospitality Trust (A-HTRUST)[3]	Nil
Dr. Zheng Haibin	Independent Director	14 August 2006	30 July 2015	Nil	Nil
Mr. Chan Kin Sang	Non-Executive and Non-Independent Director	14 August 2006	30 July 2015	(i) Luxking Group Holdings Limited (ii) Tianjin TEDA Biomedical Engineering Company Limited[2] (iii) Tianhe Chemicals Group Limited[2] (iv) China Fortune Financial Group Limited[2] (v) Runway Global Holdings Company Limited[2] (vi) China Precious Metal Resources Holdings Co., Ltd.[2] (vii) China Taifeng Beddings Holdings Limited[2] (viii) Combest Holdings Limited[2] (ix) Guanghe Landscape Culture Communication Co., Ltd., ShanXi[4]	(i) United Pacific Industries Limited[2] (ii) Pacific Plywood Holdings Limited[2] (iii) People's Food Holdings Limited

(1) The principal commitment of the Directors, if any, and other key information regarding the Directors are set out in the "Board of Directors" section in this Annual Report

(2) Listed on The Stock Exchange of Hong Kong Limited

(3) A-HTRUST is a stapled group comprising Ascendas Hospitality Real Estate Investment Trust (A-HREIT) and Ascendas Hospitality Business Trust (A-HBT). A-HREIT is managed by Ascendas Hospitality Fund Management Pte. Ltd. and A-HBT is managed by Ascendas Hospitality Trust Management Pte. Ltd.

(4) Listed on the Shanghai Stock Exchange

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 guideline 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.

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 guidelines 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 FY2016, 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

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.

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.

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.

For FY2016, the NC had reviewed the independence of the Board members with reference to the guidelines set out in the Code. All the Independent Directors, namely, Dr. Choo Kian Koon, Mr. Sim Wee Leong and Dr. Zheng Haibin have served on the Board beyond nine years from the date of their first appointment. In addition to the Confirmation of Independence forms submitted by Dr. Choo Kian Koon, Mr. Sim Wee Leong and Dr. Zheng Haibin, the NC has conducted a rigorous review of their independence and contributions to the Board to determine if they still remain independent and carry out their duties objectively. The review included but was not limited to the completion of a questionnaire of their independence with a mixture of close-ended and open-ended questions in respect of whether there are any conflicts of interest or relationship that is/are likely to affect their independence; whether they continue to express his views objectively and seek clarification and amplification when deemed necessary; whether they continue to debate issues objectively; whether they continue to scrutinize and challenge Management on important issues raised at meetings and whether they are able to bring judgement to bear in the discharge of his duties as a Board member and committee member. The questionnaire was completed by each of the Director concerned.

The Board concurred with the NC's view that they are independent in character and judgement, there were no circumstances which would likely affect or appear to affect their judgement and that they are free from any relationships outlined in the Code. The Board acknowledges their combined strength of characters, objectivity and wealth of useful and relevant experience bring themselves to continue effectively as Independent Directors. The Board also acknowledges and recognises the benefits of the experience and stability brought by these long-serving Independent Directors. In the determination of Mr. Sim, Dr. Choo and Dr Zheng's independence, they have excused themselves respectively when it comes to the deliberation and determination of their own independence.

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.

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.

The NC having considered the attendance and participation of Mr. Wong Lam Ping and Dr. Choo Kian Koon 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 pursuant to Bye-law 86(1) of the Company's Bye-laws at the forthcoming AGM.

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 participated 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 FY2016 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.

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 contacts of service, if any, would entail in the event of termination with a view to be fair and reasonable and avoid rewarding poor performance.

(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 FY2016, 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.

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 2017, 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 2016 is set out below:

Directors' Remuneration

Name of director	Fees	(a)Fixed Component	(b)Variable Component	Benefits in Kind	Other Long Term Incentives	Total
	%	%	%	%	%	%
S$250,000 and below						
Mr. Wong Lam Ping (1) (2)	–	93	6	1	–	100
Ms. Wang Cuiping	–	81	19	–	–	100
Mr. Chan Chun Kit(3)	–	97	–	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 2016.

(b) Variable Component refers to variable or performance related bonus paid in the financial year ended 31 March 2016.

(1) Mr. Wong Ching is the son of Mr. Wong Lam Ping. 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.

(3) Mr. Chan Chun Kit resigned as an Executive Director, Group Financial Controller and Company Secretary on 31 July 2015.

Remuneration of Top 4 Key Management Personnel

Name of key management personnel	[a]Fixed Component %	[b]Variable Component %	Benefits in Kind %	Other Long Term Incentives %	Total %
S$250,000 and below					
Mr. Wang Yinjian	82	15	3	–	100
Mr. Xu Guangquan	60	40	–	–	100
Mr. Zhang Ning	67	14	19	–	100
[1]Mr. Fok Ka Ki	91	6	3	–	100

(a) Fixed Component refers to base salary and Annual Wage Supplement, if applicable, for the financial year ended 31 March 2016.

(b) Variable Component refers to variable or performance related bonus paid in the financial year ended 31 March 2016.

1 Mr. Fok Kai Ki was appointed as the Group Financial Controller and Company Secretary on 31 July 2015.

Notwithstanding Guideline 9.1 of the Code, as there were only 4 key management personnel during the financial year ended 31 March 2016, disclosure was only made in respect of the remuneration of these 4 key management personnel of the Group.

The aggregate remuneration paid to the top four key management personnel is approximately S$184,224.

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 2016 are set out below:–

	Name of Immediate Family Member
Below S$250,000 and above S$200,000	*Ms. Chan Heung Ling (spouse of Mr. Wong Lam Ping, the Executive Chairman and CEO)
Below S$200,000 and above S$150,000	Mr. Wong Lui (Son of Mr. Wong Lam Ping, the Executive Chairman and CEO)

* 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 2016 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 2016.

(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 in any material aspect. 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 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 FY2016, no exceptions were noted. The AC will review the internal auditor's comments and findings and ensure that are adequate and effective internal controls in the Group and follow up on actions implemented.

In line with the Code, the AC, with the concurrence of the Board, had adopted a Management Assurance Confirmation Statement ("Management Assurance Statement"). For FY2016, the Executive Chairman and CEO and the Group Financial Controller had provided a Management Assurance Statement confirming that:

(i) the financial records have been properly maintained and the financial statements give a true and fair view of the Company'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 FY2016.

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.

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;

(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 FY2016.

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 FY2016, the AC had:

(i) held 4 meetings in the financial year with Management 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 FY2016. The Audit fees amounting to RMB1,389,000 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.

(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 91 to 96 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 FY2016, 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 will be 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.

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 conduct its votings in general meetings by poll where shareholders are accorded rights proportionate to the shareholding and all votes are counted. The Board believes that this 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 FY2016, the Board has recommended the payment of a first and final dividend of S$0.015 per share (tax not applicable), subject to the Shareholders' approval at the forthcoming Annual General Meeting to be held on 29 July 2016.

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.

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.

It was noted that 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.

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*	RMB1,353,065 (equivalent to approximately S$282,979)	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 balance was unsecured, interest rate at 3% p.a. and repayable on demand or on before 26 February 2015 and was extended for another year to 26 February 2016. Total interest payable to Pan Hong Company Limited amounted to RMB1,353,065 in FY2016. 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 mentioned loan was repaid in FY2016.

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

MATERIAL CONTRACTS

As at 27 October 2011, the substantial shareholders of the Company, namely Extra Good Enterprises Limited, 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 2016.

DIRECTORS' REPORT

The Directors present their report to the members together with the audited consolidated financial statements of Pan Hong Holdings Group Limited (the "Company") and its subsidiaries (collectively known as the "Group") for the financial year ended 31 March 2016 ("FY2016").

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)*
Wong Ching *(Executive Director)*

In accordance with the Company's Bye-laws, Mr. Wong Lam Ping and Dr. Choo Kian Koon 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 01.04.2015	**At 21.04.2016 and 31.03.2016**	**At 01.04.2015**	**At 21.04.2016 and 31.03.2016**
Ordinary shares				
Wong Lam Ping *(Executive Chairman)* [1]	20,952,194	20,952,194	302,443,300	302,443,300
Sim Wee Leong *(Lead Independent Director)*	–	–	–	–
Choo Kian Koon *(Independent Director)*	–	–	–	–
Zheng Haibin *(Independent Director)*	–	–	–	–
Chan Kin Sang *(Non-Executive and Non-Independent Director)*	–	–	–	–
Wang Cuiping *(Executive Director)*	689,900	689,900	–	–
Wong Ching *(Executive Director)*	–	–	–	–
Chan Chun Kit *(Executive Director)* [2]	–	– [2]	–	– [2]

[1] Wong Lam Ping and Chan Heung Ling hold 52% and 48% of the issued share capital of Extra Good Enterprises Limited ("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.

[2] Chan Chun Kit resigned as an Executive Director of the Company on 31 July 2015.

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 27 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 FY2016 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 of the internal controls and internal audit during FY2016 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 2016.

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 Limited, 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.

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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 2016.

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	**Wang Cuiping**
Director	*Director*

30 June 2016

DIRECTORS' OPINION STATEMENT

We, Wong Lam Ping and Wang Cuiping, 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 133, 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 2016 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	**Wang Cuiping**
Director	*Director*

30 June 2016

FINANCIAL SECTION

CONTENTS

Expressed in Renminbi ("RMB")

INDEPENDENT JOINT AUDITORS' REPORT

To the shareholders of Pan Hong Holdings Group Limited 汎港控股集團有限公司
(Formerly known as Pan Hong Property Group Limited 汎港地產集團有限公司)
(incorporated in Bermuda with limited liability)

We have audited the financial statements of Pan Hong Holdings Group Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 50 to 133, which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 March 2016, 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 FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of 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 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the 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 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 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 2016, 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
600 North Bridge Road
#23-01 Parkview Square
Singapore 188778

30 June 2016

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

30 June 2016

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March 2016

	Notes	Group 2016 RMB'000	2015 RMB'000
Revenue	5	**606,416**	505,224
Cost of sales		**(525,704)**	(369,020)
Gross profit		**80,712**	136,204
Other income and other gains and losses	6	**164,592**	67,472
Selling and distribution expenses		**(29,183)**	(25,049)
Administrative expenses		**(53,462)**	(44,535)
Other operating expenses		**–**	(230)
Operating profit		**162,659**	133,862
Finance costs	7	**(2,895)**	(3,233)
Share of results of joint ventures		**(916)**	(1,219)
Share of results of associates		**(408)**	–
Profit before income tax	8	**158,440**	129,410
Income tax expense	9	**(47,073)**	(58,307)
Profit for the year		**111,367**	71,103
Other comprehensive income, net of tax			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of foreign operations		**(11,767)**	1,915
Other comprehensive income for the year		**(11,767)**	1,915
Total comprehensive income for the year		**99,600**	73,018
Profit for the year attributable to:			
Owners of the Company		**80,533**	50,965
Non-controlling interests		**30,834**	20,138
		111,367	71,103
Total comprehensive income attributable to:			
Owners of the Company		**70,087**	52,496
Non-controlling interests		**29,513**	20,522
		99,600	73,018
Earnings per share for profit attributable to the owners of the Company during the year (in RMB cents):			
– Basic and diluted	11	**15.72**	9.95

STATEMENTS OF FINANCIAL POSITION

as at 31 March 2016

	Notes	Group 31 March 2016 RMB'000	Group 31 March 2015 RMB'000	Company 31 March 2016 RMB'000	Company 31 March 2015 RMB'000
ASSETS AND LIABILITIES					
Non-current assets					
Property, plant and equipment	*12*	**80,249**	29,117	**–**	–
Investment properties	*13*	**513,254**	405,654	**–**	–
Investments in subsidiaries	*15*	**–**	–	**564,060**	564,060
Interests in joint ventures	*16*	**185,264**	184,654	**–**	–
Interests in associates	*17*	**6,087**	–	**–**	–
Other financial assets	*18*	**20,000**	20,000	**20,000**	20,000
Financial assets at fair value through profit or loss	*25*	**4,778**	–	**–**	–
Long-term pledged deposits	*26*	**246,900**	100,000	**–**	–
Deferred tax assets	*19*	**25,164**	25,164	**–**	–
		1,081,696	764,589	**584,060**	584,060
Current assets					
Properties held under development	*20*	**2,220,453**	2,285,262	**–**	–
Properties held for sale	*21*	**762,084**	733,296	**–**	–
Accounts receivable	*22*	**3,151**	2,361	**–**	–
Prepayments and other receivables	*23*	**588,331**	485,570	**110**	110
Amounts due from subsidiaries	*24*	**–**	–	**258,893**	260,838
Financial assets at fair value through profit or loss	*25*	**2,962**	7,364	**–**	–
Tax recoverable		**32,560**	–	**–**	–
Structured bank deposits	*26*	**–**	154,000	**–**	–
Pledged deposits	*26*	**160,960**	349,403	**–**	–
Cash and bank balances	*26*	**221,753**	309,501	**131**	132
		3,992,254	4,326,757	**259,134**	261,080
Non-current assets held for sale					
Investment property held for sale	*14*	**–**	7,050	**–**	–
		3,992,254	4,333,807	**259,134**	261,080
Current liabilities					
Accounts and bill payables	*27*	**54,478**	69,413	**–**	–
Accruals, receipts in advance and other payables	*28*	**1,452,394**	1,108,757	**269**	255
Provision for tax		**195,017**	182,379	**–**	–
Amounts due to related parties	*24*	**30,239**	116,598	**248,646**	248,350
Bank and other loans	*29*	**514,370**	848,141	**–**	–
		2,246,498	2,325,288	**248,915**	248,605
Net current assets		**1,745,756**	2,008,519	**10,219**	12,475
Total assets less current liabilities		**2,827,452**	2,773,108	**594,279**	596,535

STATEMENTS OF FINANCIAL POSITION

as at 31 March 2016

		Group		Company	
		31 March 2016	31 March 2015	**31 March 2016**	31 March 2015
	Notes	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Non-current liabilities					
Bank and other loans	*29*	**566,009**	667,500	**–**	–
Deferred tax liabilities	*19*	**75,903**	57,690	**–**	–
		641,912	725,190	**–**	–
Net assets		**2,185,540**	2,047,918	**594,279**	596,535
EQUITY					
Equity attributable to the Company's owners					
Share capital	*30*	**313,446**	313,446	**313,446**	313,446
Reserves	*31*	**1,287,266**	1,212,076	**280,833**	283,089
		1,600,712	1,525,522	**594,279**	596,535
Non-controlling interests		**584,828**	522,396	**–**	–
Total equity		**2,185,540**	2,047,918	**594,279**	596,535

Wong Lam Ping
Director

Wang Cuiping
Director

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 March 2016

	Notes	Group 2016 RMB'000	2015 RMB'000
Cash flows from operating activities			
Profit before income tax		**158,440**	129,410
Adjustments for:			
Interest income	*6*	**(15,502)**	(10,278)
Interest expense	*7*	**2,895**	3,233
Depreciation of property, plant and equipment	*12*	**4,151**	2,089
Loss/(gain) on disposal of property, plant and equipment	*6*	**14**	(53)
Share of results of associates		**408**	–
Share of results of joint ventures		**916**	1,219
Net fair value loss/(gain) for financial assets at fair value through profit or loss	*6*	**4,402**	(626)
Fair value adjustment on investment properties	*6*	**(72,852)**	(36,971)
Operating profit before working capital changes		**82,872**	88,023
Decrease/(increase) in properties held under development and properties held for sale		**112,149**	(444,163)
Increase in accounts and other receivables and prepayments		**(181,919)**	(90,551)
Increase in financial assets at fair value through profit or loss		**–**	(589)
Increase in accounts and bill payables, other payables, accruals and receipts in advance		**332,538**	421,322
Cash generated from/(used in) operations		**345,640**	(25,958)
Interest received		**15,502**	13,265
Income taxes paid		**(48,782)**	(34,674)
Net cash generated from/(used in) operating activities		**312,360**	(47,367)

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 March 2016

	Notes	Group 2016 RMB'000	2015 RMB'000
Cash flows from investing activities			
Purchases of property, plant and equipment		**(3,925)**	(2,215)
Proceeds from disposals of property, plant and equipment		**121**	536
Proceeds from disposal of investment properties		**3,214**	–
Advance to a joint venture		**(1,526)**	(3,436)
Acquisition of an associate		**(6,495)**	–
Purchase of financials assets at fair value through profit or loss		**(4,778)**	–
Increase in prepayments and other receivables		**–**	(23,097)
Decrease/(increase) in structured bank deposits		**154,000**	(154,000)
Decrease in pledged deposits with original maturity over three months		**41,543**	175,792
Net cash generated from/(used in) investing activities		**182,154**	(6,420)
Cash flows from financing activities			
Proceeds from shares issued to non-controlling interests by subsidiary		**40,820**	–
Share issue expenses		**(2,798)**	–
(Repayment to)/advance from a related party		**(87,443)**	18,396
Proceeds from new borrowings		**630,986**	607,660
Repayment of borrowings		**(1,076,646)**	(248,449)
Interest paid		**(87,774)**	(90,041)
Net cash (used in)/generated from financing activities		**(582,855)**	287,566
Net (decrease)/increase in cash and cash equivalents		**(88,341)**	233,779
Effect of foreign exchange difference		**593**	1,486
Cash and cash equivalents at beginning of the year		**309,501**	74,236
Cash and cash equivalents at end of the year	*26*	**221,753**	309,501

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2016

	Equity attributable to owners of the Company											
	Share capital RMB'000	Treasury shares RMB'000	Share premium RMB'000	Merger reserve RMB'000	Statutory reserve RMB'000	Capital reserve RMB'000	Other reserve RMB'000	Exchange reserve RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 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 and 1 April 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
Transaction with owners												
Deemed disposal of subsidiaries arisen from shares placement of a subsidiary	–	–	–	–	–	–	4,911	192	–	5,103	32,919	38,022
Profit for the year	–	–	–	–	–	–	–	–	80,533	80,533	30,834	111,367
Other comprehensive income												
Exchange differences on translation of financial statements of foreign operations	–	–	–	–	–	–	–	(10,446)	–	(10,446)	(1,321)	(11,767)
Total comprehensive income for the year	–	–	–	–	–	–	–	(10,446)	80,533	70,087	29,513	99,600
Transfer to statutory reserves	–	–	–	–	3,947	–	–	–	(3,947)	–	–	–
At 31 March 2016	313,446	(12,817)	203,250	(2,243)	88,385	3,838	87,128	(12,580)	932,305	1,600,712	584,828	2,185,540

1. GENERAL INFORMATION

Pan Hong Holdings 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.

Pursuant to a special resolution passed at the special general meeting of the Company held on 9 September 2015, the shareholders of the Company approved to change the Company's name from "Pan Hong Property Group Limited" to "Pan Hong Holdings Group Limited" and the mandarin translation "汎港控股集團有限公司" as a secondary of the Company". The change of the Company's name became effective on 9 September 2015.

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 133 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 consolidated financial statements of the Group and statement of financial position of the Company for the year ended 31 March 2016 were approved for issue by the board of directors ("Directors") on 30 June 2016.

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 2015.

Annual Improvements 2010-2012 Cycle
Annual Improvements 2011-2013 Cycle

The adoption of the new IFRSs has no material impact on the Group's financial statements.

2. ADOPTION OF NEW OR AMENDED IFRSs (Continued)

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:

Annual Improvements 2012-2014 Cycle[1]	
Amendments to IAS 1	Disclosure Initiative[1]
Amendments to IAS 16 and 38	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
Amendments to IAS 27	Equity Method in Separate Financial Statements[1]
Amendments to IFRS 15	Clarification to Revenue from Contracts with Customers[2]
IFRS 9 (2014)	Financial Instruments[2]
IFRS 15	Revenue from Contracts with Customers[2]
IFRS 16	Leases[3]

1 Effective for annual periods beginning on or after 1 January 2016
2 Effective for annual periods beginning on or after 1 January 2018
3 Effective for annual periods beginning on or after 1 January 2019

Amendments to IAS 1 – Disclosure Initiative

The amendments are designed to encourage entities to use judgement in the application of IAS 1 when considering the layout and content of their financial statements.

An entity's share of other comprehensive income from equity accounted interests in associates and joint ventures will be split between those items that will and will not be reclassified to profit or loss, and presented in aggregate as a single line item within those two groups.

Amendments to IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to IAS 16 prohibit the use of a revenue-based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce a rebuttable presumption that amortisation based on revenue is not appropriate for intangible assets. This presumption can be rebutted if either the intangible asset is expressed as a measure of revenue or revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

Amendments to IAS 27 – Equity Method in Separate Financial Statements

The amendments allow an entity to apply the equity method in accounting for its investments in subsidiaries, joint ventures and associates in its separate financial statements.

2. ADOPTION OF NEW OR AMENDED IFRSs (Continued)

IFRS 9 (2014) – Financial Instruments

IFRS 9 "Financial instruments" (2014) adds to the existing IFRS 9. IFRS 9 (2014) introduces new impairment requirements for all financial assets that are not measured at fair value through profit or loss and amendments to the previously finalised classification and measurement requirements.

A new "expected loss" impairment model in IFRS 9 (2014) replaces the "incurred loss" model in IAS 39 Financial Instruments: Recognition and Measurement. For financial assets at amortised cost or fair value through other comprehensive income, an entity will now always recognise (at a minimum) 12 months of expected losses in profit or loss. For trade receivables, there is a practical expedient to calculate expected credit losses using a provision matrix based on historical loss patterns or customer bases.

IFRS 9 (2014) also introduces additional application guidance to clarify the requirements for contractual cash flows of a financial asset to give rise to payments that are Solely Payments of Principal and Interest ("SPPI"), one of the two criteria that need to be met for an asset to be measured at amortised cost.

A third measurement category has also been added for debt instruments – fair value through other comprehensive income which applies to debt instruments that meet the SPPI contractual cash flow characteristic test and are held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

The Group currently accounts for its investments in unlisted equity securities at cost less impairment, if any, as disclosed in note 18 to the financial statements. On the adoption of IFRS 9, the Group will be required to measure such investment in unlisted equity securities at fair value, with the difference between the previous carrying value and the fair value recognized in the opening balance of retained earnings.

IFRS 15 – Revenue from Contracts with Customers

The new standard establishes a single revenue recognition framework. The core principle of the framework 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 expects to be entitled in exchange for those goods and services. IFRS 15 supersedes existing revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations.

IFRS 15 introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to each performance obligations
- Step 5: Recognise revenue when each performance obligation is satisfied

IFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under IFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

2. ADOPTION OF NEW OR AMENDED IFRSs (Continued)

IFRS 16 – Leases

IFRS 16 eliminates the classification by a lessee of leases as either operating or finance. Instead all leases are treated in a similar way to finance leases in accordance with IAS 17. Under IFRS 16, leases are recorded on the statement of financial position by recognising a liability for the present value of its obligation to make future lease payments with an asset (comprised of the amount of the lease liability plus certain other amounts) either being disclosed separately in the statement of financial position (within right-of-use assets) or together with property, plant and equipment. The most significant effect of the new requirements will be an increase in recognised lease assets and financial liabilities.

The Group is in the process of making an assessment of the impact of these new and revised IFRSs upon initial application but is not yet in a position to state whether these new and revised IFRSs would have a significant impact on the Group's results of operations and financial position.

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 Renminbi ("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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Basis of consolidation and business combination (Continued)

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.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over those policies.

Associates are accounted for 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 associates' net assets except that losses in excess of the Group's interest in the associate are not recognised unless there is an obligation to make good those losses.

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

Any premium paid for an associate 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 associate. Where there is objective evidence that the investment in an associate has been impaired, the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.5 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.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.6 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:

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.

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.

3.7 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.8 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.

3.9 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.9 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, associates 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 3.8.

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 non-current asset is not depreciated or amortised.

3.10 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 3.12) 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 held 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.11 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.

3.12 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 is 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 3.6.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.13 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.

(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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.13 Financial assets (Continued)

(ii) Loans and receivables (Continued)

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.

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 accounts and other receivables is reduced through the use of an allowance account. When any part of accounts and other receivables is determined as uncollectible, it is written off against the allowance account.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.13 Financial assets (Continued)

(ii) Loans and receivables (Continued)

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.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.14 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.

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. Exchange differences recognised in profit or loss of Group's entities separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the foreign operation concerned are reclassified to other comprehensive income and accumulated in equity as foreign exchange reserve. 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.

3.15 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.15 Accounting for income tax (Continued)

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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.15 Accounting for income tax (Continued)

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.

3.16 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.

3.17 Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of property, plant and equipment and investments in subsidiaries, associates and a joint venture to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased.

If the recoverable amount (i.e. the greater of the fair value less costs of disposal and value in use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Value in use is based on the estimated future cash flows expected to be derived from the asset or cash generating unit, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.18 Financial liabilities

The Group's financial liabilities include accounts and bill and other payables, amounts due to related parties and 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 3.21). A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

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.

3.19 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.19 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.

3.20 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.

3.21 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.22 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.

3.23 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.

3.24 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.25 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.

3.26 Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to financial statements. Interim dividends are simultaneously proposed and declared and consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

3.27 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.27 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).

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

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

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 under development and properties held for sale upon transfer to investment properties of the Group were 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 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 held 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 2016 were approximately RMB2,220,453,000 and RMB762,084,000 respectively (2015: RMB2,285,262,000 and RMB733,296,000 respectively).

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 3.6 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.

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 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.

5. SEGMENT INFORMATION (Continued)

	Northern Region RMB'000	Southern Region RMB'000	Unallocated Expenses RMB'000	Total RMB'000
Year ended 31 March 2016				
Revenue from external customers				
Sales of properties held for sale	9,393	597,023	–	606,416
Reportable segment revenue	9,393	597,023	–	606,416
Reportable segment profit/(loss)	24,979	93,105	(6,717)	111,367
At 31 March 2016				
Reportable segment assets	1,677,634	3,396,206	–	5,073,840
Other corporate assets				110
Group assets				5,073,950
Reportable segment liabilities	(1,015,681)	(1,872,460)	–	(2,888,141)
Other corporate liabilities				(269)
Group liabilities				(2,888,410)
Other reportable segment information				
Year ended 31 March 2016				
Interest income	6,120	9,382		15,502
Interest expenses	(2,895)	–		(2,895)
Net fair value change of investment properties	899	71,953		72,852
Depreciation of property, plant and equipment	(1,630)	(2,521)		(4,151)
Net fair value loss for financial assets at fair value through profit or loss	(4,402)	–		(4,402)
Income tax expense	(17,330)	(29,743)		(47,073)
Share of results of joint ventures	–	(916)		(916)
Share of results of associates	–	(408)		(408)
Additions to non-current segment assets	4,696	110,018		114,714
At 31 March 2016				
Interests in joint ventures	–	185,264		185,264
Interests in associates	–	6,087		6,087

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

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 2016 and 2015.

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 OTHER GAINS AND LOSSES

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

	Group	
	2016	2015
	RMB'000	RMB'000
Exchange (loss)/gain, net	**(214)**	169
Land consideration premium (note 23(b))	**60,000**	–
Net fair value (loss)/gain for financial assets at fair value through profit or loss	**(4,402)**	626
Net fair value change of investment properties (note 13)	**72,852**	36,971
(Loss)/gain on disposals of property, plant and equipment	**(14)**	53
Interest income		
– from bank deposits	**13,152**	10,278
– from other receivables	**2,350**	–
	15,502	10,278
Rental income	**19,954**	18,679
Sundry income	**914**	696
	164,592	67,472

7. FINANCE COSTS

		Group	
		2016	2015
	Notes	**RMB'000**	RMB'000
Interest charges on financial liabilities stated at amortised cost:			
Bank loans	*(a)*	**54,356**	43,276
Other loans		**31,581**	48,544
		85,937	91,820
Less: amount capitalised in properties held under development	*(b)*	**(83,042)**	(88,587)
		2,895	3,233

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 2016, the interest on bank loans which contain a repayment on demand clause amounted to approximately RMB1,502,000 (2015: RMB1,454,000).

(b) The weighted average capitalisation rate of borrowings was 5.10% (2015: 7.14%) per annum for the year.

8. PROFIT BEFORE INCOME TAX

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

	Group	
	2016	2015
	RMB'000	RMB'000
Auditors' remuneration	**1,389**	1,357
Depreciation of property, plant and equipment (note 12)	**4,151**	2,089
Cost of properties held for sale recognised as expense	**491,384**	339,596
Operating lease charge in respect of land and buildings	**450**	642
Less: amount capitalised in properties held under development	**(69)**	(82)
	381	560
Outgoings in respect of investment properties that generated rental income during the year	**568**	722
Staff costs, including directors' remuneration		
– Wages and salaries	**36,856**	32,523
– Retirement benefit scheme contributions		
– defined contribution plans	**5,045**	3,221
Less: amount capitalised in properties held under development	**(12,402)**	(12,011)
	29,499	23,733
Other taxes	**8,091**	7,962

9. INCOME TAX EXPENSE

		Group	
		2016	2015
	Notes	**RMB'000**	RMB'000
Current tax – PRC			
– Enterprise income tax ("EIT")	*(a)*	**33,752**	27,283
– LAT	*(b)*	**8,440**	21,964
Overprovision in prior years			
– LAT	*(b)*	**(13,332)**	–
		28,860	49,247
Deferred income tax (note 19)		**18,213**	9,060
Total income tax expense		**47,073**	58,307

Notes:

(a) EIT has been provided on the estimated assessable profits of subsidiaries operating in the PRC at 25% (2015: 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% (2015: 5%).

(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.

9. INCOME TAX EXPENSE (Continued)

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

	Group	
	2016	2015
	RMB'000	RMB'000
Profit before income tax	**158,440**	129,410
Tax on profit before taxation, calculated at the rates applicable to profit in the jurisdiction concerned	**40,177**	33,150
Tax effect of non-taxable income	**(2,574)**	(1,451)
Tax effect of non-deductible expenses	**12,118**	7,736
Provision for LAT for the year	**8,440**	21,964
Over provision of LAT in prior years	**(13,332)**	–
Tax effect on EIT of LAT payable	**1,223**	(5,491)
Effect of withholding income tax on distributable profits of the Group's PRC subsidiaries	**1,021**	2,399
Total income tax expense	**47,073**	58,307

10. DIVIDENDS

The Directors proposed a first and final dividend of Singapore Dollar ("S$") 0.015 per ordinary share, amounting to approximately S$7,685,000 (equivalent to RMB36,733,000) for the year ended 31 March 2016, and will be submitted for formal approval by the shareholders at the forthcoming annual general meeting to be held on 29 July 2016.

The Directors did not recommend the payment of final dividend for the year ended 31 March 2015.

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 RMB80,533,000 (2015: RMB50,965,000) divided by 512,311,024 (2015: 512,311,024) 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.

12. PROPERTY, PLANT AND EQUIPMENT

Group

	Computers and other equipment RMB'000	Motor vehicles RMB'000	Leasehold interests in land RMB'000	Buildings RMB'000	Leasehold improvement RMB'000	Total RMB'000
At 1 April 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**
Year ended 31 March 2016						
Opening carrying amount	2,498	1,470	5,065	18,857	1,227	29,117
Additions	3,209	716	–	–	–	3,925
Transferred from properties held for sale (note 21)	–	–	–	51,422	–	51,422
Disposals/written off	–	(135)	–	–	–	(135)
Depreciation	(2,243)	(378)	(218)	(974)	(865)	(4,678)
Exchange difference	21	28	375	144	30	598
Closing carrying amount	**3,485**	**1,701**	**5,222**	**69,449**	**392**	**80,249**
At 31 March 2016						
Cost	8,586	7,516	8,129	72,178	2,098	98,507
Accumulated depreciation	(5,101)	(5,815)	(2,907)	(2,729)	(1,706)	(18,258)
Carrying amount	**3,485**	**1,701**	**5,222**	**69,449**	**392**	**80,249**

12. PROPERTY, PLANT AND EQUIPMENT (Continued)

Buildings held by the Group are located in the PRC and Hong Kong. At 31 March 2016, the Group's certain leasehold interests in land and buildings of approximately RMB61,601,000 (2015: RMB14,394,000) were pledged for bank and other loans (note 29) of the Group.

Depreciation charges have been included in:

	2016	2015
	RMB'000	RMB'000
Consolidated statement of financial position		
– capitalised in properties held under development	**527**	544
Consolidated statement of comprehensive income		
– selling and distribution expenses	**419**	293
– administrative expenses	**3,732**	1,796
	4,151	2,089
	4,678	2,633

During the year ended 31 March 2016, properties held for sale with a carrying value of approximately RMB51,422,000 (2015: RMB8,051,000) were transferred to property, plant and equipment as these properties were designated as their permanent offices for administrative use (note 21).

13. INVESTMENT PROPERTIES

	Group	
	2016	2015
	RMB'000	RMB'000
Carrying amount at beginning of the year	**405,654**	359,229
Transfer from properties held for sale	**59,367**	53,710
Transfer to investment property held for sale (note 14)	**–**	(7,050)
Net fair value change charged to profit or loss	**48,233**	(235)
Carrying amount at end of the year	**513,254**	405,654

The investment properties included leasehold interest in land located in the PRC with lease terms expiring from 2032 to 2047 (2015: 2032 to 2047). As at 31 March 2016, the building ownership certificates of certain investment properties of the Group with carrying amount of approximately RMB26,405,000 (2015: RMB23,578,000) 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.

13. INVESTMENT PROPERTIES (Continued)

At 31 March 2016, investment properties of approximately RMB448,326,000 (2015: RMB295,335,000) were pledged against bank and other loans of the Group (note 29); besides, building ownership certificates of certain investment properties of approximately RMB69,591,000 (2015: RMB67,933,000) were placed with the bank as custody as at 31 March 2016 (note 29).

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

During the year ended 31 March 2016, properties held for sale with carrying amount of approximately RMB34,748,000 (2015: RMB16,504,000) (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 was approximately RMB59,367,000 (2015: RMB53,710,000). The total net fair value change of investment properties of approximately RMB72,852,000 (2015: RMB36,971,000) was credited to profit or loss for the year ended 31 March 2016 (note 6).

The fair value of the investment properties at 31 March 2016 and 2015 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.

	2016 **RMB'000**	2015 RMB'000
Opening balance (level 3 recurring fair value)	**405,654**	359,229
Transfer from properties held for sale	**59,367**	53,710
Transfer to investment properties held for sale (note 14)	**–**	(7,050)
Change in revaluation of investment properties	**48,233**	(235)
Closing balance (level 3 recurring fair value)	**513,254**	405,654
Change in unrealised gains or losses for the year included in profit or loss for assets held at 31 March	**72,852**	36,971

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	Discount on quality of the property	4.1% (2015: 15.0%)	The higher the discount, the lower the fair value
Shop units in the PRC	3	Direct comparison approach	(Discount)/ premium on quality of the property	(15.5)%-5.0% (2015: (16.0)%-(2.0)%)	The higher the discount, the lower the fair value; the higher the premium, the higher the fair value
Shop units in the PRC	3	Income approach	Term yield	2.0%-7.5% (2015: 2.0%-5.0%)	The higher the term yield, the lower the fair value.
			Reversionary yield	2.5%-7.5% (2015: 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 2016 RMB'000	2015 RMB'000
Investment property (note 13)	–	7,050

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. The investment property held for sale was handed over to the customer during the year. 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.

15. INVESTMENTS IN SUBSIDIARIES

	Company 2016 RMB'000	2015 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 business	Effective percentage of equity interest held by the Company 2016	2015
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 Holdings Group Limited (formerly known as Sino Harbour Property Group Limited) ("Sino Harbour Holdings") (note (a))	Bermuda	Investment holding, Hong Kong	**73.05%**	75%
Indirectly held:				
Sino Harbour Property Holdings Limited (note (a))	BVI	Investment holding, Hong Kong	**73.05%**	75%
Sino Harbour Limited (note (a))	Hong Kong	Investment holding, Hong Kong	**73.05%**	75%
Enrich H.K. Investments Limited (note (a))	Hong Kong	Investment holding, Hong Kong	**73.05%**	75%
Sino Harbour Development Limited (notes (a))	Hong Kong	Investment holding, Hong Kong	**73.05%**	75%
Sino Africa Investment and Development Group Limited (notes (a))	Hong Kong	Investment holding, Hong Kong	**73.05%**	75%

15. INVESTMENTS IN SUBSIDIARIES (Continued)

Name	Place of incorporation/ establishment	Principal activities and place of business	Effective percentage of equity interest held by the Company 2016	2015
Indirectly held (Continued):				
Sino Harbour Development and Investment Limited (notes (a))	Hong Kong	Investment holding, Hong Kong	**73.05%**	75%
Hangzhou Ganglian Real Estate Company Limited (notes (a))	PRC	Property development, PRC	**73.05%**	75%
Capital Manager Investment Limited (notes (a))	BVI	Investment holding, Hong Kong	**73.05%**	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	**73.05%**	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")	PRC	Property development, PRC	**64%**	64%
Huzhou Hongjin Market Construction & Development Co., Limited	PRC	Property development and investment, PRC	**100%**	100%

15. INVESTMENTS IN SUBSIDIARIES (Continued)

Name	Place of incorporation/ establishment	Principal activities and place of business	Effective percentage of equity interest held by the Company 2016	2015
Indirectly held (Continued):				
Jiangxi Asia City Real Estate Development Co., Ltd. (note (a))	PRC	Property development, PRC	**73.05%**	75%
Modern China Holdings Limited	Hong Kong	Investment holding, PRC	**100%**	100%
Nanchang Liyang Decoration Limited ("Nanchang Liyang") (notes (a) and (b))	PRC	Interior and exterior decoration and furnishing, PRC	**73.05%**	75%
Nanchang Dingxun Co. Limited ("Nanchang Dingxun") (notes (a) and (c))	PRC	Property development, PRC	**40.18%**	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") (notes (a) and (d))	PRC	Property development, PRC	**37.26%**	38.25%
Huzhou Runho Import and Export Trading Limited	PRC	General trading and consultancy services, PRC	**100%**	100%
Huzhou Pan Hong Runhe Property Development Limited (note (e))	PRC	Property development, PRC	**100%**	–
Sino Harbour Bio Technology Holdings Group Limited (notes (a) and (e))	BVI	Investment holding, Hong Kong	**73.05%**	–
Sino Harbour Bio Technology Limited (notes (a) and (e))	Hong Kong	Dormant	**73.05%**	–
Sinotech International Holdings Limited (notes (a) and (e))	BVI	Investment holding, Hong Kong	**73.05%**	–
Sinotech Digital Company Limited (notes (a) and (e))	Hong Kong	Investment holding, Hong Kong	**73.05%**	–
Jiangxi Hanyun Incubator Limited (notes (a) and (e))	PRC	Corporate and investment management, PRC	**73.05%**	–

15. INVESTMENTS IN SUBSIDIARIES (Continued)

Name	Place of incorporation/ establishment	Principal activities and place of business	Effective percentage of equity interest held by the Company 2016	2015
Indirectly held (Continued):				
Shanghai Han Yun Information Technology Limited (notes (a) and (e))	PRC	Information technology development, PRC	**58.44%**	–
Jiangxi Sino Harbour Technology Limited (notes (a) and (e))	PRC	Investment holding, PRC	**73.05%**	–

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 Holdings 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 Holdings, whose shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited ("HK Stock Exchange"). Following the spin-off, the Group's shareholding in Sino Harbour Holdings Group decreased from 100% to 75%.

On 19 October 2015, Sino Harbour Holdings completed a placement of new shares to the public (the "Sino Harbour Placement"), under which the Group's shareholding in Sino Harbour Holdings Group decreased from 75% to 73.05%.

(b) 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.

(c) Nanchang Dingxun is 55% held by Sino Harbour Holdings Group. Following the Sino Harbour Placement, the Group's indirect shareholding in Nanchang Dingxun decreased from 41.25% to 40.18%.

(d) Leping City is 51% held by Sino Harbour Holdings Group. Following the Sino Harbour Placement, the Group's indirect shareholding in Leping City decreased from 38.25% to 37.26%.

(e) These companies were newly incorporated during the year ended 31 March 2016.

15. INVESTMENTS IN SUBSIDIARIES (Continued)

Notes: (Continued)

(f) Set out below are the summarised financial information for Sino Harbour Holdings 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	
	2016	2015
	RMB'000	RMB'000
Current		
Assets	**2,484,435**	3,076,132
Liabilities	**(1,351,551)**	(1,839,441)
Total net current assets	**1,132,884**	1,236,691
Non-current		
Assets	**911,771**	695,669
Liabilities	**(520,909)**	(534,411)
Total net non-current assets	**390,862**	161,258
Net assets	**1,523,746**	1,397,949
Accumulated non-controlling interests	**410,650**	349,487

Summarised statement of comprehensive income

	For the year ended 31 March	
	2016	2015
	RMB'000	RMB'000
Revenue	**597,023**	500,874
Profit before income tax	**122,848**	144,447
Income tax expense	**(29,743)**	(54,574)
Other comprehensive income	**(5,330)**	1,534
Total comprehensive income	**87,775**	91,407
Total comprehensive income allocated to non-controlling interests	**23,525**	22,852
Dividends paid to non-controlling interests	**–**	–

15. INVESTMENTS IN SUBSIDIARIES (Continued)

Notes: (Continued)

(f) (Continued)

Summarised statement of cash flows

	For the year ended 31 March	
	2016	2015
	RMB'000	RMB'000
Cash flows from operating activities		
Cash generated from operations	**114,153**	173,111
Interest received	**9,382**	10,614
Income tax paid	**(34,755)**	(29,835)
Net cash generated from operating activities	**88,780**	153,890
Cash flows from investing activities		
Purchase of property, plants and equipment	**(3,136)**	(975)
Proceeds from disposal of property, plants and equipment	**–**	536
Advance to a joint venture	**(1,526)**	(3,436)
Acquisition of an associate	**(6,495)**	–
Purchase of financial assets at fair value through profit or loss	**(4,778)**	–
Decrease/(increase) in structured bank deposits	**154,000**	(154,000)
Decrease in pledged deposits	**108,443**	144,369
Net cash generated from/(used in) investing activities	**246,508**	(13,506)
Cash flows from financing activities		
Proceeds from new borrowings	**478,559**	294,000
Repayment of borrowings	**(847,219)**	(239,841)
Proceeds from issuance of shares	**40,820**	–
Share issue expenses	**(2,798)**	–
Interest paid	**(69,154)**	(80,188)
Net cash used in financing activities	**(399,792)**	(26,029)
Net (decrease)/increase in cash and cash equivalents	**(64,504)**	114,355
Effect on foreign exchange rate, net	**370**	1,537
Cash and cash equivalents at beginning of the year	**183,660**	67,768
Cash and cash equivalent at end of the year	**119,526**	183,660

16. INTERESTS IN JOINT VENTURES

	Group	
	2016	2015
	RMB'000	RMB'000
Unlisted investment, at cost	**50,000**	50,000
Share of post-acquisition losses	**(5,168)**	(4,252)
	44,832	45,748
Amount due from a joint venture	**140,432**	138,906
	185,264	184,654

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 Hong Kong Dollar ("HK$") 2. Sino Grace 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 2016, 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% (2015: 50%)
Sino Grace	Hong Kong	General trading, HK	HK$2	50% (2015: 50%)

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 relating financial statements of Jiangxi Ganghong are set out below:

	Group	
	2016	2015
	RMB'000	RMB'000
Results for the year ended 31 March		
Income	**–**	–
Expenses	**(1,832)**	(2,438)
Loss for the year	**(1,832)**	(2,438)
Group's share of result of a joint venture for the year	**(916)**	(1,219)
Group's accumulated share of results of a joint venture	**(5,168)**	(4,252)
Assets and liabilities as at 31 March		
Non-current assets	**–**	–
Current assets	**278,693**	277,172
Current liabilities	**(189,029)**	(185,675)
	89,664	91,497
Group's share of net assets of a joint venture	**44,832**	45,748
Current financial liabilities (excluding trade and other payables and provisions)	**(189,029)**	(185,675)

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:

	2016 **RMB'000**	2015 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	**–***	–*

* Represent the amount less than RMB1,000.

At 31 March 2016, certain properties held under development of Jiangxi Ganghong amounting to approximately RMB146,253,000 (2015: RMB146,253,000) were pledge 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 2016 and 2015, neither contingent liabilities nor capital commitments are shared by the Group.

Amount due from Jiangxi Ganghong is non-trade, unsecured, interest free and is not expected to be repaid within 12 months from the reporting date, and is effectively classified as deemed investment.

17. INTERESTS IN ASSOCIATES

	Group	
	2016 **RMB'000**	2015 RMB'000
Share of net assets	**5,929**	–
Goodwill on acquisition	**158**	–
	6,087	–

17. INTERESTS IN ASSOCIATES (Continued)

Details of the associates 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
Zhejiang Davi Pharmaceutical Co., Ltd. ("Zhejiang Davi") (note (a))	PRC	Research and development, manufacturing and sale of pharmaceutical products, PRC	United States Dollars ("US$"), 6,189,104 (equivalent to RMB45,592,128)	30% (2015: nil)
Shenzhen Qianhai Guang Shang Xin He Financial Holdings Company Limited ("Shenzhen Qianhai") (note (b))	PRC	Dormant, PRC	Nil	30% (2015: nil)

Notes:

(a) In November 2015, the Group entered into a subscription agreement ("Subscription Agreement") to subscribe for 30% equity interests of the enlarged registered capital of Zhejiang Davi. Zhejiang Davi was wholly owned by a third party, Smartway Trading Limited ("Smartway").

The Group had paid up 30% equity interests of Zhejiang Davi with a consideration of RMB11,273,000 in accordance with the Subscription Agreement by cash during the year ended 31 March 2016.

Under the Subscription Agreement, Smartway would irrevocably guarantee the Group that the net profit after income tax expense per annum from Zhejiang Davi should not be less than RMB7,000,000, RMB9,000,000, or RMB11,000,000 for each of the three years ending 31 December 2016, 2017 and 2018 (collectively "Guaranteed Periods") respectively; or the total net profit after income tax expense should not be less than RMB27,000,000 for the Guaranteed Periods (collectively "Guaranteed Profit"). Contingent consideration represented amount to be received by the Group if Zhejiang Davi fails to meet the Guaranteed Profit and were recognised as financial assets at fair value through profit or loss during the year. At the acquisition date, the fair value of the contingent consideration arrangement was estimated by an independent valuer. The fair value of the contingent consideration on the acquisition date and as at 31 March 2016 was approximately RMB 3,483,000 (note 25).

The Group was also granted the right to resell entire equity interests to Smartway at a consideration equivalent to the investment cost paid by the Group plus a 13% premium amount per annum and net of any dividend received during the Guaranteed Periods. The fair value of the right to resell on the acquisition date and as at 31 March 2016 was estimated by an independent valuer as approximately RMB1,295,000 (note 25).

17. INTERESTS IN ASSOCIATES (Continued)

Notes: (Continued)

(a) (Continued)

As at 31 March 2016, the Group had a commitment of approximately RMB9,127,000 in relation to capital injection to Zhejiang Davi.

As at 31 March 2016, the Group provided corporate guarantees for bank borrowings amounting to RMB10,000,000 for Zhejiang Davi and RMB3,500,000 of a related party for Zhejiang Davi respectively. These borrowings are also guaranteed by a director of the Company and a director of Zhejiang Davi. As at 31 March 2016, the fair value of corporate guarantee provided by the Group is not material.

(b) In June 2015, the Group established Shenzhen Qianhai 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.

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.

The registered capital of Shenzhen Qianhai remains unpaid by the Group, Xing Yu, Qinghai Da Hai, Jieyang Tai Xing and Shenzhen Jia Qi Da up to the date of this report.

17. INTERESTS IN ASSOCIATES (Continued)

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

	2016 RMB'000
Assets and liabilities as at 31 March	
Current assets	**68,339**
Non-current assets	**31,724**
Current liabilities	**(80,300)**
Non-current liabilities	**–**
Net assets	**19,763**
Reconciliation to the Group's interest in an associate:	
Proportion of the Group's ownership	**30%**
Group's share of net assets of an associate	**5,929**
Goodwill on acquisition	**158**
Carrying amount of the investment	**6,087**
Other disclosures	
For the period from date of acquisition to 31 March	
Revenue	**8,292**
Loss and total comprehensive income	**(1,360)**

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

	2016 RMB'000
Share of the associate's profit and comprehensive income for the year ended 31 March	**–**
Aggregate carrying amount of the Group's interests in an associate as at 31 March	**–**

18. OTHER FINANCIAL ASSETS

	Group		Company	
	2016	2015	**2016**	2015
	RMB'000	RMB'000	**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 RMB20 million. The 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 financial assets for objective evidence of impairment and concluded that no impairment loss needs to be made.

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 (2015: 25%). The movement on the deferred tax assets/(liabilities) is as follows:

	Group		
	Deferred tax assets in respect of provision for LAT	**Deferred tax liabilities in respect of fair value change of investment properties**	**Total**
	RMB'000	RMB'000	RMB'000
At 1 April 2014	24,986	(48,452)	(23,466)
Deferred tax credited/(charged) to profit or loss	178	(9,238)	(9,060)
At 31 March 2015 and 1 April 2015	25,164	(57,690)	(32,526)
Deferred tax charged to profit or loss	–	(18,213)	(18,213)
At 31 March 2016	**25,164**	**(75,903)**	**(50,739)**

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 2015 and 2016.

Withholding rate of 5% or 10% is imposed on dividends distributed to foreign investors. At 31 March 2016, deferred tax liabilities amounted to approximately RMB29,175,000 (2015: RMB28,007,000) in respect of aggregate amount of temporary difference of approximately RMB583,495,000 (2014: RMB560,135,000) 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.

20. PROPERTIES HELD UNDER DEVELOPMENT

	Group 2016 RMB'000	2015 RMB'000
Leasehold interests in land	**1,291,757**	1,324,389
Development costs	**767,091**	858,322
Finance costs capitalised	**161,605**	102,551
	2,220,453	2,285,262

At 31 March 2016, properties held under development amounting to approximately RMB1,364,705,000 (2015: RMB1,759,947,000) 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 (2015: 2044 to 2079). The Group's leasehold interests in land are analysed as follows:

	Group 2016 RMB'000	2015 RMB'000
Leasehold interests in land held on:		
– Leases of over 30 years	**1,291,757**	1,324,389

Certain properties held under development of approximately RMB666,936,000 (2015: RMB973,914,000) 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 (2015: 2043 to 2080). At 31 March 2016, the carrying value of the operating lease up-front payments on the leasehold interests in land amounted to approximately RMB103,669,000 (2015: RMB 99,631,000).

During the year ended 31 March 2016, properties held for sale with a carrying value of approximately RMB34,748,000 (2015: RMB16,504,000) 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 2016, properties held for sale with a carrying value of approximately RMB51,422,000 (2015: RMB8,051,000) were transferred to property, plant and equipment as these properties were designated as their permanent offices for administrative use (note 12).

As at 31 March 2016, building ownership certificates of certain properties held for sale of approximately RMB437,563,000 (2015: RMB416,247,000) were pledged against bank and other loans of the Group. Besides, building ownership certificates of certain properties held for sale of approximately RMB17,917,000 (2015: RMB17,917,000) were placed with the bank as custody as at 31 March 2016 (note 29).

22. ACCOUNTS RECEIVABLE

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

	Group	
	2016	2015
	RMB'000	RMB'000
Not past due	**2,657**	1,637
Past due and less than one year	**94**	–
Past due and more than one year	**400**	724
	3,151	2,361

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

		Group		Company	
		2016	2015	**2016**	2015
	Notes	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Prepayments	*(a)*	**343,219**	121,056	**110**	110
Other receivables	*(b)*	**245,112**	364,514	**–**	–
		588,331	485,570	**110**	110

Notes:

(a) On 29 December 2014, Huzhou Economic – Technological Development Area Management Committee ("the Committee"/湖洲經濟技術開發區管理委員會）and the Group signed a Memorandum of Agreement ("Memorandum") which offered the Group an opportunity to bid for a designed parcel of land located in Huzhou and a deposit was paid to the Bureau of Land Resources of Huzhou ("the Bureau"/湖州市國土資源局) of RMB211,000,000 to secure a land grant contract entered into in July 2015 for the acquisition of land use rights of the land in Huzhou, the PRC and included in prepayment as at 31 March 2016.

As at 31 March 2016, prepayment included advances of RMB72,174,000 (2015: RMB85,107,000) made to contractors for purchase of construction materials.

23. PREPAYMENTS AND OTHER RECEIVABLES (Continued)

Notes: (Continued)

(b) At 31 March 2016, other receivables included amounts in total of approximately RMB120,945,000 (2015: RMB234,445,000) which were a sale consideration plus a premium 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 "Jiashanyang Land Parcels"), and a rebate receivable of approximately RMB25,390,000 (2015: nil) in relation to the Group's acquisition of land located at Southwest District in Huzhou City, Zhejiang Province, the PRC (the "Southwest Land Parcels"), as agreed during the year.

Reference to the Group's announcements dated 28 November 2011 and 16 December 2011, the Group had entered into a letter of intent with the Committee to sell and transfer Jiashanyan Land Parcels at a consideration of RMB234,445,000 (the "Initial Receivable"). The Group has completed the sale and transfer of the Land Parcels on 4 January 2012. During the year ended 31 March 2016, the Group had received a partial payment of approximately RMB173,500,000 on the Initial Receivable.

The Group had entered into a sale and purchase agreement to acquire the Southwest Land Parcels with the Bureau on 8 September 2009. The Group has completed the acquisition of Southwest Land Parcels in 2013.

On 17 December 2015, the Bureau, the Committee and the Group had entered into a consent agreement (the "Consent") to commit that the Committee would further pay the Group approximately RMB60,000,000 (note 6) and RMB25,390,000 within one year, as a premium resulting from prolonged settlement on the Initial Receivable, and a rebate resulting from delay in transfer of Southwest Land Parcels respectively.

At 31 March 2016, except for the above, other receivables of the Group substantially comprise the following:

– approximately RMB20,000,000 (2015: RMB23,530,000) 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 8% per annum (2015: 10%) and repayable within one year in cash.

– approximately RMB55,423,000 (2015: RMB47,739,000) was unsecured; non-interest bearing and repayable on demand and/or to be set off against construction costs.

– approximately RMB1,280,000 (2015: nil) due from Zhejiang Davi was unsecured; non-interest bearing and repayable on demand.

– approximately RMB5,418,000 (2015: RMB2,199,000) and approximately RMB16,656,000 (2015: RMB14,471,000) 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.

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

– approximately RMB6,000,000 was unsecured, interest-bearing at monthly interest rate of 1% per annum, and repayable by 15 December 2016 or on demand.

– approximately RMB15,000,000 and approximately RMB21,130,000 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.

23. PREPAYMENTS AND OTHER RECEIVABLES (Continued)

Notes: (Continued)

(b) (Continued)

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.

24. AMOUNTS DUE FROM/(TO) RELATED PARTIES

	Group		**Company**	
	2016	2015	**2016**	2015
	RMB'000	RMB'000	**RMB'000**	RMB'000
Amounts due from subsidiaries	**–**	–	**258,893**	260,838
Amounts due to:				
– subsidiaries	**–**	–	**(248,646)**	(248,350)
– a related party	**(141)**	(83,499)	**–**	–
– non-controlling interests	**(30,098)**	(33,099)	**–**	–
	(30,239)	(116,598)	**(248,646)**	(248,350)

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 2016, amounts due to non-controlling interests comprised approximately RMB29,039,000 (2015: RMB32,040,000) payable to the non-controlling shareholders of Huzhou Delong and RMB1,059,000 (2015: RMB1,059,000) payable to non-controlling shareholder of Huzhou Hailian respectively.

As at 31 March 2016 and 2015, amount due to a related party comprised balances due to Pan Hong Company Limited, in which Mr. Wong Lam Ping ("Mr. Wong"), the controlling shareholder and a director of the Company, is a beneficial owner. The amounts due were unsecured. As at 31 March 2016, balance of approximately RMB141,000 was interest free and repayable on demand in cash. As at 31 March 2015, approximately RMB58,810,000 (equivalent US$9,620,330) was interest bearing at 3% per annum and repayable on demand or on before 26 February 2016 in cash. The remaining amount due of RMB24,689,000 was interest free and repayable on demand.

25. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group	
	2016	2015
	RMB'000	RMB'000
Non-current		
Contingent consideration in relation to acquisition of an associate (note 17(a))	**3,483**	–
Derivative financial instruments – unlisted put option (note 17(a))	**1,295**	–
	4,778	–
Current		
Listed equity securities held for trading are as follows (note):		
– Hong Kong	**34**	27
– the PRC	**2,928**	7,337
	2,962	7,364
	7,740	7,364

Note:

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

		The Group		The Company	
		2016	2015	**2016**	2015
	Notes	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Cash and bank deposits	*(a)*	**629,613**	912,904	**131**	132
Less:					
Structured bank deposits	*(b)*	**–**	(154,000)	**–**	–
Deposits pledged against banking facilities granted to the mortgagees	*(c)*	**(60,960)**	(49,403)	**–**	–
Deposit pledged against bill payables	*(d)*	**–**	(20,000)	**–**	–
Deposits pledged for bank and other loans	*(e)*	**(346,900)**	(380,000)	**–**	–
Cash and cash equivalents for the purpose of the consolidated statement of cash flows		**221,753**	309,501	**131**	132

Notes:

(a) At 31 March 2015, short term bank deposit of approximately RMB83,477,000 have maturities within one year 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% per annum. The short term bank deposit was matured in the year ended 31 March 2016.

(b) The structured bank deposits were principal-protected yield enhancement bank deposits, with a range of minimum interest rates of 2.82% per annum and could be enhanced to a maximum interest rates of 4.05% per annum which were to be indexed to market exchange rate of 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 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 with interest rate of 2.99% per annum was pledged against bill payables of the Group (note 27) as at 31 March 2015.

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

(e) At 31 March 2016, the bank deposits in total of approximately RMB96,900,000 (2015: RMB30,000,000) with interest rate of 3.2% to 3.675% (2015: 3.55%) per annum were pledged to a bank in the PRC against bank loans of approximately HK$37,001,000 and US$10,000,000 (in total of approximately RMB95,612,000) (2015: HK$37,000,000 (approximately RMB29,148,000)) (note 29). The deposit will mature after twelve months (2015: within twelve months) from the reporting period. The pledge 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 (2015: RMB100,000,000) with interest rate of 4.25% (2015: 4.25%) were pledged against other loan due to be settled within twelve months (2015: over and within twelve months) after the reporting period respectively (note 29) as at 31 March 2016. The pledged deposit has maturity of approximately 0.7 year (2015: 1.7 years) after reporting date.

The bank deposits of approximately RMB150,000,000 (2015: RMB20,000,000) with interest rate of 3.1% (2015: 2.35%) were pledged against bank loans due to be settled over twelve months (2015: within twelve months) after the reporting period (note 29) as at 31 March 2016. The pledged deposits have maturity of approximately 1.7 years (2015: 0.25 year) after reporting date.

As at 31 March 2015, the bank deposits of approximately RMB230,000,000 with interest rate of 4.68% was pledged against other loan due to settled within twelve months after the reporting period (note 29) as at 31 March 2015. The pledged deposits have maturity of approximately 0.7 year after reporting date.

At 31 March 2016, approximately RMB624,167,000 (2015: RMB911,347,000) 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.

27. ACCOUNTS AND BILL PAYABLES

	Group	
	2016	2015
	RMB'000	RMB'000
Accounts payable	**54,478**	44,413
Bill payables	**–**	25,000
	54,478	69,413

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 (note 26(d)).

28. ACCRUALS, RECEIPTS IN ADVANCE AND OTHER PAYABLES

	Group		Company	
	2016	2015	**2016**	2015
	RMB'000	RMB'000	**RMB'000**	RMB'000
Receipts in advance	**1,089,770**	719,666	**–**	–
Accruals and other payables (note)	**362,624**	389,091	**269**	255
	1,452,394	1,108,757	**269**	255

Note:

At 31 March 2016, accrued construction cost and other project-related expense were included in accruals and other payables amounted to approximately RMB217,059,000 (2015: RMB 225,506,000). 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 2016, other payables included an amount of approximately RMB490,000 (2015: 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 2016, other payables included an amount of approximately RMB3,661,000 (2015: RMB5,245,000), which was payable to Jiangxi HongKeLong, which held the remaining 50% equity interest in Jiangxi Ganghong. These payable balances were unsecured, interest-free and repayable on demand in cash.

As at 31 March 2016, other payables included an amount of approximately RMB88,416,000 (2015: RMB90,000,000), 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 2016, other payables included an amount of approximately RMB12,966,000 (2015: RMB26,480,000), 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.

As at 31 March 2016, other payables included an amount of approximately RMB5,794,000 (2015: 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.

At 31 March 2016, other payables of the Group amounting RMB34,238,000 (2015: RMB35,576,000) were unsecured; interest-free and repayable on demand and or at the time construction work completed.

29. BANK AND OTHER LOANS

	Notes	Group 2016 RMB'000	Group 2015 RMB'000
Bank loans – secured	*(a)*	**890,379**	717,141
Other financial institution loans – secured	*(b)*	**190,000**	738,500
Other loan – secured	*(c)*	**–**	60,000
Total borrowings		**1,080,379**	1,515,641

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

	Note	Group 2016 RMB'000	Group 2015 RMB'000
Current			
Portion of bank loans due for repayment within one year or on demand		**347,014**	472,945
Portion of other financial institution loans due for repayment within one year or on demand		**165,000**	308,500
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)*	**2,356**	6,696
		514,370	848,141
Non-current			
Portion of bank loans due for repayment after one year		**541,009**	237,500
Portion of other financial institution loans due for repayment after one year		**25,000**	430,000
		566,009	667,500
Total borrowings		**1,080,379**	1,515,641

29. BANK AND OTHER LOANS (Continued)

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

	Group 2016 RMB'000	Group 2015 RMB'000
Within one year or on demand	**514,370**	848,141
In the second year	**307,809**	485,000
In the third to fifth year	**258,200**	182,500
	566,009	667,500
	1,080,379	1,515,641

Notes:

(a) As at 31 March 2016, the effective interest rates of the Group's secured bank loans were ranging from 2.00% to 8.61% (2015: 3.37% to 8.61%) per annum.

(b) As at 31 March 2016, the effective interest rates of the Group's secured other financial institution loans were ranging from 6.15% to 10.25% (2015: 6.15% to 10.25%) per annum.

(c) As at 31 March 2015, the effective interest rates of the Group's secured other loans were 9.00% per annum.

(d) As at 31 March 2016, the current liabilities included bank borrowings of approximately RMB2,356,000 (2015: RMB6,696,000) 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.

The carrying amounts of the Group's bank and other loans are denominated in the following currencies:

	Group 2016 RMB'000	Group 2015 RMB'000
RMB	**784,500**	1,260,000
HK$	**72,471**	255,641
US$	**223,408**	–
	1,080,379	1,515,641

As at 31 March 2016, the outstanding balances of bank and other loans in HK$ and US$ was approximately HK$87,168,000 (2015: HK$324,500,000) and US$34,880,000 (2015: nil) respectively.

29. BANK AND OTHER LOANS (Continued)

As at 31 March 2016, bank and other loans were:

(i) secured by the Group's property, plant and equipment of approximately RMB61,601,000 (2015: RMB14,394,000) (note 12);

(ii) secured by the Group's investment properties of approximately RMB448,326,000 (2015: RMB295,353,000) (note 13);

(iii) secured by the Group's properties held under development of approximately RMB666,936,000 (2015: RMB973,914,000) (note 20);

(iv) secured by the Group's properties held for sale of approximately RMB437,563,000 (2015: RMB416,247,000) (note 21);

(v) secured by the Group's bank deposits of approximately RMB346,900,000 (2015: RMB534,000,000) (note 26);

(vi) secured by entire present and future issued share capital of certain subsidiaries of approximately RMB464,040,000 of the Group (2015: RMB464,040,000);

(vii) guaranteed by the Company and certain subsidiaries of the Group, a non-controlling shareholder of Nanchang Dingxun, Mr. Wong, the controlling shareholder and director of the Company and his spouse, Ms. Chan Heung Ling ("Ms. Chan"), a non-executive director of Sino Harbour Holdings, Mr. Wong Lui, an executive director of Sino Harbour Holdings and his spouse; and

(viii) placed with the building ownership certificates of certain investment properties and properties held for sale of approximately RMB69,591,000 (2015: RMB67,933,000) (note 13) and RMB 17,917,000 (2015: RMB17,917,000) (note 21) as custody.

As at 31 March 2015, except for the above, bank loans were also secured by properties of third party up to a maximum of approximately RMB22,340,000.

As at 31 March 2016, certain financial covenants of the Group's bank loans amounting to approximately HK$41,667,000 (equivalent to approximately RMB34,642,000) were breached. Pursuant to the terms of banking facilities, the bank can immediately cancel or recall the facilities and request the Group to make immediate repayment to the bank. The Group has been granted the waiver in respect of the breached provisions from the bank as at 31 March 2016.

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 2014, 31 March 2015 and 2016	**850,000,000**	**517,374**
Issued and fully paid:		
Ordinary shares of HK$0.6 each		
At 1 April 2014, 31 March 2015 and 2016	**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 are summarised as below:

	Number of shares	RMB'000
At 1 April 2014, 31 March 2015 and 2016	**6,544,000**	**12,817**

31. RESERVES

(a) Group

	Notes	2016 RMB'000	2015 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)*	**88,385**	84,438
Capital reserve	*(v)*	**3,838**	3,838
Other reserve	*(vi)*	**87,128**	82,217
Exchange reserve	*(vii)*	**(12,580)**	(2,326)
Retained earnings		**932,305**	855,719
		1,287,266	1,212,076

The amounts of the Group's reserves and the movements therein for the year ended 31 March 2016 are presented in the consolidated statement of changes in equity of the financial statements.

Notes:

(i) The share premium account 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.

31. RESERVES (Continued)

(b) Company

	Notes	**2016** **RMB'000**	2015 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		**30,821**	33,077
		280,833	283,089

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.

32. CAPITAL MANAGEMENT (Continued)

Management regards total equity as capital. The amount of capital as at 31 March 2016 amounted to approximately RMB2,185,540,000 (2015: RMB2,047,918,000) 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 2016 and 2015 were as follows:

	Group	
	2016	2015
	RMB'000	RMB'000
Current liabilities		
Accounts and bill payables	**54,478**	69,413
Accruals, receipts in advance and other payables	**1,452,394**	1,108,757
Amounts due to related parties	**30,239**	116,598
Bank and other loans	**514,370**	848,141
	2,051,481	2,142,909
Non-current liabilities		
Bank and other loans	**566,009**	667,500
Total debts	**2,617,490**	2,810,409
Less: Cash and bank balances	**(221,753)**	(309,501)
Structured bank deposit	**–**	(154,000)
Pledged deposits	**(407,860)**	(449,403)
	(629,613)	(912,904)
Net debts	**1,987,877**	1,897,505
Total equity	**2,185,540**	2,047,918
Net debts to equity ratio	**91.0%**	92.7%

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 within specific financial thresholds. As at 31 March 2016 and 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).

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 2016 and 2015.

The Group's overall strategy remains unchanged from 2015.

33. COMMITMENTS

Except as disclosure elsewhere in these financial statements, the Group had the following outstanding capital commitments:

	Group	
	2016	2015
	RMB'000	RMB'000
Contracted but not provided for in respect of		
– properties held under development of the Group	**177,413**	450,469

The Company did not have any commitments as at 31 March 2016 and 2015.

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	
	2016	2015
	RMB'000	RMB'000
Not later than one year	**7,939**	3,310
Later than one year and not later than five years	**19,017**	12,927
Later than five years	**1,391**	3,409
	28,347	19,646

The Group leases out certain investment properties which run for initial periods of one 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.

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	
	2016	2015
	RMB'000	RMB'000
Not later than one year	**35**	112
Later than one year and not later than five years	**–**	17
	35	129

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

As at 31 March 2016 and 2015, the Group has arranged mortgage loan facility for certain purchasers of property units and provided guarantees to secure obligations of repayments. At 31 March 2016, the outstanding guarantees amounted to RMB665,749,000 (2015: RMB580,043,000). 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. No provision for the Group's obligation under the guarantees has been made as the Directors considered that it was not probable that the repayments of the loans would be default.

35. CONTINGENCIES (Continued)

(i) Group (Continued)

Loan arrangement with PingAn Bank

As at 31 March 2015, the Group's subsidiary, Huzhou Runyuan had obtained borrowings amounting to RMB60 million ("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, a controlling shareholder and a director of the Company and his spouse, Ms. Chan, a non-executive director of Sino Harbour Holdings Group, provided joint and several guarantee to PingAn Bank for Tianli's RMB90 million loan.

Under the loan agreement ("Agreement") entered into between the Company's subsidiaries, (i) Huzhou Runyuan, (ii) Huzhou Luzhou, (iii) Pan Hong Investment on the one part and (iv) Tianli on 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 RMB53 million. As at 31 March 2015, the fair value of corporate guarantee provided by the Group is immaterial.

During the year ended 31 March 2016, the Group had fully repaid the Borrowings while Tianli had fully repaid the bank loan to PingAn Bank and the Collateral had been released to Huzhou Luzhou. The Group did not provide corporate guarantee, indemnity and collateral for Tianli as at 31 March 2016.

35. CONTINGENCIES (Continued)

(ii) Company

The Company has provided corporate guarantee for bank borrowings of a subsidiary. These bank borrowings amounted to RMB7,066,000 (2015: RMB40,309,000) as at 31 March 2016.

In addition to the transactions and balances disclosed elsewhere in these financial statements, the Group does not consider that it is probable that a claim will be made against the Group under the financial guarantee contracts at the end of reporting period.

Accordingly the Group does not expect any net cash outflows resulting from the financial guarantee contracts.

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 2016, the financial assets of the Group comprise accounts and other receivables, amount due from a joint venture, financial assets at fair value through profit or loss, other financial assets 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.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(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 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 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 increase/decrease by approximately RMB2,119,000 (2015: RMB2,163,000) 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 2015 has been prepared on the same basis.

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, financial assets at fair value through profit or loss, other receivables, other payables, amounts due to related parties and bank loans 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 will consider hedging significant foreign currency exposure should the need arises.

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 loans, amounts due to related parties and other payables denominated in a currency other than the functional currency of the Company and its subsidiaries.

	Group	
	2016	2015
	RMB'000	RMB'000
Financial assets at fair value through profit or loss denominated in		
– HK$	**33**	27
Other receivables denominated in		
– HK$	**167**	300
Bank deposits denominated in		
– US$	**105**	35
– HK$	**86**	223
Other payables denominated in		
– HK$	**(334)**	(824)
Amounts due to related parties denominated in		
– US$	**–**	(60,612)
– HK$	**(141)**	(22,887)
Bank loans denominated in		
– US$	**(223,408)**	–

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(ii) Foreign currency risk (Continued)

Foreign currency sensitivity analysis

As US$ is pegged to HK$, the Group does not expect any significant movement in the HK$/US$ exchange rate. Sensitivity analysis in respect of the financial assets and liabilities denominated in US$ of group entities with functional currency of HK$ is not disclosed as in the opinion of the Directors, such sensitivity analysis does not give additional value in view of insignificant movement in the HK$/US$ exchange rates as at the reporting dates.

The following table indicates the approximate change in the Group's profit for the year in response to a 5% appreciation in respective foreign currencies against the Group's functional currencies. There is no impact on other components of consolidated equity in response to the general increase in the following foreign currency rates.

	Group	
	2016	2015
	RMB'000	RMB'000
Decrease in profit for the year and retained profits		
– US$	**7,923**	3,029
– HK$	**9**	1,158

A weakening of the above foreign currencies against RMB at each reporting date would have had the equal but opposite effect to the amounts shown above, 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, 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.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(iii) Credit risk (Continued)

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 2016, the Group had approximately 74% (2015: 61%) bank deposits placed with two banks in the PRC.

At the end of reporting period, the Group has receivables due from other debtors (note 23(b)) and a joint venturer (note 16) amounting to RMB245,112,000 and RMB140,432,000 respectively (2015: RMB364,514,000 and RMB138,906,000 respectively), representing 98.7% (2015: 99.4%) 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.

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 2016 and 2015, 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.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(iv) Liquidity risk (Continued)

Group

	Carrying amount RMB'000	Total contractual undiscounted cash flow RMB'000	On demand RMB'000	Less than 3 months RMB'000	3 to less than 12 months RMB'000	Over 1 year RMB'000
At 31 March 2016						
– Accounts payable	**54,478**	**54,478**	**54,478**	**–**	**–**	**–**
– Accruals and other payables	**362,624**	**362,624**	**362,624**	**–**	**–**	**–**
– Amounts due to related parties	**30,239**	**30,239**	**30,239**	**–**	**–**	**–**
– Interest-bearing bank and other borrowings	**1,080,379**	**1,313,709**	**41,709**	**18,719**	**511,459**	**741,822**
	1,527,720	**1,761,050**	**489,050**	**18,719**	**511,459**	**741,822**
– Financial guarantee issued: maximum amount guaranteed	**–**	**665,749**	**665,749**	**–**	**–**	**–**
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 and other 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
– Financial guarantee issued: maximum amount guaranteed	–	580,043	580,043	–	–	–

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.

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 RMB'000	Less than 3 months RMB'000	3 to less than 12 months RMB'000	Over 1 year RMB'000	Total undiscounted amount RMB'000	Carrying amount RMB'000
31 March 2016	–	36,543	3,689	2,459	42,691	41,709
31 March 2015	–	1,378	33,000	6,998	41,376	40,309

At 31 March 2016 and 2015, all financial liabilities held by the Company are either repayable on demand or due to repay within one year.

The Group/Company has 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/Company does not consider it probable that a claim will be made against the Group/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. As the investment in listed equity securities represents a small percentage of the Group's net assets, the equity price risk is minimal.

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

	Notes	**Level 1 RMB'000**	**Level 2 RMB'000**	**Level 3 RMB'000**	**Total RMB'000**
Year ended 31 March 2016					
Assets					
Securities held for trading					
– Listed	*(a)*	**2,962**	**–**	**–**	**2,962**
Contingent consideration	*(b)*	**–**	**–**	**3,483**	**3,483**
Unlisted put option	*(c)*	**–**	**–**	**1,295**	**1,295**
Year ended 31 March 2015					
Assets					
Securities held for trading					
– Listed	(a)	7,364	–	–	7,364

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.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

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

(a) Listed securities

The listed debt and 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.

(b) Contingent consideration

The fair value of contingent consideration has been determined by a firm of independent professional valuer. For details, please refer to note 17 for disclosures of the measurement of contingent consideration.

The fair value of the contingent consideration arrangement of RMB3,483,000 was estimated by applying the discounted cash flow method. The fair value estimates are based on a discount rate of 15.4% and assumed probability adjusted profits in Zhejiang Davi of RMB4,262,000 to RMB16,248,000. This is a level 3 fair value measurement. The key unobservable assumptions in calculating this profit are:

Assumptions:	**Range**
Revenue (RMB'000)	113,898 – 170,848
Gross margin (%)	32% – 33%

Assuming all other variables is held constant; an increase in revenue by RMB5,000,000 would decrease the contingent consideration by a further RMB181,000 and an increase in gross margin by 1% would decrease the contingent consideration by RMB220,000.

(c) Unlisted put option

The fair value of the unlisted put option has been determined by a firm of independent professional valuer by using a binomial option pricing model.

Significant unobservable inputs included:

Equity value	RMB23,147,000
Expected dividend yield	Nil
Annual risk free rate	2.49%
Average expected volatility	48%
Expected term	3.75 years

Increase in the average expected volatility, expected terms and expected dividend yield would increase the fair value of the unlisted put option.

Increase in the equity value and annual risk free rate would decrease the fair value of the unlisted put option.

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 2016 and 2015 may also be categorised as follows. See notes 3.13 and 3.18 for explanations about how the category of financial instruments affects their subsequent measurement. At the end of reporting period, the carrying values of loans and receivables, available-for-sale investment and financial liabilities at amortised costs are approximate their fair value.

Financial Assets

	Group		Company	
	2016	2015	**2016**	2015
	RMB'000	RMB'000	**RMB'000**	RMB'000
Financial assets measured at fair value				
– Financial assets at fair value through profit or loss	**7,740**	7,364	**–**	–
Loans and receivables				
– Accounts and other receivables	**248,263**	366,875	**–**	–
– Due from a joint venture	**140,432**	138,906	**–**	–
– Due from related parties	**–**	–	**258,893**	260,838
Pledged deposits	**407,860**	449,403	**–**	–
Structured bank deposits	**–**	154,000	**–**	–
Cash and cash equivalents	**221,753**	309,501	**131**	132
	1,018,308	1,418,685	**259,024**	260,970
Available-for-sale investment at cost	**20,000**	20,000	**–**	–
	1,046,048	1,446,049	**259,024**	260,970

Financial Liabilities

	Group		Company	
	2016	2015	**2016**	2015
	RMB'000	RMB'000	**RMB'000**	RMB'000
Financial liabilities measured at amortised cost				
– Accounts and bill payables, accruals and other payables	**417,102**	458,102	**269**	255
– Bank and other loans	**1,080,379**	1,515,641	**–**	–
– Due to related parties	**30,239**	116,598	**248,646**	248,350
	1,527,720	2,090,341	**248,915**	248,605

38. 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 2016 RMB'000	Group 2015 RMB'000
Car park rental expense	*(a)*	**42**	40
Interest expense paid to a related party	*(b)*	**1,353**	1,790

Notes:

(a) During years ended 31 March 2016 and 2015, the non-executive director of Sino Harbour Holdings, Ms. Chan has entered into an agreement of car park rental for HK$48,000 per year.

(b) During the year 31 March 2016 and 2015, interest expense paid to Pan Hong Company Limited, Mr. Wong is the controlling shareholder and a director of the Company is a beneficial owner, at 3% interest per annum.

(c) Details of balances with related parties are set out in notes 16, 17, 24 and 28. None of the related parties' receivables has been past due nor impaired as at 31 March 2016 and 2015.

Included in staff costs are key management personnel compensation of the Group and Company during the financial year as follows:

	Group 2016 RMB'000	Group 2015 RMB'000	Company 2016 RMB'000	Company 2015 RMB'000
Directors' fee	**804**	826	**804**	826
Short-term employment benefits	**5,182**	5,530	**–**	–
Post employment benefits	**110**	83	**–**	–
	6,096	6,439	**804**	826

39. EVENT AFTER THE END OF REPORTING PERIOD

On 27 May 2016, the board of directors of Sino Harbour Holdings has proposed to make a bonus issue of one new share of Sino Harbour Holdings (the "Share") credited as fully paid, by way of capitalisation of an amount equal to the aggregate par value of the Share from the share premium account of Sino Harbour Holdings, for every one existing Share held by the shareholders of Sino Harbour Holdings whose names appear on the registers of members of Sino Harbour Holdings on 4 August 2016 (the "Bonus Issue"). The Bonus Issue is conditional upon the passing of an ordinary resolution by the shareholders of Sino Harbour Holdings at the forthcoming annual general meeting of Sino Harbour Holdings to be held on 26 July 2016, and the approval from the Listing Committee of HK Stock Exchange for the granting of the listing of, and the permission to deal in, the bonus Shares. Upon the completion of the Bonus Issue, the percentage of equity interest in Sino Harbour Holdings held by the Group will be remained at approximately 73.05%.

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: 7,842	R: Expiring on 14 December 2076 C: Expiring on 14 December 2046	100%	R: 99% C: 88%	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: 89%	Completed
Retail and office units 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: 686	C: Expiring on 16 September 2043	100%	0%	Completed
Nanchang Sino Harbour Kaixuan City Phase 1 – Low-rise residential annexed with commercial – Zone 1	No. 888 Huang Jia Hu West Road, Nanchang Economic and Technology Development 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: 90% C: 0%	Completed
Nanchang Sino Harbour Kaixuan City Phase 1 – High-rise residential annexed with commercial – Zone 3	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: 1,844	R: Expiring on 18 May 2072 C: Expiring on 18 May 2052	55%	R: 0% 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: 95% 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: 86% C: 40%	Completed
Fuzhou Hua Cui Ting Yuan Phase 3	No. 766 Jinchao Avenue, Fuzhou City, Jiangxi Province, the PRC	R, C	190,753	R: 117,177 C: 8,717	R: Expiring on 31 January 2080 C: Expiring on 31 January 2050	100%	R: 71% C: 0%	Completed
Yichun Royal Lake City Phase 1	No. 299 Yiyang Avenue, Yuanzhou District, Yichun City, Jiangxi Province, the PRC	R, C	607,084	R: 104,000 C: 11,865	R: Expiring on 29 March 2077 C: Expiring on 29 March 2047	100%	R: 76% C: 33%	Completed
Yichun Royal Lake City Phase 2	No. 299 Yiyang Avenue, Yuanzhou District, Yichun City, Jiangxi Province, the PRC	R	607,804	R: 133,921	R: Expiring on 29 March 2077 C: Expiring on 29 March 2047	100%	48%	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 UNDER DEVELOPMENT								
Huzhou Run Yuan Project Phase 1	Lot 18B 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: 50,527	R: Expiring on 18 November 2080 C: Expiring on 18 November 2050	100%	N.A.	Q4CY2016
Nanchang Sino Harbour Kaixuan City Phase 1 – Townhouses – Zone 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: 34,716 C: 676	R: Expiring on 18 May 2072 C: Expiring on 18 May 2052	55%	N/A	Q4CY2016
FUTURE PROJECTS								
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: 81,926	C: Expiring on 06 April 2054	100%	N/A	Q4CY2018
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 18B land parcels Southwest District, Huzhou City, Zhejiang Province, the PRC	R, C	102,972	R: 96,653 C: 5,865	R: Expiring on 30 December 2079 C: Expiring on 30 December 2049	100%	N.A.	Under Planning
Nanchang Sino Harbour Kaixuan City – Zone 4-13	No. 888 Huang Jia Hu West Road, Nanchang Economic and Technology Development Zone, Nanchang City, Jiangxi Province, the PRC	R, C	719,548	R: 746,425 C: 156,472	R: Expiring on 18 May 2072 C: Expiring on 18 May 2052	55%	N/A	Under Planning
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	Under Planning
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	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
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

* *Commencement of construction in April 2016*

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)								
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 6-24 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: 25,476	C: Expiring on 16 September 2043	100%	N/A	Completed
Various retail units on Level 1 and 2 of Block 1 to 3, 6, 7, 11 and 35 to 37 of Yichun Royal Lake City	No. 299 Yiyang Avenue, Yuanzhou District, Yichun City, Jiangxi Province, the PRC	C	N/A	C: 3,783	C: Expiring on 29 March 2047	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: 1,077	C: Expiring on 14 December 2046	100%	N.A.	Completed
Various retail units on Level 1-4 and 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: 6,909	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 17 JUNE 2016

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	0.00	0	0.00
100 – 1,000	28	4.31	27,467	0.01
1,001 – 10,000	313	48.23	1,883,540	0.37
10,001 – 1,000,000	292	44.99	20,308,400	3.96
1,000,001 and above	16	2.47	490,091,617	95.66
	649	100.00	512,311,024	100.00

SUBSTANTIAL SHAREHOLDERS AS AT 17 JUNE 2016

(As recorded in the Register of Substantial Shareholders)

	Direct Interest	%	Deemed Interest	%
Extra Good Enterprises Limited[3]	288,000,000	56.11	–	–
Wong Lam Ping[1] [2]	20,952,194	4.08	302,443,300	58.92
Chan Heung Ling[1] [2]	14,443,300	2.81	308,952,194	60.19

Notes:

(1) Mr Wong Lam Ping and Ms Chan Heung Ling hold 52% and 48% of the issued share capital of Extra Good Enterprises Limited ("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 Limited held 140,000,000 shares through RHB Securities Singapore Pte. Ltd.

SHAREHOLDERS' INFORMATION

TWENTY LARGEST SHAREHOLDERS AS AT 17 JUNE 2016

No.	Name of Shareholders	Number of Shares	%
1	EXTRA GOOD ENTERPRISES LIMITED	148,000,000	28.89
2	RHB SECURITIES SINGAPORE PTE LTD	140,050,000	27.34
3	PHILLIP SECURITIES PTE LTD	64,656,116	12.62
4	RAFFLES NOMINEES (PTE) LTD	39,798,700	7.77
5	WONG LAM PING	20,952,194	4.09
6	CHAN HEUNG LING	14,443,300	2.82
7	SHEN LIANG	14,218,900	2.78
8	DBS VICKERS SECURITIES (S) PTE LTD	9,952,607	1.94
9	JUMBO KING HOLDINGS LIMITED	9,700,000	1.89
10	BANK OF SINGAPORE NOMINEES PTE LTD	8,225,000	1.61
11	MAYBANK KIM ENG SECURITIES PTE LTD	6,734,000	1.31
12	DBS NOMINEES PTE LTD	5,829,800	1.14
13	CIMB SECURITIES (SINGAPORE) PTE LTD	4,160,000	0.81
14	UOB KAY HIAN PTE LTD	1,184,000	0.23
15	SINGAPORE WAREHOUSE CO PTE LTD	1,117,000	0.22
16	CITIBANK NOMINEES SINGAPORE PTE LTD	1,070,000	0.21
17	LIM EE ANN	1,000,000	0.20
18	YEO CHITT HOCK BRANDON (YANG QIFU)	700,000	0.14
19	WANG CUIPING	689,900	0.13
20	NG CHENG CHOH	680,000	0.13
	TOTAL	493,161,517	96.27

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S

36.74% of the Company's shares are held in the hands of public. Accordingly, the Company has complied able to comply 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 (the "Meeting") of Pan Hong Holdings Group Limited ("the Company") will be held at Marie II room, Level 1, York Hotel, 21 Mount Elizabeth, Singapore 228516 on Friday, 29 July 2016 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 2016 together with the Auditors' Report thereon. **(Resolution 1)**

2. To declare a first and final dividend of S$0.015 per share (tax not applicable) for the financial year ended 31 March 2016. (FY2015: Nil) **(Resolution 2)**

3. To re-elect the following Directors of the Company retiring pursuant to Bye-Law 86(1) of the Bye-Laws of the Company:

   Mr Wong Lam Ping **(Resolution 3)**
   Dr Choo Kian Koon **(Resolution 4)**

   Dr Choo Kian Koon will, upon re-election as a Director of the Company, remain as Chairman of the Nominating Committee and members of the Audit and Remuneration Committees and will be considered independent.

4. To approve the payment of Directors' fees of S$175,450 for the financial year ending 31 March 2017. (FY2016: S$175,450) **(Resolution 5)**

5. 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 6)**

6. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

7. **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 sub-paragraph (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 7)**

8. **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, 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").

(c) in this Ordinary Resolution:–

"Maximum Limit" means 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 (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% of the Average Closing Price; and

(ii) in the case of an Off-Market Share Purchase, 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 8)**

By Order of the Board

Fok Ka Ki
Toh Li Ping, Angela
Company Secretaries

13 July 2016

Explanatory Notes to Resolutions to be passed –

(i) The Ordinary Resolution 7 proposed in item 7 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 8 proposed in item 8 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% 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 81SF of the Securities and Futures Act, Chapter 289) 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, 8 Robinson Road #03-00 ASO Building Singapore 048544, 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 Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member'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 Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the 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 discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member 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 will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE OF BOOKS CLOSURE

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of **Pan Hong Holdings Group Limited** (the "Company") will be closed on 19 September 2016 for the preparation of dividend warrants.

Duly completed registrable transfers received by the Company's Share Transfer Agent, B.A.C.S. Private Limited, 8 Robinson Road #03-00 ASO Building Singapore 048544, up to 5.00 p.m. on 19 September 2016 will be registered to determine shareholders' entitlements to the said dividend. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on 19 September 2016 will be entitled to the proposed dividend.

Payment of the dividend, if approved by the members at the Annual General Meeting to be held on 29 July 2016, will be made on 30 September 2016.

汎港控股
PAN HONG HOLDINGS
Pan Hong Holdings Group Limited

Room 1214, Tower B,
Hunghom Commercial Centre,
37-39 Ma Tau Wai Road,
Kowloon, Hong Kong
Tel : 2363 1300 / 2363 9095
Fax : 2764 2160