# PAN ASIA MINING LIMITED
# 寰亞礦業有限公司

(於開曼群島註冊成立之有限公司)
( Incorporated in the Cayman Islands with limited liability )
( Stock Code 股份代號 : 8173 )

# 2014
## Annual Report
## 年報

## CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

**GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.**

**Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.**

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*This report, for which the directors of Pan Asia Mining Limited (the "Directors") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to Pan Asia Mining Limited. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*

# CONTENTS



## BOARD OF DIRECTORS

### Executive Directors

Mr. Michael Koh Tat Lee *(Chairman)*
Mr. Cheung Hung Man *(Chief Executive Officer)*
Mr. Eng Wee Meng

### Non-executive Directors

Mr. Yin Mark Teh-min
Mr. Liang Tong Wei

### Independent Non-executive Directors

Mr. Lai Kai Jin, Michael
Mr. Chu Hung Lin, Victor
Mr. Tong Wan Sze

## COMPANY SECRETARY

Mr. Chan Ming Cho, Joe

## AUTHORISED REPRESENTATIVES

Mr. Eng Wee Meng
Mr. Chan Ming Cho, Joe

## COMPLIANCE OFFICER

Mr. Eng Wee Meng

## AUDIT COMMITTEE

Mr. Tong Wan Sze *(Chairman)*
Mr. Yin Mark Teh-min
Mr. Lai Kai Jin, Michael
Mr. Chu Hung Lin, Victor

## NOMINATION COMMITTEE

Mr. Michael Koh Tat Lee *(Chairman)*
Mr. Lai Kai Jin, Michael
Mr. Chu Hung Lin, Victor

## REMUNERATION COMMITTEE

Mr. Lai Kai Jin, Michael *(Chairman)*
Mr. Yin Mark Teh-min
Mr. Chu Hung Lin, Victor

## REGISTERED OFFICE

P.O. Box 309,
Ugland House, South Church Street,
George Town, Grand Cayman,
Cayman Islands,
British West Indies

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Units 3404-6, 34/F,
AIA Tower,
183 Electric Road,
North Point,
Hong Kong

## SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

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

## AUDITOR

RSM Nelson Wheeler
29th Floor, Caroline Centre,
Lee Gardens Two,
28 Yun Ping Road,
Hong Kong

## PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation Limited

## STOCK CODE

8173

## COMPANY WEBSITE

http://www.pamining.com

## FINANCIAL REVIEW

The Group's turnover in 2014 amounted to approximately HK$408,784,000 (2013: approximately HK$274,489,000), increased by approximately HK$134,295,000 as compared to 2013. The significant increase in turnover was mainly attributable to higher turnover of coal and marine fuel businesses. During the year, turnover from coal business rose to approximately HK$234,259,000 (2013: approximately HK$167,165,000) and turnover from marine fuel business rose to approximately HK$140,471,000 (2013: approximately HK$93,528,000). Gross profit amounted to approximately HK$2,463,000 (2013: approximately HK$1,855,000). Other operating income/(expenses), net amounted to approximately HK$7,672,000 (2013: approximately HK$3,524,000) in which a trade compensation received of approximately HK$5,093,000 (2013: Nil) was recorded. Loss for the year increased to approximately HK$175,998,000 as compared to approximately HK$127,971,000 in last year.

## CAPITAL STRUCTURE AND LIQUIDITY

As at 31 March 2014, the Company has outstanding zero coupon rate convertible bonds with a carrying value of approximately HK$728,341,000 (31 March 2013: approximately HK$618,791,000) convertible into 68,955,682 ordinary shares (31 March 2013: 68,955,682 ordinary shares) of the Company of HK$0.50 each. The convertible bonds with outstanding principal amount totalling US$201,474,359 (equivalent to approximately HK$1,571,500,000) are due for full redemption on 18 December 2018.

As at 31 March 2014, the Group has a current ratio of approximately 0.81 time (31 March 2013: approximately 1.26 times). Gearing ratio, calculated based on non-current liabilities of approximately HK$738,503,000 (31 March 2013: approximately HK$619,157,000) against total equity of approximately HK$404,562,000 (31 March 2013: total equity of approximately HK$565,601,000) increased from 109.47% for 2013 to 182.54% for 2014.

As at 31 March 2014, the Group did not have any material contingent liability (31 March 2013: Nil).

As at 31 March 2014, the Group did not have any material capital commitment (31 March 2013: Nil).

## MATERIAL ACQUISITIONS AND DISPOSALS

On 31 May 2013, a wholly owned subsidiary of the Company, Black Sand Enterprises Limited, completed the acquisition from Brighton Asia Pacific Investment Limited, a company incorporated in British Virgin Islands and wholly owned by Mr. Cheung Hung Man who is an executive director and the chief executive officer of the Company, of all issued share of Brighton Asia Pacific Investment Holdings Limited ("Brighton"), a company incorporated in Hong Kong. Brighton holds the entire equity interests in a PRC company, Xiamen Yaozhong Asia-Pacific Trading Company Limited (together "Brighton Group"), a wholly foreign-owned enterprise established in the PRC, which is principally engaged in trading of coal and has been granted the license to operate coal business in the PRC under which it is allowed to import coal into the PRC. Total purchase consideration was HK$50,050,000 to be fully satisfied by issuing of 91,000,000 Consideration Shares at HK$0.55 each on the condition that profit of the Brighton Group for the period from 1 April 2013 to 31 March 2014 amounted to HK$3,700,000 or above. As at the date of this Report, Brighton Group's profit for the period exceeded HK$3,700,000 as reported by Company's auditors. On 31 May 2013, 24,715,000 Consideration Shares were issued and alloted according to acquisition terms. The balance of 66,285,000 Consideration Shares will be issued to fully satisfy the total purchase consideration. The Management believes that integrating business of the Group with that of Brighton Group will strengthen the coal trading network and process flow of the Group. Besides, the integration will also allow the Group to better position itself in the PRC for further expansion and to grasp business opportunities in future in coal business.

On 21 July 2011, the Group agreed to acquire the leasehold interest in a warehouse property located in Singapore. On 13 September 2013, after an internal restructuring by the Vendor, the Group entered into a supplemental agreement with the Vendor to acquire all issued shares of Evotech (Asia) Pte Ltd ("Evotech"), a private company incorporated in Singapore, and the acquisition was completed on the same date. Evotech owns the property and is engaged in the scrap metal trading business in Singapore. The Management believes that it will facilitate the Company's initiatives to expand into scrap metal trading business based in Singapore.

## EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2014, the Group has 63 full time employees (31 March 2013: 30) in Hong Kong, Singapore, Indonesia and Mainland China. During the year ended 31 March 2014, the Group incurred staff costs (including Directors' emoluments) of approximately HK$21,456,000 (2013: approximately HK$12,454,000).

Employees are remunerated with reference to market terms and according to their individual work performance, qualification and experience. Remuneration includes monthly basic salaries, retirement benefits under the Mandatory Provident Fund Scheme (the "Scheme"), medical schemes and performance-lined discretionary bonuses.

All qualifying employees of the Group in Hong Kong participate in the Scheme. The assets of the Scheme are held separately from those of the Group in funds under the control of trustees. Contributions by the Group were grossly matched by employee contributions.

The emoluments of the executive Directors are recommended by the remuneration committee, and approved by the Board as authorized by the shareholders of the Company in the annual general meeting of the Company, having regard to the respective Directors' experience, responsibility, workload and time devoted to the Group; and the executive Directors may be granted options pursuant to the Share Option Scheme as defined in note 37 to the financial statements and/or any other such schemes of the Company as part of their remuneration packages.

## BORROWING FACILITIES

As at 31st March 2014, the Group has obtained credit facilities from various banks up to a maximum amount of approximately HK$46,807,000 (2013: approximately HK$15,526,000) and approximately HK$27,516,000 (2013: approximately HK$2,338,000) of the credit facilities has been utilized.

## PLEDGE OF ASSETS

At 31 March 2014, a warehouse property located in Singapore at carrying value of S$7,000,000 (equivalent to approximately HK$43,544,000) (31 March 2013: Nil) and investment properties located in the PRC at carrying values of approximately RMB13,966,000 (equivalent to approximately HK$17,639,000) (31 March 2013: Nil) were pledged to secure general banking facilities granted to the Group.

At 31 March 2013, certain bank deposits and held-for-trading investments of the Group with carrying value of approximately HK$3,279,000 and HK$9,157,000, respectively were pledged to secure general bank facilities granted to the Group. No equity investment and bank deposit was pledged as at current year end date.

## TREASURY POLICIES

The transactions of the Company and its subsidiaries are mainly denominated in United States Dollar and the majority of the Group's tangible assets are denominated in Hong Kong Dollar. The outstanding convertible bonds are denominated in United States Dollar and are redeemable or convertible using an agreed fixed rate of HK$7.8 to US$1.0. As a result, the convertible bonds have no exposure to exchange rate fluctuations. The Group has no other material exposure to exchange rate risk and has not made any arrangement to hedge against expenses, assets and liabilities for exchange rate fluctuation.

The Group adopts a conservative approach towards its treasury policies. The Group strives to reduce exposure to credit risk by all effective means. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements.

## BUSINESS REVIEW

### COAL

The China government has been pushing hard promoting environmental protection and emission reduction. It also promotes substitution of traditional fuel by green energy for power generation. Further, given the fact of retarded economic growth in 2013 the China coal market demonstrated production excess and declination of market price and demand due to decline in electricity growth.

According to a report published by China National Coal Association in January 2014, China produced approximately 3.7 billion tons of coal in 2013 but national consumption was approximately 3.6 billion tons. Consumption growth reduced to 2.6% from 9% 10 years ago. At the same time, imported coal reached a historical record of 330 million ton.

On the other hand, Indonesia government has been hitting hard illegal coal minings in 2013. A lot of coal jetties and coal mines were closed by the government in South Kalimantan which caused significant short of coal supply and coal handling capacities. Indonesia coal prices rose to the level close to the coal produced locally in China.

Besides, as Indonesia government resolved to stop export of Nickel ore since January 2014, many Indonesian exporters had to rush for exporting their stock on hand to China in Q4 2013. Seaborne freight charges were pushed up significantly during the period.

Under the various unfavourable conditions coal price dropped and many PRC coal importers were operating under difficulties or were even closed. The Group decided to pass the cold season by actively shrinking business volume. As a result, both total sales and gross profit margin for the year were below expectation.

### BEVERAGE

Water is one of the important resources on earth. Apart from being used in various industrial production processes water is also needed by human beings as food and drinks. The Group recognised the large potential of beverage business opportunities. We commenced importing bottled spring water from Canada into China and increased our efforts in the trading of tea drinks from South Korea to United States of America. During the year total turnover of beverage business amounted to approximately HK$17.6 million contributed by bottled water and tea drinks in roughly equal shares.

The spring water business was not started spontaneously. To test the water, importing the well-known branded spring water from Canada was carried out by the newly acquired PRC subsidiary located in Xiamen city, Fujian province. Fujian province has a unique culture of tea brewing. Citizens brew teas when they meet and greet no matter for private gatherings or business discussions. The Canada spring water has been tested to be uniquely fit for promoting tastes and flavour of certain teas which are popular in the province. This encouraging trial result enticed the Group to look deeper into the business potential of importing spring water.

On the other side of the Globe, USA families were used to have carbonated drinks after meal. Following a large number of studies disclosing unhealthy outcome of heavy consumption of soft drinks, people are increasingly aware of the health impacts and actively looking for a more healthy drink to substitute soft drinks. In view of the new market potential we started to import Korea made tea-based drinks with abundant genuine aloe vera fruit content. The tea drinks have the goodness of both tea and aloe vera. They were launched with a number of fruity flavours and have undergone long and careful taste tests and market developments in 2 major cities in USA. They were proven welcomed by the local consumers.

## METAL TRADING

During the year Evotech (Asia) Pte Ltd ("Evotech"), a scrap metal trading company in Singapore, became a wholly owned subsidiary of the Group. Evotech owns a warehouse property which is essential for the processing and preparation of scrap metals for trading. The Group expects the acquisition will facilitate our expansion into the scrap metal business based in the country.

During the year, local scrap market was a somewhat quiet and sluggish due to slow down of the re-development process undergone by the local government. The Group is actively seeking for alternative supplies and demands in other countries to sustain growth of the business.

## MINERALS EXPLORATION & EXPLOITATION

There was no drilling exercise done in the year. The Group has been converging its focus in the MPSA application which is slower than expected mainly due to the severe damage caused by the hit of a super typhoon in the country last year. After submission of the revised Environmental Impact Assessment Report in January 2014 the Group is preparing for securing the Environmental Compliance Certificate to be granted by DENR.

## BUNKER FUEL

In March last year the Group entered into bunker fuel trading contracts with China Shipbuilding Industrial Complete Equipment and Logistics Company Limited ("CSICEL"). The Group agreed to supply bunker fuel to CSICEL and received purchase deposits of US$25.5 million. The Group resumed fuel trading operation in Singapore since October 2013. After a few months the Group considered necessary to suspend the operation again because of the disappointed operation results. Accordingly the Group is liable for a penalty of US$1.5 million payable to CSICEL according to contract.

As at 31 March 2014 the Group has refunded approximately US$7.8 million deposits to CSICEL. Total payable to CSICEL amounts to approximately US$19.2 million including the penalty. The Group is considering a fund raising exercise to fulfill the payment obligation.

## PROSPECTS

### COAL

The China government has directed to close all local coal mines having annual production of less than 100,000 tons within the first half of 2014. The directive covers more than 2,000 coal mines. Market generally expects that total coal production in 2014 will be stabilized or will even decline. We consider the mine closure a positive measure for coal importers like us.

Besides, India and other South East Asia countries are experiencing high economic growths in recent years. Their electricity demands also rise continuously. However, India's coal production is only 500 million tons a year. The Group sees the alternative demands and will actively explore relevant new markets. Besides, we are also investigating and considering to acquiring equity interests in Indonesia coal resources for securing stable sources of coal at competitive costs.

### BEVERAGE BUSINESS

China is home to one-fifth of the world's population but has only 7 percent of its freshwater. Water is essential to human survival and social economic development.

Government figures show that more than half of the country's largest lakes and rivers were so polluted that their water was unfit for human consumption in 2011. According to the Environmental Protection Ministry statements published in 2013, toxic and hazardous chemical pollution has caused many environmental disasters, cutting of drinking water supplies, and leading to severe health and social problems in recent years.

Despite China's water being significantly more polluted than developed countries, 98 percent of water treatment plants in China were using conventional older technologies, which cannot remove many of the pollutants, to treat its water according to 2009 statistics.

China's per capita consumption of bottled water still lags behind developed countries by a very significant margin. In 2010, the average annual per capita expenditure on bottled water was only US$5.7 in China, compared to US$120.6 in United States, US$153.7 in Germany and a worldwide average of US$23.8, according to Euromonitor. This implies significant growth potential of demand for bottled water in China in the years ahead.

The spring water imported to China is bottled in Canada which gives the essential edge for its premium market positioning and safety assurance to the China top-notch consumers. The Group is in the process to secure the distribution rights for the products and is looking to carry out an official product launch to selected markets in later half of 2014.

The Group also expects a high growth in tea drinks business in USA. Consumer acceptance of the tea drinks products has been proven. The local importer in USA has just successfully entered the products into a famous chain store, Walgreen, in the 2 states where it is operating. Distribution network will be expanded quickly following the first chain store engagement and the Group expects the sales volume to soar shortly.

## CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintain and ensure high standards of corporate governance practices. Except for the deviations as disclosed in this report, the Company has adopted and complied with the code provisions set out in Corporate Governance Code and Corporate Governance Report (the "**CG Code**") contained in Appendix 15 of the Rules Governing the Listing of Securities on the Growth Enterprise Market (the "**GEM Listing Rules**") throughout the year ended 31 March 2014.

## CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND RELEVANT EMPLOYEES

The Company has adopted the code of conduct for securities transactions by Directors set out in Rules 5.48 to 5.67 of the GEM Listing Rules as its own code of conduct regarding securities transactions by Directors. The Company periodically issues notices to its Directors reminding them of the general prohibition on dealing in the Company's listed securities during the blackout periods before the publication of announcements of quarterly, interim and annual results.

The Company confirms that, having made specific enquiry from all Directors, all Directors have complied with the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules for the year ended 31 March 2014.

The Company has adopted the same code of conduct for securities transactions by relevant employees to regulate certain employees of the Group who are deemed to be in possession of unpublished price sensitive information of the Company when dealing in the securities of the Company.

## BOARD OF DIRECTORS

The Board of the Company comprises the following members:

**Name**

**Executive Directors**
Mr. Michael Koh Tat Lee *(Chairman)*
Mr. Cheung Hung Man *(Chief Executive Officer)*
Mr. Eng Wee Meng

**Non-Executive Directors**
Mr. Yin Mark Teh-min
Mr. Liang Tong Wei

**Independent Non-executive Directors**
Mr. Lai Kai Jin, Michael
Mr. Chu Hung Lin, Victor
Mr. Tong Wan Sze

The biograhies of the current directors are set out on pages 17 to 19 of this report. The Directors do not have any relationship (including financial, business, family or other material/relevant relationship(s)) with each other except that Mr. Michael Koh Tat Lee is the brother-in-law of Mr. Yin Mark Teh-min.

The Board is responsible for the leadership and control of the Company. It also oversees the Group's business, strategic decisions and directions, and overall performances including an oversight of the management of the Group. The management of the Group has been delegated with the authority and responsibility by the Board for the general and day-to-day management of the Group. In addition, the Board has also delegated various responsibilities to other committees. Further details of the committees are set out in this report.

The non-executive Directors serve the relevant function of bringing independent judgement on the development, performance and risk management of the Group through their contributions in board meetings. They are also serving on audit committee, remuneration committee, and nomination committee. Through their active participation, they provide their valuable skills, expertise and experience to the Board and the committees on which they serve so that the management process can be critically reviewed and controlled.

Throughout the year ended 31 March 2014, the Company has complied with Rule 5.05(1) and 5.05(2) of the GEM Listing Rules relating to the appointment of at least three independent non-executive directors with at least one independent non-executive director possessing appropriate professional qualification, or accounting or related financial management expertise. All independent non-executive Directors are considered to be independent by the Board as the Board has received from each independent non-executive Director his annual confirmation on independence as required by Rule 5.09 of the GEM Listing Rules.

The Board meets regularly to review the financial and operating performance of the Company. During the financial year ended 31 March 2014, the Board held 4 regular Board meetings (within the meaning of the CG code) at approximately quarterly interval and 3 other Board meetings which were convened when board-level decisions on particular matters were required. During the regular Board meetings the Directors discuss and formulate the overall strategies of the Company, review and monitor the business and financial performances and discuss the quarterly, half-yearly and annual results, as well as discuss and decide on other significant matters. The Chairman of the Board has met once with the non-executive directors (including independent non-executive directors) without the executive directors present according to the code provision A.2.7 of the CG Code. The attendance record of each member of the Board is set out at **Details of the attendance of each member of the Board and Committees on page 14 of this report**.

Under code provision E.1.2 of the CG Code, the chairman of the board should attend the annual general meeting. The chairman of the Company was unable to present at the annual general meeting held on 25 July 2013 as he was away on a business trip. Also, under code provision A.6.7 of the CG Code, independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. Some directors of the Company were unable to present at the extraordinary general meeting held on 28 May 2013 and the annual general meeting held on 25 July 2013 due to their other important engagement at the relevant time. The attendance record of each member of the Board is set out at **Details of the attendance of each member of the Board and Committees on page 14 of this report.**

Under code provision A.1.8 of the CG Code, the Company had arranged insurance cover in respect of legal actions and potential claims against the Directors throughout the year ended 31 March 2014.

## CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The role of chairman and chief executive officer of the Company has been taken up by different persons since July 2012. To ensure a balance of power and authority, the Company has a clear and defined division of the responsibilities between chairman Mr. Michael Koh Tat Lee and the chief executive officer Mr. Cheung Hung Man in accordance with the CG Code.

## ROTATION OF DIRECTORS

Under code provision of A.4.2, every director should be subject to retirement by rotation at least once every three years. Although the existing articles of association of the Company do not have exact provisions to this effect, they do however provide that one-third of the Directors shall retire from office by rotation and the Directors to retire in every year shall be those who have been longest in office since their last election. The actual operation of the aforesaid provisions of the existing articles of association of the Company should in principle result in each Director being subject to retirement by rotation at least once every three years. Considered in this perspective, the Company has substantially complied with the CG Code regarding the requirement that every Director should be subject to retirement by rotation at least once every three years. In addition, the Board will ensure that the provision of A.4.2 of the CG Code will be complied with in practice.

## TRAINING FOR DIRECTORS

For each newly appointed directors, the Company has provided induction and information to ensure that he/she has a clear understanding of the Company's operations and business and is fully aware of his/her responsibilities under the relevant statutes, laws, rules and regulations.

The Directors understand the need to continue developing and refreshing their knowledge and skills for making contributions to the Company. The Company provides regular updates, changes and developments relating to the Group's business and the legislative and regulatory requirements to the Directors.

The Directors has complied with Code Provision A.6.5 of the CG Code on Directors' training. All Directors has participated in continuous professional development to develop and refresh their knowledge and skills and kept a record of training they received for the year ended 31 March 2014.

## REMUNERATION COMMITTEE

The remuneration committee of the Company (the "**Remuneration Committee**") was established in March 2006 and currently consists of three members, one of which is a non-executive Director, Mr. Yin Mark Teh-min and the other two are independent non-executive Directors, Mr. Lai Kai Jin, Michael and Mr. Chu Hung Lin, Victor. The chairman of the Remuneration Committee is Mr. Lai Kai Jin, Michael.

The roles and functions of the Remuneration Committee are set out in the written terms of reference of the Remuneration Committee which include the determination of the specific remuneration packages of all executive Directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, making recommendations to the Board on the remuneration of the non-executive Directors and to review and approve performance-based remuneration. The terms of reference can be obtained from the website of the Company and the Stock Exchange.

For the financial year ended 31 March 2014, the remuneration of Directors of the Group was determined by their experience, responsibility, workload and the time devoted to the Group. Executive Directors and employees also participate in bonus arrangements determined in accordance with the performance of the Group and the individual's performance.

The Remuneration Committee held one meeting during the financial year ended 31 March 2014. At the said meeting, the Remuneration Committee reviewed and approved the remuneration packages of the existing Directors. The attendance record of each member of the Committee is set out at **Details of the attendance of each member of the Board and Committees on page 14 of this report**.

Details of Directors' emoluments for the financial year ended 31 March 2014 are set out in the note 14 to the financial statements.

## NOMINATION COMMITTEE

The nomination committee of the Company (the "**Nomination Committee**") was established in March 2012 and currently consists of three members, one of which is the chairman, Mr. Michael Koh Tat Lee and the other two are independent non-executive Directors, Mr. Lai Kai Jin, Michael and Mr. Chu Hung Lin, Victor. The chairman of the Nomination Committee is Mr. Michael Koh Tat Lee.

The roles and function of the Nomination Committee are set out in the written terms of reference of the Nomination Committee which include the review of the structure, size and composition (including the skills, knowledge of and experience) of the Board, making recommendations on any proposed changes and on the appointment and re-appointment of and succession planning for directors and to assess the independence of independent non-executive directors. The terms of reference can be obtained from the website of the Company and the Stock Exchange.

During the financial year ended 31 March 2014, the Nomination Committee held one meeting to assess, review and make recommendation on the structure, size and composition of the Board, the succession plan for directors and the independence of independent non-executive directors. The attendance record of each member of the Board is set out at **Details of the attendance of each member of the Board and Committees on page 14 of the report**.

## AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") currently comprises four members of which one is a non-executive Director, Mr. Yin Mark Teh-min and three independent non-executive Directors, Mr. Lai Kai Jin, Michael, Mr. Chu Hung Lin, Victor and Mr. Tong Wan Sze. The chairman of the Audit Committee is Mr. Tong Wan Sze.

The role and functions of the Audit Committee are set out in the written terms of reference of the Audit Committee which includes to oversee the relationship with auditor, to review and supervise the financial reporting system and internal controls procedures of the Group and to review and approve the Company's annual reports and accounts, interim report and quarterly reports to the Board. The terms of reference can be obtained from the website of the Company and the Stock Exchange.

The Audit Committee has reviewed the Group's unaudited quarterly and interim results and annual audited results for the financial year ended 31 March 2014 and also reviewed the system of internal control of the Group in accordance with provision C.2.1 of the CG Code. The Audit Committee was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures have been made and is of the view that the system of internal control of the Group is sufficient to safeguard the interests of the Group.

The Audit Committee held 4 meetings during the financial year ended 31 March 2014. The attendance record of each member of the Committee is set out at **Details of the attendance of each member of the Board and Committees on page 14 of this report**.

## DETAILS OF THE ATTENDANCE OF EACH MEMBER OF THE BOARD AND COMMITTEES:

| Name | Board Meeting | Remuneration Committee Meeting | Nomination Committee Meeting | Audit Committee Meeting | Board Meeting for chairman and non-executive directors | Annual general meeting | Extraordinary general meeting |
|---|---|---|---|---|---|---|---|
| **Executive Directors** | | | | | | | |
| Mr. Michael Koh Tat Lee *(Chairman)* | 4/7 | – | 1/1 | – | 1/1 | 0/1 | 0/1 |
| Mr. Cheung Hung Man | 7/7 | – | – | – | – | 0/1 | 0/1 |
| Mr. Eng Wee Meng | 7/7 | – | – | – | – | 1/1 | 1/1 |
| **Non-Executive Directors** | | | | | | | |
| Mr. Yin Mark Teh-min | 5/7 | 1/1 | – | 3/4 | 1/1 | 0/1 | 0/1 |
| Mr. Liang Tong Wei | 7/7 | – | – | – | 1/1 | 0/1 | 0/1 |
| **Independent Non-executive Directors** | | | | | | | |
| Mr. Lai Kai Jin, Michael | 3/7 | 1/1 | 1/1 | 0/4 | 1/1 | 0/1 | 0/1 |
| Mr. Chu Hung Lin, Victor | 7/7 | 1/1 | 1/1 | 4/4 | 1/1 | 1/1 | 1/1 |
| Mr. Tong Wan Sze | 5/7 | – | – | 3/4 | 1/1 | 0/1 | 0/1 |

## CORPORATE GOVERNANCE FUNCTION

The Board is also responsible for performing the corporate governance duties in the Code Provision D.3.1 as set out below:

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

b) to review and monitor the training and continuous professional development of Directors and senior management;

c) to review and monitor the Company's policies and practices and compliance with legal and regulatrory requirements;

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

e) to review the Company's compliance with the Corporate Governance Code and disclosure in the Corporate Governance Report.

## AUDITOR'S REMUNERATION

For the year ended 31 March 2014, the total remuneration in respect of audit services and other non-audit services provided by the auditor of the Company, RSM Nelson Wheeler, were HK$750,000 and HK$72,000 respectively.

## RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

The Directors acknowledged their responsibilities for the preparation of the consolidated financial statements for the year ended 31 March 2014, which give a true and fair view of the state of affairs of the Company and of the Group and of the Group's result and cash flows for year then ended. In preparing the financial statements for the year ended 31 March 2014, the Directors have selected suitable accounting policies and have applied them consistently, adopted appropriate Hong Kong Financial Reporting Standards ("HKFRSs") and Hong Kong Accounting Standards ("HKASs") which are pertinent to its operations and relevant to the financial statements, made judgement and estimates that are prudent and reasonable, and have prepared the accounts on the going concern basis.

The statement of the auditor of the Company, RSM Nelson Wheeler, about their reporting responsibilities on the consolidated financial statements of the Group is set out in the Independent Auditor's Report on pages 29 to 30 of this annual report.

## COMPANY SECRETARY

The Company Secretary of the Company is Mr. Chan Ming Cho, Joe ("Mr. Chan"). During the financial year ended 31 March 2014, the Company Secretary is responsible for distributing detailed documents to the Directors prior to the Board Meetings to ensure the Directors are able to make informed decision regarding the matters discussed in the meetings. And all Directors have access to the advice and service of the Company Secretary with a view to ensuring that the Board procedures, and all applicable rules and regulations are followed. Mr. Chan has taken no less than 15 hours of relevant professional trainings to update his skills and knowledge which complied with Rule 5.15 of the GEM Listing Rules.

## SHAREHOLDERS' RIGHTS

### Convening an extraordinary general meeting

Pursuant to Article 72 of the Company's Articles of Association, the Board may, whenever it thinks fit, convene an extraordinary general meeting. General meetings shall also be convened on the written requisition of any two or more members of the Company deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the requisitionists, provided that such requisitionists held as at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company. General meetings may also be convened on the written requisition of any one member of the Company which is a recognised clearing house (or its nominee(s)) deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the requisitionist, provided that such requisitionist held as at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company. If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Board provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to them by the Company.

Shareholders may put forward proposals at general meeting of the Company by sending the same to the Company at the principal office of the Company in Hong Kong.

**Procedures for sending enquiries to the board**

For putting forward any enquiries to the Board, shareholders may send written enquiries to the Board of Directors/Company Secretary at the Company's principal office in Hong Kong. For the avoidance of doubt, shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the Company's principal office in Hong Kong and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

## SHAREHOLDERS AND INVESTORS RELATIONS

The Board recognizes the importance of maintaining a close relationship with shareholders of the Company and investors by clear, timely and an effective communication. The Company has disclosed all necessary information to its shareholders and investors in compliance with the GEM Listing Rules. The Board has maintained close communications with the shareholders and investors of the Company through (i) the publication of the Company's latest business developments and financial performance through its annual, interim and quarterly reports, notices, announcements and circulars; (ii) the general meetings which provides an opportunity for the shareholders of the Company to raise comments and exchanging views with the Board; and (iii) the Company's website which provides an effective communication platform between the Company, its shareholders and investors.

There is no significant change in the Company's constitutional documents for the year 31 March 2014.

## REVIEW OF INTERNAL CONTROL SYSTEM

The Board has overall responsibility for the system of internal controls of the Group and for reviewing its effectiveness and the Board has conducted a review of the effectiveness of the system of internal control of the Group in accordance with provision C.2.1 of the CG Code. The review has covered all materials controls, including financial, operational and compliance controls and risk management functions. In the view of the Board, the system of internal control of the Group is sufficient to safeguard the interests of the Group. The duties of the Audit Committee also include reviewing and supervising the internal control procedures of the Group.

## EXECUTIVE DIRECTORS

**Mr. Michael Koh Tat Lee ("Mr. Koh")**, aged 47, is the chairman of the Company since 30 November 2011 and the chairman of nomination committee since 31 March 2012. Mr. Koh is also the chairman of Black Sand Enterprises Limited and is a director in all subsidiaries and associated companies of the Company, except a subsidiary at Indonesia and PRC. He holds a Master degree of Electrical Engineering and a Master degree of Industrial Engineering from Columbia University in the United States. Mr. Koh possesses more than 10 years of experience in the telecommunications industry and project management. He has worked at Bell South and AT & T in the United States and was promoted to technical director before he left AT & T. Mr. Koh was the vice president of First Pacific Company Limited (stock code: 0142). During his tenure at First Pacific Company Limited from year 1994 to 1997, Mr. Koh founded a private company called Tuntex Telecom in Taiwan and assumed the post of president for the period from year 1995 to 1997. Mr. Koh was an executive director of M Dream Inworld Limited (stock code: 8100) and the chairman of China Railway Logistics Limited (stock code: 8089, formerly known as Proactive Technology Holdings Limited) before joining the Group. Mr. Koh is the brother-in-law of Mr. Yin Mark Teh-min.

**Mr. Eng Wee Meng ("Mr. Eng")**, aged 47, is an executive Director of the Company since 11 April 2011. Mr. Eng is also the director in several subsidiaries and associated companies of the Company. Mr. Eng holds a bachelor's degree in business administration specializing in accounting, finance, and management science from the University of California, Berkeley, U.S.A. He has accumulated over 20 years of experience in commercial banking, international trade, distribution, retail operations, international fund raising, corporate finance and pharmaceutical developments from various senior positions in different international and regional companies. Before joining the Company he was the General Manager of PDC Pharmaceutical Development (China) Company Limited, a wholly owned foreign entity and medical packaging company that produces intravenous injection solutions packaging located in Zhongshan, Guangdong Province. He was responsible for full profit and loss and strategic development of the company. In 2008 to 2009, he held the position of General Manager, Business Development Department of New-AIKOR Company Limited (currently known as New A-Innovation Company Limited), a biotech company involved in the development of intravenous therapeutic products and was responsible for all matters related to the PRC market which includes liaison with the State Food and Drug Administration, local government departments of its Research and Development and production facility, and identifying investment opportunities in the PRC. In 2006 to 2008, he was the Director of Corporate Finance of Advantek Biologics (Hong Kong) Ltd., a biotech company involved in human plasma derived therapeutics products, responsible for mergers and acquisitions, strategic planning, and international fund raising.

**Mr. Cheung Hung Man ("Mr. Cheung")**, aged 48, is an executive director and chief executive officer of the Company since 27 July 2012. Mr. Cheung is also the director of PT Yaozhong Resources, Brighton Asia Pacific Investment Holdings Limited and Xiamen Yaozhong Asia-Pacific Trading Company Limited, the indirectly wholly-owned subsidiaries of the Company. Mr. Cheung is primarily responsible for the coal trading business of the Group. Since 2009, Mr. Cheung has been the president and chief executive officer of PT Yaozhong Resources and Xiamen Yaozhong Asia-Pacific Trading Company Limited. In 2011, Mr. Cheung co-founded Shinegood Culture Museum and is currently a chairman of Shinegood Media Co., Ltd. Mr. Cheung is also a guest professor of Art College, Xiamen University. Before that, Mr. Cheung received a bachelor's degree in architecture from Quanzhou Huaqiao University in 1990. In 1993, he became the deputy managing director of Wuyi Decoration Design Engineering Co., Ltd under Wuyi Group (Hong Kong) and was promoted to managing director in 2005. From 1993 to 2000, Mr. Cheung had completed over 100 engineering design projects and was awarded the title of China Senior Interior Designer in 2000.

## NON-EXECUTIVE DIRECTORS

**Mr. Yin Mark Teh-min ("Mr. Yin")**, aged 44, is a non-executive Director and a member of each of the audit and remuneration committee of the Company since 20 May 2008. Mr. Yin is an independent consultant with over 19 years of experience as an operational sales and marketing executive. He has held executive management and operational roles in the United States and Asia including business planning and management of large scale projects spanning multiple organizations. Prior to his consultancy, he most recently served as a vice president at Infinera Corporation, a manufacturer of telecommunications equipment, where he led the marketing efforts and, later, Asia Pacific sales and market development. Previously, Mr. Yin served as an executive in sales and marketing roles at Lightera Networks, Ciena Corporation and Cisco Systems/Stratacom. Mr. Yin earned a Bachelor of Science in Electrical Engineering at Rutgers University and a Master of Science in Operations Research at Stanford University. Mr. Yin is the brother-in-law of Mr. Michael Koh Tat Lee.

**Mr. Liang Tong Wei ("Mr. Liang")**, aged 47, is a non-executive Director of the Company since 30 November 2011. He holds a bachelor degree of Industrial and Business Administration and Management from Foshan Radio and Television University (佛山市廣播電視大學) in the People's Republic of China ("PRC"). Mr. Liang possesses about 27 years of experiences in the business administration and management. He has worked at 佛山市奇槎色料廠and 佛山市宏陶陶瓷集團有限公司in the PRC and was promoted to sales general manager before he left 佛山市宏陶陶瓷集團有限公司. Mr. Liang has been the chairman and general manager of 佛山市三水宏源陶瓷企業有限公司 since 2004.

## INDEPENDENT NON-EXECUTIVE DIRECTORS

**Mr. Lai Kai Jin Michael ("Mr. Lai")**, aged 44, is an independent non-executive Director, a member of the audit committee and the chairman of the remuneration committee of the Company since 18 February 2008 and a member of the nomination committee since 31 March 2012. Mr. Lai graduated from the National University of Singapore with a LL.B (Hons) Degree in 1994 and was called to the Singapore Bar the following year. He was formerly a partner of Messrs. KhattarWong, one of the largest law firms in Singapore with over 100 professional staff and offices in Singapore, Shanghai, Hanoi and Ho Chih Minh, where he headed the firm's International Trade and Shipping department. Mr. Lai's practice focused on marine insurance, shipping and admiralty law and involved handling legal disputes arising out of international trade and transport. Mr. Lai has acted as lead counsel in numerous cases before the High Court and Court of Appeal of Singapore and in arbitrations. Mr. Lai was formerly the Chairman of the Advisory Body Legal Matters, FIATA and the Legal Counsel for the Singapore Logistics Association. Mr. Lai is currently the Chairman of PVKeez Pte Limited, a joint venture between EOC Limited ("EOC"), Ezra Holdings Limited, Keppel Corporation Limited and PetroVietnam Transportation Corporation set up for the conversion, management and operation of a Floating Production Storage and Offloading ("FPSO") facility in Vietnam's Chim Sao oilfield; a contract worth US$1 billion, with all options exercised. Mr. Lai sits on the Board of Directors of Select Group Limited, a company whose shares is listed on the Singapore Stock Exchange and Interlink Petroleum Limited, a company whose shares is listed on the Mumbai Stock Exchange. Mr. Lai also holds the position as a non-executive Director of NagaCorp Limited (stock code: 3918), a company whose shares is listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

**Mr. Chu Hung Lin, Victor ("Mr. Chu")**, aged 46, is an independent non-executive Director and a member of each of the audit committee and remuneration committee of the Company since 1 June 2009 and a member of the nomination committee since 31 March 2012. Mr. Chu has a diversified experience in the industries of film production, land development, private pre-IPO investment and food and catering. During the period from January 2001 to June 2003, he was the deputy chairman and executive director of Climax International Company Limited (stock code: 439), shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited. Since 2003, he has been actively involved in food and beverage business and has been a shareholder and director of certain private companies. Mr. Chu is responsible for the business development and product development of such companies.

**Mr. Tong Wan Sze ("Mr. Tong")**, aged 46, is an independent non-executive Director and the chairman of the audit committee of the Company since 29 December 2010. Mr. Tong has over 20 years experience in overseeing financial management, merger and acquisition, investor relations and company secretarial matters. Before joining the Company, Mr. Tong was the Chief Financial Officer, Financial Controller and Company Secretary at several companies listed on the Main Board of The Stock Exchange of Hong Kong Limited and previously he was an auditor at Deloitte Touche Tohmatsu. He is a Fellow of the Association of Chartered Certified Accountants, an Associate of the Hong Kong Institute of Certified Public Accountants and a Certified Tax Advisor in Hong Kong. Mr. Tong has obtained a Master degree in Business Administration from the University of Strathclyde in the United Kingdom.

The Directors present their annual report together with the audited consolidated financial statements of the Company for the year ended 31 March 2014.

## PRINCIPAL ACTIVITIES

The Company is an investment holding company. The activities of its subsidiaries are set out in note 43 to the financial statements.

## SEGMENT INFORMATION

An analysis of the principal activities and geographical locations of operations of the Group for the year ended 31 March 2014 are set out in note 8 to the financial statements.

## RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 March 2014 are set out in the Consolidated Statement of Profit or Loss and Other Comprehensive Income on pages 31 to 32.

The Directors do not recommend the payment of a dividend for the year ended 31 March 2014 (2013: Nil).

## FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on pages 111 to 112.

## SUBSIDIARIES AND ASSOCIATES

Particulars of subsidiaries and associates of the Group are set out in notes 43 and 24 to the financial statements respectively.

## PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group during the year are set out in note 18 to the financial statements.

## SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in note 35 to the financial statements. There was no conversion or subscription rights under any convertible securities, options, warrants or similar rights of the Group being exercised during the year ended 31 March 2014.

## RESERVES

Movements in the reserves of the Group and the Company during the year are set out in the Consolidated Statement of Changes in Equity and note 36 to the financial statements respectively.

The Company had no reserves available for distribution to shareholders of the Company as at 31 March 2014 (2013: Nil).

## PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the articles of association of the Company, or the laws of Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders of the Company.

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2014.

## RETIREMENT SCHEME

The Group operates a Mandatory Provident Fund Scheme ("MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance (Chapter 485 laws of Hong Kong) for employees employed under the jurisdiction of the Hong Kong Employment Ordinance (Chapter 57 laws of Hong Kong). The MPF Scheme is a defined contribution retirement scheme administered by independent trustees. Under the MPF Scheme, each of the employer and employee are required to make contributions of 5% of the employees' relevant income to the scheme, subject to a cap of monthly relevant income of HK$25,000. Contributions made to the scheme are vested immediately.

The employees of the subsidiaries of the Group in the PRC, Singapore and Indonesia participate in the retirement schemes operated by the local authorities. The subsidiaries are required to contribute a certain percentage of salaries to these schemes to pay the benefits. The only obligation of the Group in respect to these schemes is the required contributions under the schemes.

For the year ended 31 March 2014, the Group's total contributions to the retirement schemes charged in the Consolidated Statement of Comprehensive Income amounted to approximately HK$921,000 (2013: HK$488,000).

## MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 March 2014, the aggregate sales attributable to the Group's five largest customers accounted for approximately 62.74% (2013: 94.97%) of the Group's total sales and the sales attributable to the Group's largest customer accounted for approximately 30.30% (2013: 54.01%) of the Group's total sales. During the year ended 31 March 2014, the aggregate purchases attributable to the Group's five largest suppliers accounted for approximately 75.57% (2013: 99.02%) of the Group's total purchases and the purchases attributable to the Group's largest supplier accounted for approximately 33.7% (2013: 54.14%) of the Group's total purchases.

None of the Directors, their associates or substantial shareholders (which to the best knowledge of the Directors owns more than 5% of the Company's issued share capital) had any beneficial interest in the share capital of any of the five largest customers and suppliers of the Group.

## DIRECTORS

The Directors during the year and up to the date of this report were:

### Executive Directors

Mr. Michael Koh Tat Lee
Mr. Cheung Hung Man
Mr. Eng Wee Meng

### Non-Executive Directors

Mr. Yin Mark Teh-min
Mr. Liang Tong Wei

### Independent Non-executive Directors

Mr. Lai Kai Jin, Michael
Mr. Chu Hung Lin, Victor
Mr. Tong Wan Sze

Pursuant to Article 116 of the articles of association of the Company, Mr. Yin Mark Teh-min, Mr. Liang Tong Wei and Mr. Tong Wan Sze shall retire from office by rotation at such forthcoming annual general meeting of the Company and, being eligible, will offer themselves for re-election except Mr. Yin Mark Teh-min has confirmed that he will not offer himself for re-election at such forthcoming annual general meeting of the Company.

## DIRECTORS' SERVICE CONTRACTS

All executive Directors, Mr. Michael Koh Tat Lee, Mr. Cheung Hung Man and Mr. Eng Wee Meng have entered into service contracts with a wholly owned subsidiary of the Company. The service contracts have no fixed termination date but can be terminated by either party by three months' written notice to the other party. They are subject to rotation and re-election provisions in the articles of association of the Company.

Each of the current non-executive Director and independent non-executive Directors has entered into a service contract with the Company with a fixed term of office of 1 year on the date of their appointment. Such service contracts will be automatically renewable for successive terms of one year unless terminated by either party by one month's written notice to the other party. They are subject to rotation and re-election provisions in the articles of association of the Company.

None of the Director being proposed for re-election at the forthcoming annual general meeting of the Company has any service contract which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

## DIRECTORS' BIOGRAPHIES

Biographical details of the Directors of the Group are set out on pages 17 to 19 of this annual report.

## EMOLUMENTS OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the Directors and the five highest paid individuals of the Group are set out in note 14 to the financial statement.

## DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in note 41 to the financial statements, there were no contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

## INDEPENDENCE CONFIRMATION

The Company has received annual confirmation of independence pursuant to Rule 5.09 of the GEM Listing Rules from each of the independent non-executive Directors, namely Mr. Lai Kai Jin, Michael, Mr. Chu Hung Lin, Victor and Mr. Tong Wan Sze, and as at the date of this report considers them to be independent.

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS OR SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2014, the interests or short position of each Directors and chief executives of the Company in the shares (the "Shares"), underlying shares and debentures of the Company or any of its associated corporations (within the meanings of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO")) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of SFO (including interests and short positions which he was taken or deemed to have under such provisions of SFO); or (ii) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or (iii) were required, pursuant to Rule 5.46 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

## The Company

### Long and short positions in Shares of the Company

| Name of Directors/ chief executive | Number of Shares | | Approximate percentage of shareholding | Capacity |
|---|---|---|---|---|
| Michael Koh Tat Lee | 272,829,600 | (L) | 28.94 | Interest of spouse *(Note 1)* |
| | 252,153,400 | (S) *(Note 5)* | 26.74 | Interest of spouse *(Note 1)* |
| Liang Tong Wei | 100,000,000 | (L) | 10.61 | Beneficial owner |
| Cheung Hung Man | 66,285,000 | (L) | 7.03 | Interest of controlled corporation |
| | 50,010,000 | (L) | 5.30 | Beneficial owner |
| Sub-total: | 116,295,000 | (L) | 12.33 | *(Note 2)* |
| Eng Wee Meng | 1,400,000 | (L) | 0.15 | Beneficial owner *(Note 3)* |
| Yin Mark Teh-min | 50,000 | (L) | 0.01 | Interest of spouse |
| | 7,600 | (L) | — | Beneficial owner |
| Sub-total: | 57,600 | | 0.01 | *(Note 4)* |

(L) — Long position; (S) — Short position

*Notes:*

1. Ms. Wong Eva, being the wife of Mr. Michael Koh Tat Lee ("Mr. Koh"), is interested in 272,829,600 Shares. Therefore, Mr. Koh is deemed to be interested in 272,829,600 Shares.

2. Mr. Cheung Hung Man ("Mr. Cheung") is interested in 50,010,000 Shares and a maximum of 66,285,000 Shares to be issued to Brighton Asia Pacific Investment Limited (or the nominee(s) as it may direct), a company wholly owned by Mr. Cheung, according to the terms of the sale and purchase agreement dated 27 March 2013.

3. Mr. Eng Wee Meng was granted an option to subscribe 1,400,000 Shares on 27 March 2013 under the Share Option Scheme adopted by the Company on 30 July 2012.

4. Ms. Wong Shu Wah, Ceci, being the wife of Mr. Yin Mark Teh-min ("Mr. Yin"), is interested in 50,000 Shares. Accordingly, Mr. Yin is deemed to be interested in such 50,000 Shares. Mr. Yin also holds 7,600 Shares as beneficial owner. Therefore, Mr. Yin is interested in 57,600 Shares.

5. Pursuant to the security document dated 13 March 2013 and a supplemental and amendment deed dated 11 October 2013 entered into between Kesterion Investments Limited (a company wholly-owned by Ms. Eva Wong) and China Shipbuilding Industrial Complete Equipment and Logistics Company Limited, a security over the 252,153,400 Shares and the Convertible Bonds held by Kesterion Investments Limited (upon the full conversion at a conversation price of HK$22.79 per conversion share, a total of 68,955,682 Shares shall be issued to Kesterion Investments Limited) was created in favour of China Shipbuilding Industrial Complete Equipment and Logistics Company Limited.

Save as disclosed above, there are no long and short positions of the Directors and the chief executives in the Shares, underlying Shares and debentures of the Company and its associated corporations that (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required, pursuant to Rule 5.46 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

## INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS DISCLOSABLE UNDER THE SFO

As at 31 March 2014, the following persons (other than Directors and chief executives of the Company) had an interest and/or a short position in the Shares or underlying Shares in respect of equity derivatives of the Company that has to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept under section 336 of the SFO (including interests and/or short positions which they were taken or deemed to have under such provisions of the SFO):

### Long and short positions in Shares of the Company

| Name of shareholder | Number of Shares of the Company | Approximate percentage of shareholding | Capacity |
|---|---|---|---|
| Kesterion Investments Limited | 272,558,400 (L) | 28.91 | Beneficial owner (Note 1) |
| | 252,153,400 (S) | 26.74 | Beneficial owner (Note 3) |
| Wong, Eva | 272,558,400 (L) | 28.91 | Interest of controlled corporation (Note 1) |
| | 271,200 (L) | 0.03 | Beneficial owner |
| Sub-total: | 272,829,600 (L) | 28.94 | |
| Michael Koh Tat Lee | 272,829,600 (L) | 28.94 | Interest of spouse (Note 1) |
| Liang Tong Wei | 100,000,000 (L) | 10.61 | Beneficial owner |
| Cheung Hung Man | 50,010,000 (L) | 5.30 | Beneficial owner (Note 2) |

(L) - Long position; (S) - Short position

### Long and short positions in the underlying Shares of the Company

| Name of shareholder | Number of underlying Shares in respect of equity derivatives of the Company | Approximate percentage of the issued share capital of the Company | Capacity |
|---|---|---|---|
| Kesterion Investments Limited | 68,955,682(L) | 7.31% | Beneficial owner *(Note 1)* |
| | 68,955,682(S) | 7.31% | Beneficial owner *(Note 3)* |
| Wong Eva | 68,955,682(L) | 7.31% | Interest of controlled corporation *(Note 1)* |
| Michael Koh Tat Lee | 68,955,682(L) | 7.31% | Interest of spouse *(Note 1)* |
| Brighton Asia Pacific Investment Limited | 66,285,000(L) | 7.03% | Beneficial owner *(Note 2)* |
| Cheung Hung Man | 66,285,000(L) | 7.03% | Interest of controlled corporation *(Note 2)* |
| China Shipbuilding Industrial Complete Equipment and Logistics Company Limited | 321,109,082(L) | 34.06% | Security Interest *(Note 3)* |

*Notes:*

1. This represents the principal amount of approximately US$201,474,359 of convertible bonds, which upon conversion in full will result in the allotment and issue of 68,955,682 Shares, which have been issued to Kesterion Investments Limited on 18 December 2008 as part of considerations for the acquisition of First Pine Enterprises Limited. The entire issued share capital of Kesterion Investments Limited is beneficially owned by Ms. Eva Wong ("Ms. Wong"). Ms. Wong, is the sister-in-law of a non-executive Director of the Company Mr. Yin Mark Teh-min. Mr. Michael Koh Tat Lee, being the husband of Ms. Wong, is deemed to be interested in such 68,955,682 shares.

2. Mr. Cheung Hung Man ("Mr Cheung") is interested in 50,010,000 Shares and a maximum of 66,285,000 shares shall be issued to Brighton Asia Pacific Investment Limited (or the nominee(s) as it may direct) according to the term of the sale and purchases agreement dated 27 March 2013. The entire issued share capital of Brighton Asia Pacific Investment Limited is beneficially owned by Mr. Cheung.

3. Pursuant to the security document dated 13 March 2013 and a supplemental and amendment deed dated 11 October 2013 entered into between Kesterion Investments Limited and China Shipbuilding Industrial Complete Equipment and Logistics Company Limited, a security over the 252,153,400 Shares and the Convertible Bonds held by Kesterion Investments Limited (upon the full conversion at a conversation price of HK$22.79 per conversion share, a total of 68,955,682 Shares shall be issued to Kesterion Investments Limited) was created in favour of China Shipbuilding Industrial Complete Equipment and Logistics Company Limited. None of the Directors is a director or an employee of China Shipbuilding Industrial Complete Equipment and Logistics Company Limited.

## DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in note 37 to the financial statements, at no time during the year was the Company, or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debt securities including debentures of, the Company or any other body corporate, and none of the Directors or their spouses or children under the age of 18 had any right to subscribe for the securities of the Company, or had exercised any such right.

## SHARE OPTIONS SCHEME

A summary of the share option scheme and details of the movements in share options of the Company during the year ended 31 March 2014 are set out in note 37 to the financial statements.

## CONNECTED TRANSACTIONS

Details of the related party transaction disclosed in note 41 to the financial statements for the year ended 31 March 2014 were constituted connected transactions as defined in Chapter 20 of the GEM Listing Rules. Saved as disclosed therein , there was no other transaction which would need to be disclosed as connected transactions in compliance with the disclosure requirements in Chapter 20 of the GEM Listing Rules.

The Directors consider that the above transaction of the Group was incurred under normal commercial terms and in the ordinary and usual course of business, and the terms are fair and reasonable and in the interests of the shareholders of the Company as a whole.

## MANAGEMENT CONTRACT

No contracts concerning the management or administration of the whole or any substantial part of the business were entered into or in existence during the year ended 31 March 2014.

## DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Directors or any of their associates (as defined in the GEM Listing Rules), is or was interested in any business apart from the Group's business, that of the Company competes or competed or is or was likely to compete, either directly or indirectly, with the Group's business at any time during the year ended 31 March 2014 and up to and including the date of this report.

## SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the directors as at the date of this report, the Company has maintained sufficient public float as required under the GEM Listing Rules.

## CORPORATE GROVERNANCE

Information on the Company's Corporate Governance Practices are set out in the Corporate Governance Report on pages 8 to 16 of this annual report.

## AUDITOR

RSM Nelson Wheeler will retire at the forthcoming annual general meeting of the Company and, being eligible, offer themselves for reappointment. A resolution for the re-appointment of RSM Nelson Wheeler as auditor of the Company will be proposed at the forthcoming annual general meeting of the Company.

By Order of the Board

*Chairman*
**Michael Koh Tat Lee**

Hong Kong
20 June 2014

**TO THE SHAREHOLDERS OF PAN ASIA MINING LIMITED**

**(Incorporated in the Cayman Islands with limited liability)**

We have audited the consolidated financial statements of Pan Asia Mining Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 31 to 110, which comprise the consolidated statement of financial position as at 31 March 2014, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

## DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

## AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

## OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 March 2014, and of the Group's results and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

## MATERIAL UNCERTAINTY RELATING TO THE EXPLORATION AND EVALUATION ASSETS

Without qualifying our opinion, we draw attention to note 21 to the financial statements. On 15 June 2010, Mogan submitted an application to the Mines and Geosciences Bureau (the "MGB") of the Department of Environment and Natural Resources of the Philippines for the conversion of the exploration rights into a mineral production sharing agreement (the "MPSA") in respect of 5,000 hectares within the exploration area of 28,157 hectares in the Leyte Gulf and San Pedro Bay off Leyte and Samar Provinces of the Philippines covered by two exploration permits issued by the MGB. A MPSA is an agreement between a contractor and MGB, acting on behalf of the Government of the Philippines, whereby the Government of the Philippines grants the contractor exclusive rights to conduct mining operations to extract and exploit the pre-agreed upon mineral resources in the specified area within a specified time frame. As of the approval date of these financial statements, the MPSA was yet to be awarded to Mogan.

If the application of the MPSA is unsuccessful, the Group might incur a significant amount of impairment loss on the corresponding exploration and evaluation assets, which might have a significant effect on the consolidated financial statements of the Group. However, the directors are of the opinion that Mogan would be able to obtain the MPSA and they do not foresee any circumstances that would trigger their application for MPSA being unsuccessful.

**RSM Nelson Wheeler**
Certified Public Accountants
Hong Kong

20 June 2014

| | Note | 2014 HK$'000 | 2013 HK$'000 |
|---|---|---|---|
| **Turnover** | 9 | **408,784** | 274,489 |
| Cost of sales | | **(406,321)** | (272,634) |
| **Gross profit** | | **2,463** | 1,855 |
| Administrative expenses | | **(74,588)** | (38,885) |
| Other operating income/(expenses), net | 10 | **7,672** | 3,524 |
| **Loss from operations** | | **(64,453)** | (33,506) |
| Finance costs | 11 | **(110,479)** | (94,465) |
| Share of losses of associates | 24 | **–** | – |
| Fair value gain on contingent consideration payable | 38(a) | **869** | – |
| **Loss before tax** | | **(174,063)** | (127,971) |
| Income tax expense | 12 | **(1,935)** | – |
| **Loss for the year** | 13 | **(175,998)** | (127,971) |
| **Other comprehensive income for the year, net of tax** | | | |
| *Items that will not be reclassified to profit or loss:* | | | |
| Revaluation surplus of investment properties | | **2,348** | – |
| *Item that may be reclassified to profit or loss:* | | | |
| Exchange differences on translating foreign operations | | **(1,247)** | (372) |
| | | **1,101** | (372) |
| **Total comprehensive income for the year** | | **(174,897)** | (128,343) |
| **Loss for the year attributable to:** | | | |
| Owners of the Company | 15 | **(175,363)** | (127,691) |
| Non-controlling interests | | **(635)** | (280) |
| | | **(175,998)** | (127,971) |

| | Note | 2014 | 2013 |
|---|---|---|---|
| | | **HK$'000** | HK$'000 |
| **Total comprehensive income for the year attributable to:** | | | |
| Owners of the Company | | **(174,261)** | (127,681) |
| Non-controlling interests | | **(636)** | (662) |
| | | **(174,897)** | (128,343) |
| | | **HK$** | HK$ |
| **Loss per share** | 17 | | |
| Basic | | **0.19** | 0.14 |
| Diluted | | **N/A** | N/A |

| | Note | 2014 HK$'000 | 2013 HK$'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | 18 | **55,189** | 5,162 |
| Investment properties | 19 | **17,639** | – |
| Payments for mining claims | 20 | **109** | 109 |
| Exploration and evaluation assets | 21 | **1,104,024** | 1,103,323 |
| Goodwill | 22 | **13,595** | 6,234 |
| Intangible assets | 23 | **26,979** | – |
| Interests in associates | 24 | **–** | – |
| Loan to a third party | | **–** | 15,161 |
| | | **1,217,535** | 1,129,989 |
| **Current assets** | | | |
| Inventories | 25 | **19,714** | – |
| Trade and other receivables | 26 | **249,482** | 76,723 |
| Financial assets at fair value through profit or loss | 27 | **288** | 9,157 |
| Amount due from a director | 41(a) | **593** | 109 |
| Pledged bank deposits | 28 | **–** | 3,279 |
| Cash and bank balances | 28 | **42,058** | 175,877 |
| | | **312,135** | 265,145 |
| **Current liabilities** | | | |
| Trade and other payables | 29 | **325,637** | 205,626 |
| Amounts due to associates | 24 | **56** | 59 |
| Amounts due to directors | 41(b) | **3,693** | 2,058 |
| Contingent consideration payable | 30 | **27,839** | – |
| Bank loans and bank overdrafts | 31 | **26,344** | 2,338 |
| Finance lease payables | 32 | **413** | 186 |
| Current tax liabilities | | **2,623** | 109 |
| | | **386,605** | 210,376 |
| **Net current (liabilities)/assets** | | **(74,470)** | 54,769 |
| **Total assets less current liabilities** | | **1,143,065** | 1,184,758 |

| | Note | 2014 HK$'000 | 2013 HK$'000 |
|---|---|---|---|
| **Non-current liabilities** | | | |
| Bank loans | 31 | **1,172** | – |
| Finance lease payables | 32 | **900** | 366 |
| Convertible bonds | 33 | **728,341** | 618,791 |
| Deferred tax liabilities | 34 | **8,090** | – |
| | | **738,503** | 619,157 |
| **NET ASSETS** | | **404,562** | 565,601 |
| **Capital and reserves** | | | |
| Share capital | 35 | **471,450** | 459,092 |
| Reserves | 36 | **(454,853)** | (280,839) |
| Equity attributable to owners of the Company | | **16,597** | 178,253 |
| Non-controlling interests | | **387,965** | 387,348 |
| **TOTAL EQUITY** | | **404,562** | 565,601 |

Approved by the Board of Directors on 20 June 2014.

**Michael Koh Tat Lee**
*Director*

**Eng Wee Meng**
*Director*

| | Attributable to owners of the Company | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **Share capital** | **Share premium** | **Foreign currency translation reserve** | **Share option reserve** | **Convertible bonds equity reserve** | **Property revaluation reserve** | **Accumulated losses** | **Total** | **Non-controlling interests** | **Total equity** |
| | HK$'000 | HK$'000 | HK$'000 | HK$'000 | HK$'000 | HK$'000 | HK$'000 | HK$'000 | HK$'000 | HK$'000 |
| At 1 April 2012 | 456,092 | 3,780,032 | (1,232) | 320 | 1,263,605 | – | (5,204,365) | 294,452 | 387,913 | 682,365 |
| Total comprehensive income for the year | – | – | 10 | – | – | – | (127,691) | (127,681) | (662) | (128,343) |
| Share-based payments | – | – | – | 8,482 | – | – | – | 8,482 | – | 8,482 |
| Issue of share on exercise of share option (note 35) | 3,000 | – | – | (551) | – | – | 551 | 3,000 | – | 3,000 |
| Acquisition of a subsidiary | – | – | – | – | – | – | – | – | 97 | 97 |
| Changes in equity for the year | 3,000 | – | 10 | 7,931 | – | – | (127,140) | (116,199) | (565) | (116,764) |
| At 31 March 2013 | 459,092 | 3,780,032 | (1,222) | 8,251 | 1,263,605 | – | (5,331,505) | 178,253 | 387,348 | 565,601 |
| At 1 April 2013 | 459,092 | 3,780,032 | (1,222) | 8,251 | 1,263,605 | – | (5,331,505) | 178,253 | 387,348 | 565,601 |
| Total comprehensive income for the year | – | – | (1,246) | – | – | 2,348 | (175,363) | (174,261) | (636) | (174,897) |
| Issue of share on acquisition of a subsidiary (note 38(a)) | 12,358 | 247 | – | – | – | – | – | 12,605 | – | 12,605 |
| Capital contribution from non-controlling interests | – | – | – | – | – | – | – | – | 1,253 | 1,253 |
| Changes in equity for the year | 12,358 | 247 | (1,246) | – | – | 2,348 | (175,363) | (161,656) | 617 | (161,039) |
| At 31 March 2014 | 471,450 | 3,780,279 | (2,468) | 8,251 | 1,263,605 | 2,348 | (5,506,868) | 16,597 | 387,965 | 404,562 |

| | Note | 2014<br>HK$'000 | 2013<br>HK$'000 |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Loss before tax | | **(174,063)** | (127,971) |
| Adjustments for: | | | |
| Finance costs | | **110,479** | 94,465 |
| Interest income from debt investments | | **–** | (281) |
| Interest income from loan and receivables | | **(525)** | (708) |
| Net interest payable on trade balances | | **1,761** | – |
| Amortisation of intangible assets | | **2,393** | – |
| Depreciation | | **4,563** | 1,529 |
| Allowances for trade and other receivables | | **11,768** | – |
| Gain on disposal of property, plant and equipment | | **(52)** | – |
| Gain on bargain purchase from acquisition of a subsidiary | | **(99)** | – |
| Fair value on contingent consideration payable | | **(869)** | – |
| Fair value gain on financial assets at fair value through profit or loss | | **(259)** | (1,454) |
| Dividend income from listed investments | | **(57)** | (839) |
| Equity-settled share-based payments | | **–** | 8,482 |
| Operating loss before working capital changes | | **(44,960)** | (26,777) |
| (Increase)/decrease in inventories | | **(12,619)** | 2,818 |
| (Increase)/decrease in trade and other receivables | | **(105,445)** | 2,239 |
| Increase in amount due from a director | | **(301)** | (109) |
| Decrease in amount due to directors | | **(1,999)** | – |
| Increase in trade and other payables | | **12,584** | 177,124 |
| **Cash (used in)/generated from operations** | | **(152,740)** | 155,295 |
| Net proceeds from disposal of financial assets at fair value through profit or loss | | **9,128** | 20,492 |
| Income tax paid | | **(19)** | – |
| **Net cash (used in)/generated from operating activities** | | **(143,631)** | 175,787 |

| | Note | 2014<br>HK$'000 | 2013<br>HK$'000 |
|---|---|---|---|
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Interest received | | **4,805** | 989 |
| Dividend income from listed investments | | **57** | 839 |
| Loan from directors | | **–** | 690 |
| Additions to exploration and evaluation assets | | **(701)** | (3,027) |
| Purchases of property, plant and equipment | | **(5,917)** | (961) |
| Purchase of investment property | | **(3,746)** | – |
| Proceeds from disposal of property, plant and equipment | | **1,218** | – |
| Loan to a third party | | **(1,176)** | (8,457) |
| Decrease/(increase) in pledged bank deposits | | **3,279** | (3,166) |
| Acquisitions of subsidiaries | 38 | **(6,407)** | (7,107) |
| **Net cash used in investing activities** | | **(8,588)** | (20,200) |
| **CASH FLOWS FROM FINANCINAL ACTIVITIES** | | | |
| Capital contribution from non-controlling interests | | **1,253** | – |
| Net proceeds from bank loan | | **9,834** | 2,338 |
| Bank loan interest paid | | **(868)** | (140) |
| Repayment of shareholder's loan | | **–** | (30,000) |
| Shareholder's loan interest paid | | **–** | (1,603) |
| Proceeds from issue of shares on exercise of share options | | **–** | 3,000 |
| Addition/(repayment) of finance lease payables, net | | **494** | (140) |
| Finance lease charges paid | | **(61)** | (35) |
| **Net cash generated from/(used in) financing activities** | | **10,652** | (26,580) |
| **NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS** | | **(141,567)** | 129,007 |
| Effect of foreign exchange rate changes | | **(1,823)** | (356) |
| **CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR** | | **175,877** | 47,226 |
| **CASH AND CASH EQUIVALENTS AT END OF YEAR** | | **32,487** | 175,877 |
| **ANALYSIS OF CASH AND CASH EQUIVALENTS** | | | |
| Cash and bank balances | | **42,058** | 175,877 |
| Bank overdrafts | 31 | **(9,571)** | – |
| | | **32,487** | 175,877 |

## 1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands with limited liability. The address of its registered office is P.O. Box 309, Ugland House, South Church Street, George Town, Grand Cayman, Cayman Islands, British West Indies. The address of its principal place of business is Units 3404-6, 34/F., AIA Tower, 183 Electric Road, North Point, Hong Kong. The Company's shares are listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (The "Stock Exchange").

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 43 to the financial statements.

## 2. GOING CONCERN BASIS

The Group incurred a loss attributable to owners of the Company of HK$175,363,000 for the year ended 31 March 2014 and the Group had net current liabilities of HK$74,470,000 as at 31 March 2014. These conditions indicated that the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

These financial statements have been prepared on a going concern basis, the validity of which depends upon the financial support of a substantial shareholder, at a level sufficient to finance the working capital requirements of the Group. The substantial shareholder has agreed to provide adequate funds for the Group to meet its liabilities as they fall due. In addition, the Group is negotiating with its substantial shareholder and professional advisors for the restructuring of convertible bonds which issued to its substantial shareholder. The directors are therefore of the opinion that it is appropriate to prepare the financial statements on a going concern basis. Should the Group be unable to continue as a going concern, adjustments would have to be made to the financial statements to adjust the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively.

## 3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants that are relevant to its operations and effective for its accounting year beginning on 1 April 2013. HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current year and prior years, except as stated below.

### a. Amendments to HKAS 1 "Presentation of Financial Statements"

Amendments to HKAS 1 titled Presentation of Items of Other Comprehensive Income introduce new optional terminology for statement of comprehensive income and income statement that has been applied by the Group. Under the amendments to HKAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and an income statement is renamed as a statement of profit or loss. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements.

## 3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS *(continued)*

### a. Amendments to HKAS 1 "Presentation of Financial Statements" *(continued)*

The amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the change. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 did not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

### b. HKFRS 12 "Disclosure of Interests in Other Entities"

HKFRS 12 "Disclosure of Interests in Other Entities" specifies the disclosure requirements for subsidiaries, joint arrangements and associates, and introduces new disclosure requirements for unconsolidated structured entities.

The adoption of HKFRS 12 only affects the disclosures relating to the Group's subsidiaries and associates in the consolidated financial statements. HKFRS 12 has been applied retrospectively.

### c. HKFRS 13 "Fair Value Measurement"

HKFRS 13 "Fair Value Measurement" establishes a single source of guidance for all fair value measurements required or permitted by HKFRSs. It clarifies the definition of fair value as an exit price, which is defined as a price at which an orderly transaction to sell the asset or transfer the liability would take place between market participants at the measurement date under market conditions, and enhances disclosures about fair value measurements.

The adoption of HKFRS 13 only affected disclosures on fair value measurements in the consolidated financial statements. HKFRS 13 has been applied prospectively.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position. The Group does not plan to adopt these standards prior to their mandatory effective date.

## 4. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with HKFRSs, accounting principles generally accepted in Hong Kong and the applicable disclosures required by the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss, leasehold building and investment properties which are carried at their fair values.

The preparation of financial statements in conformity with HKFRSs requires the use of certain key assumptions and estimates. It also requires the directors to exercise their judgement in the process of applying the accounting policies. The areas involving critical judgements and areas where assumptions and estimates are significant to these financial statements, are disclosed in note 5 to the financial statements.

The significant accounting policies applied in the preparation of these financial statements are set out below.

### (a) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 March. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill relating to that subsidiary and any related accumulated foreign currency translation reserve.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

## 4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### (a) Consolidation *(continued)*

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Company. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Non-controlling interests are presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of profit or loss and total comprehensive income for the year between the non-controlling shareholders and owners of the Company.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling shareholders even if this results in the non-controlling interests having a deficit balance.

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

### (b) Business combinations and goodwill

The acquisition method is used to account for the acquisition of a subsidiary in a business combination. The cost of acquisition is measured at the acquisition-date fair value of the assets given, equity instruments issued, liabilities incurred and contingent consideration. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received. Identifiable assets and liabilities of the subsidiary in the acquisition are measured at their acquisition-date fair values.

The excess of the cost of acquisition over the Company's share of the net fair value of the subsidiary's identifiable assets and liabilities is recorded as goodwill. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss as a gain on bargain purchase which is attributed to the Company.

In a business combination achieved in stages, the previously held equity interest in the subsidiary is remeasured at its acquisition-date fair value and the resulting gain or loss is recognised in consolidated profit or loss. The fair value is added to the cost of acquisition to calculate the goodwill.

If the changes in the value of the previously held equity interest in the subsidiary were recognised in other comprehensive income (for example, available-for-sale investment), the amount that was recognised in other comprehensive income is recognised on the same basis as would be required if the previously held equity interest were disposed of.

## 4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### (b) Business combinations and goodwill *(continued)*

Goodwill is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is measured at cost less accumulated impairment losses. The method of measuring impairment losses of goodwill is the same as that of other assets as stated in the accounting policy 4(bb) below. Impairment losses of goodwill are recognised in consolidated profit or loss and are not subsequently reversed. Goodwill is allocated to cash-generating units that are expected to benefit from the synergies of the acquisition for the purpose of impairment testing.

The non-controlling interests in the subsidiary are initially measured at the non-controlling shareholders' proportionate share of the net fair value of the subsidiary's identifiable assets and liabilities at the acquisition date.

### (c) Associates

Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policies of an entity but is not control or joint control over those policies. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has significant influence. In assessing whether a potential voting right contributes to significant influence, the holder's intention and financial ability to exercise or convert that right is not considered. In assessing whether a potential voting right contributes to significant influence, the holder's intention and financial ability to exercise or convert that right is not considered.

Investment in an associate is accounted for in the consolidated financial statements by the equity method and is initially recognised at cost. Identifiable assets and liabilities of the associate in an acquisition are measured at their fair values at the acquisition date. The excess of the cost of acquisition over the Group's share of the net fair value of the associate's identifiable assets and liabilities is recorded as goodwill. The goodwill is included in the carrying amount of the investment and is tested for impairment together with the investment at the end of each reporting period when there is objective evidence that the investment is impaired. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss.

The Group's share of an associate's post-acquisition profits or losses is recognised in consolidated profit or loss, and its share of the post-acquisition movements in reserves is recognised in the consolidated reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

## 4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### (c) Associates *(continued)*

The gain or loss on the disposal of an associate that results in a loss of significant influence represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that associate and (ii) the Group's share of the net assets of that associate plus any remaining goodwill relating to that associate and any related accumulated foreign currency translation reserve.

Unrealised profits on transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

### (d) Foreign currency translation

*(i) Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is the Company's presentation currency. The functional currency of the Company is United States dollars ("USD"). The directors consider that choosing HK$ as the presentation currency best suits the needs of the shareholders and investors, who are mostly located in Hong Kong.

*(ii) Transactions and balances in each entity's financial statements*

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

## 4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### (d) Foreign currency translation *(continued)*

*(iii) Translation on consolidation*

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

– Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

– Income and expenses are translated at average exchange rates for the period (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and

– All resulting exchange differences are recognised in the other comprehensive income and accumulated in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings are recognised in the other comprehensive income and accumulated in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are reclassified to consolidated profit or loss as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

### (e) Property, plant and equipment

Leasehold building represents the factory in use. Leasehold building is carried at fair value less subsequent depreciation and impairment losses. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

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 repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

Revaluation increases of leasehold building are recognised in profit or loss to the extent that the increases reverse revaluation decreases of the same asset previously recognised in profit or loss. All other revaluation increases are credited to the property revaluation reserve as other comprehensive income. Revaluation decreases that offset previous revaluation increases of the same asset remaining in the property revaluation reserve are charged against the property revaluation reserve as other comprehensive income. All other decreases are recognised in profit or loss. On the subsequent sale or retirement of a revalued leasehold building, the attributable revaluation increases remaining in the property revaluation reserve is transferred directly to retained profits.

## 4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### (e) Property, plant and equipment *(continued)*

Depreciation of property, plant and equipment is calculated at rates appropriate to write off their cost or revalued amounts less their residual values over the estimated useful lives on a straight-line basis. The principal annual rates are as follows:

| | |
|---|---|
| Leasehold building | Over the lease term |
| Leasehold improvement | Over the lease term |
| Furniture and fixtures | 25% - 50% |
| Office equipment | 25% - 50% |
| Motor vehicles | 12.5% - 30% |
| Machinery | 12.5% - 30% |

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

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

### (f) Investment properties

Investment properties are buildings held to earn rentals. An investment property is measured initially at its cost including all direct costs attributable to the property.

After initial recognition, the investment property is stated at its fair value based on valuation by an external independent valuer. Gains or losses arising from changes in fair value of the investment property are recognised in profit or loss for the period in which they arise.

The gain or loss on disposal of an investment property is the difference between the net sales proceeds and the carrying amount of the property, and is recognised in profit or loss.

## 4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### (g) Leases

#### *(i) Operating leases*

Leases that do not substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as operating leases.

Where the Group is the lessee, lease payments (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the lease term.

Where the Group is the lessor, rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease.

#### *(ii) Finance leases*

Leases that substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as finance leases. At the commencement of the lease term, a finance lease is capitalised at the lower of the fair value of the leased asset and the present value of the minimum lease payments, each determined at the inception of the lease.

The corresponding liability to the lessor is included in the statement of financial position as finance lease payable. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Assets under finance leases are depreciated the same as owned assets over the shorter of the lease term and their estimated useful lives.

### (h) Payments for mining claims

Mining claims represent all the rights of the Group to explore, develop and ultilise in and to magnetite other minerals located in the specified mining area pursuant to the issuance of an exploration permit and mineral production sharing agreement by the relevant authorities of the Philippines. Payments for mining claims, pending the issuance of the exploration permit, are stated at cost and are reclassified as exploration and evaluation assets when the exploration permit is issued.

## 4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### (i) Exploration and evaluation assets

Exploration and evaluation assets are recognised at cost on initial recognition. Subsequent to initial recognition, exploration and evaluation assets are stated at cost less any accumulated impairment losses. Exploration and evaluation assets include the cost of mining and exploration rights and the expenditures incurred in the search for mineral resources as well as the determination of the technical feasibility and commercial viability of extracting those resources. When the technical feasibility and commercial viability of extracting mineral resources become demonstrable, previously recognised exploration and evaluation assets are reclassified as mining rights and mineral properties under intangible assets and property, plant and equipment respectively.

*Impairment of exploration and evaluation assets*

The carrying amount of the exploration and evaluation assets is reviewed annually and adjusted for impairment in accordance with HKAS 36 Impairment of Assets whenever one of the following events or changes in circumstances indicates that the carrying amount may not be recoverable:

— the period for which the Group has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;

— substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;

— exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the Group has decided to discontinue such activities in the specific area; or

— sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development of by sale.

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset exceeds its recoverable amount.

### (j) Coal and metals import licenses

Coal import license is stated at cost less accumulated amortisation and impairment losses. Amortisation is calculated on a straight-line basis over their estimated useful lives of ten years. Metals import license with indefinite useful life is stated at cost less any impairment losses. Impairment is reviewed annually or when there is indication that the metals import license has suffered an impairment loss.

## 4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### (k) Club membership

Club membership with indefinite useful life is stated at cost less any impairment losses. Impairment is reviewed annually or when there is any indication that the club membership has suffered an impairment loss.

### (l) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

### (m) Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Group transfers substantially all the risks and rewards of ownership of the assets; or the Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

### (n) Investments

Investments are recognised and derecognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value.

Financial assets at fair value through profit or loss are investments classified as held for trading. These investments are subsequently measured at fair value. Gains or losses arising from changes in fair value of these investments are recognised in profit or loss.

## 4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### (o) Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the allowance is the difference between the receivables' carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate computed at initial recognition. The amount of the allowance is recognised in profit or loss.

Impairment losses are reversed in subsequent periods and recognised in the profit or loss when an increase in the receivables' recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the receivables at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

### (p) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents.

### (q) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

### (r) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

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

## 4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### (s) Convertible loans

Convertible loans which entitle the holder to convert the loans into a fixed number of equity instruments at a fixed conversion price are regarded as compound instruments consist of a liability and an equity component. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible debt. The difference between the proceeds of issue of the convertible loans and the fair value assigned to the liability component, representing the embedded option for the holder to convert the loans into equity of the Group, is included in equity as convertible bonds equity reserve. The liability component is carried as a liability at amortised cost using the effective interest method until extinguished on conversion or redemption.

Transaction costs are apportioned between the liability and equity components of the convertible loans based on their relative carrying amounts at the date of issue. The portion relating to the equity component is charged directly to equity.

### (t) Trade and other payables

Trade and other payables are stated initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

### (u) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

### (v) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably.

*(i) Sales of goods*

Revenues from the sales of metals, coals, bunker fuels and beverages are recognised on the transfer of significant risks and rewards of ownership, which generally coincides with the time when the goods are delivered and the title has passed to the customers.

*(ii) Interest income*

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

*(iii) Dividend income*

Dividend income is recognised when the shareholders' rights to receive payment are established.

## 4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### (w) Employee benefits

*(i) Employee leave entitlements*

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

*(ii) Pension obligations*

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Group to the funds.

*(iii) Termination benefits*

Termination benefits are recognised at the earlier of the dates when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs and involves the payment of termination benefits.

### (x) Share-based payments

The Group issues equity-settled share-based payments to certain directors, employees and consultants.

Equity-settled share-based payments to directors and employees are measured at the fair value (excluding the effect of non market-based vesting conditions) of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

Equity-settled share-based payments to consultants are measured at the fair value of the services rendered or if the fair value of the services rendered cannot be reliably measured, at the fair value of the equity instruments granted. The fair value is measured at the date the Group receives the services and is recognised as an expense.

## 4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### (y) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

### (z) Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

## 4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### (z) Taxation *(continued)*

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model of the Group whose business objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, deferred tax for such investment properties are measured based on the expected manner as to how the properties will be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

### (aa) Related parties

A related party is a person or entity that is related to the Group.

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

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Company or of a parent of the Company.

## 4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### (aa) Related parties *(continued)*

(B) An entity is related to the Group if any of the following conditions applies:

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

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

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

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

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.

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

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

### (bb) Impairment of assets (excluding exploration and evaluation assets)

Intangible assets that have indefinite life or not yet available for use are reviewed annually for impairment and are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable.

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and other intangible assets, except goodwill, investment properties, exploration and evaluation assets, investments, inventories and receivables to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

## 4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### (bb) Impairment of assets (excluding exploration and evaluation assets) *(continued)*

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

### (cc) Provisions and contingent liabilities

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

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

### (dd) PRC land appreciation tax ("LAT")

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 land costs, borrowing costs, business taxes and all property development expenditures. LAT is recognised as an income tax expense. LAT paid is a deductible expense for PRC enterprise income tax purposes.

### (ee) Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the financial statements when material.

## 5. CRITICAL JUDGEMENTS AND KEY ESTIMATES

**Critical judgements in applying accounting policies**

In the process of applying the accounting policies, the directors have made the following judgements that have the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations, which are dealt with below).

*(a) Going concern basis*

These financial statements have been prepared on a going concern basis, the validity of which depends upon the financial support of the substantial shareholder at a level sufficient to finance the working capital requirements of the Group. Details are explained in note 2 to financial statements.

*(b) Deferred tax for investment properties*

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the directors have reviewed the Group's investment property portfolios and concluded that the Group's investment properties are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in determining the Group's deferred tax for investment properties, the directors have adopted the presumption that investment properties measured using the fair value model are recovered through sale.

**Key sources of estimation uncertainty**

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

*(a) Intangible assets and amortisation*

The Group determines the estimated useful lives and related amortisation for the Group's intangible assets. The useful lives of intangible assets are assessed to be either finite or indefinite, based on the expected usage and technical obsolescence from the changes in the market demands or services output from the assets. Intangible assets with finite useful lives are amortised over the expected useful economic lives. The amortisation period and the amortisation method for the intangible assets with finite useful lives are reviewed by the management at least at the end of each reporting period.

*(b) Impairment of property, plant and equipment and intangible assets*

The Group assesses annually whether property, plant and equipment and intangible assets have suffered any impairment or have any indication of impairment in accordance with the accounting policy. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset exceeds its recoverable amount. The recoverable amounts of assets or cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates, such as discount rates, future profitability and growth rates. Where the actual future cash flows are less than expected, a material impairment loss may arise.

## 5. CRITICAL JUDGEMENTS AND KEY ESTIMATES *(continued)*

**Key sources of estimation uncertainty** *(continued)*

*(c) Impairment of exploration and evaluation assets*

As set out in the accounting policies in note 4(i) to the financial statements, impairment of exploration and evaluation assets arises where facts and circumstances indicate that the balances may not be fully recoverable. The impairment assessment requires the use of judgement and estimates relating to the progress of exploration and development of the exploration and evaluation assets. This situation will be closely monitored, and adjustments will be made in future periods if the facts and circumstances indicates that such adjustments are appropriate. Details of the impairment assessment are set out in note 21 to the financial statements.

*(d) Provision for rehabilitation*

Provision for rehabilitation is based on estimates of future expenditures to be incurred to undertake rehabilitation and restoration work to magnetite mine which are discounted at a rate reflecting the term and nature of the obligation. Significant estimates and assumptions are made in determining the provision for rehabilitation as there are numerous factors that will affect the ultimate liability payable. These factors include estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases and changes in the discount rate. Those uncertainties may result in future actual expenditure differing from the amounts currently provided. The provision at the end of the reporting period represents management's best estimate of the present value of the future rehabilitation costs required. As at 31 March 2014, the directors considered that no provision for rehabilitation is required as the mining operations have not reached a stage for reliable estimation of the rehabilitation costs.

## 5. CRITICAL JUDGEMENTS AND KEY ESTIMATES *(continued)*

**Key sources of estimation uncertainty** *(continued)*

*(e) Environmental contingencies*

The Government of the Philippines has moved and may move further towards more rigorous enforcement of applicable laws and towards the adoption of more stringent environmental standards. Environmental liabilities are subject to considerable uncertainties which affect the Group's ability to estimate the ultimate cost of remediation efforts. These uncertainties include: (i) the exact nature and extent of the contamination of various sites including, but not limited to mines, contractors, concentrators and smelting plants whether they are operating, closed and sold; (ii) the extent of required cleanup efforts; (iii) varying costs of alternative remediation strategies; (iv) changes in environmental remediation requirements; and (v) the identification of new remediation sites. The amount of such future costs is indeterminable due to such factors as the unknown magnitude of possible contamination and the unknown timing and extent of the corrective actions that may be required. Accordingly, the outcome of environmental liabilities under proposed or future environmental legislation cannot be reasonably estimated at present, and could be material.

Up to the approval date of the financial statements, the Group has not incurred any significant expenditure for and is not involved in any environmental remediation. Under existing legislation, the directors believe that there are no probable liabilities that will have a material adverse effect on the financial position or operating results of the Group.

*(f) Impairment of receivables*

Impairment of receivables is made based on an assessment of the recoverability of receivables including the current credit worthiness and the past collection history for each debtor. The identification of impairment requires management's judgements and estimates. When the actual outcome is different from the original estimates, such differences will impact the carrying amounts of the receivables and impairment loss in the period in which such estimate has been changed.

## 6. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign currency risk, price risk, credit risk, liquidity risk and interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

### (a) Foreign currency risk

The Group mainly operates in Hong Kong, People's Republic of China ("PRC"), Singapore and Philippines. As most of its business transactions, assets and liabilities are principally denominated in the functional currencies of the group entities, the directors are therefore of the opinion that the Group's exposure to foreign currency risk is not significant. Accordingly no sensitivity analysis on foreign currency risk is presented. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

### (b) Price risk

The Group's equity investments classified as financial assets at fair value through profit or loss are measured at fair value at the end of each reporting period. Therefore, the Group is exposed to equity security price risk. The directors manage this exposure by maintaining a portfolio of investments with different risk profiles.

At 31 March 2014, if the prices of the investments increase/decrease by 10%, consolidated loss after tax for the year would have been HK$24,000 lower/higher (2013: HK$765,000), arising as a result of the fair value gain/loss of these investments.

### (c) Credit risk

The carrying amount of the cash and bank balances, trade and other receivables and financial assets at fair value through profit or loss included in the consolidated statement of financial position represents the Group's maximum exposure to credit risk in relation to the Group's financial assets.

The Group has certain exposure to credit risk. It has policies in place to ensure that sales are made to customers with an appropriate credit history.

The Group has no significant concentrations of credit risks on other receivables. The credit quality of the counterparties in respect of other receivables is assessed by taking into account their financial position, credit history and other factors. Given the constant repayment history, the directors are of the opinion that the risk of default by these counterparties is low.

## 6. FINANCIAL RISK MANAGEMENT *(continued)*

### (c) Credit risk *(continued)*

The credit risk on cash and bank balances is limited because the counterparties are banks with sound credit-ratings.

The credit risk on financial assets at fair value through profit or loss is limited because the counterparty is a well-established investment bank.

Details of the concentration risk associated with the turnover from major customers is set out in note 8 and note 26 to the financial statements.

### (d) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The maturity analysis, based on the undiscounted cash flows, of the Group's financial liabilities is as follows:

| | **Less than 1 years HK$'000** | **Between 1 and 2 years HK$'000** | **Between 2 and 5 years HK$'000** | **Over 5 years HK$'000** |
|---|---|---|---|---|
| **At 31 March 2014** | | | | |
| Trade and other payables | **324,869** | **–** | **–** | **–** |
| Amounts due to associates | **56** | **–** | **–** | **–** |
| Amounts due to directors | **3,693** | **–** | **–** | **–** |
| Bank loans and overdrafts | **26,950** | **1,110** | **185** | **–** |
| Finance lease payables | **470** | **314** | **650** | **–** |
| Convertible bonds | **–** | **–** | **1,571,500** | **–** |
| | **356,038** | **1,424** | **1,572,335** | **–** |
| At 31 March 2013 | | | | |
| Trade and other payables | 205,626 | – | – | – |
| Amounts due to associates | 59 | – | – | – |
| Amounts due to directors | 2,058 | – | – | – |
| Bank loans | 2,344 | – | – | – |
| Finance lease payables | 242 | 214 | 173 | – |
| Convertible bonds | – | – | – | 1,571,500 |
| | 210,329 | 214 | 173 | 1,571,500 |

## 6. FINANCIAL RISK MANAGEMENT *(continued)*

### (e) Interest rate risk

The Group's bank deposits and bank loans and overdrafts bear interests at variable rates varied with the then prevailing market condition and therefore are subject to interest-rate risk.

At 31 March 2014, if interest rates at that date had been 100 basis points lower/higher with all other variables held constant, consolidated loss after tax for the year would have been approximately HK$137,000 higher/lower (2013: HK$394,000), arising as a result of the net decrease/increase in the net effect of interest income arising from bank deposits and interest expense from bank loans and overdrafts.

### (f) Categories of financial instruments at 31 March

| | **2014** | 2013 |
|---|---|---|
| | **HK$'000** | HK$'000 |
| **Financial assets:** | | |
| Financial assets at fair value through profit or loss | | |
| – held for trading | **288** | 9,157 |
| Loans and receivables (including cash and cash equivalents) | **247,113** | 243,555 |
| | **247,401** | 252,712 |
| **Financial liabilities:** | | |
| Financial liabilities at fair value through profit or loss | | |
| – contingent consideration payable | **27,839** | – |
| Financial liabilities at amortised costs | **1,085,788** | 828,872 |
| | **1,113,627** | 828,872 |

### (g) Fair values

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.

## 7. FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

**(a) Disclosures of level in fair value hierarchy at 31 March 2014:**

| | **Fair value measurements using:** | | | **Total** |
|---|---|---|---|---|
| **Description** | **Level 1** | **Level 2** | **Level 3** | **2014** |
| | **HK$'000** | **HK$'000** | **HK$'000** | **HK$'000** |
| **Recurring fair value measurements:** | | | | |
| Financial assets at fair value through profit or loss | | | | |
| Listed securities in Hong Kong | **288** | **–** | **–** | **288** |
| Investment properties in PRC | **–** | **–** | **17,639** | **17,639** |
| Leasehold building in Singapore | **–** | **–** | **43,544** | **43,544** |
| **Total recurring fair value measurements** | **288** | **–** | **61,183** | **61,471** |
| **Non-recurring fair value measurements:** | | | | |
| Contingent consideration payable | **–** | **27,839** | **–** | **27,839** |

| | Fair value measurements using: | | | Total |
|---|---|---|---|---|
| Description | Level 1 | Level 2 | Level 3 | 2013 |
| | HK$'000 | HK$'000 | HK$'000 | HK$'000 |
| **Recurring fair value measurements:** | | | | |
| Financial assets at fair value through profit or loss | | | | |
| Listed securities in Hong Kong | 9,157 | – | – | 9,157 |

## 7. FAIR VALUE MEASUREMENTS *(continued)*

**(b) Reconciliation of assets measured at fair value based on level 3:**

| Description | Investment properties HK$'000 | Leasehold building HK$'000 | Total HK$ |
|---|---|---|---|
| At 1 April 2013 | – | – | – |
| Total fair value gains or losses recognised in other comprehensive income | – | 2,348 | 2,348 |
| Depreciation charged to profit or loss | – | (1,103) | (1,103) |
| Acquisitions from subsidiaries | 13,925 | 41,664 | 55,589 |
| Additions | 3,746 | – | 3,746 |
| Exchange differences recognised in other comprehensive income | (32) | 635 | 603 |
| At 31 March 2014 | 17,639 | 43,544 | 61,183 |

The total fair value gains recognised in other comprehensive income for the leasehold building are presented as revaluation surplus in the statement of profit or loss and other comprehensive income.

**(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 31 March 2014:**

The management of the Company is responsible for the fair value measurement of assets and liabilities required for financial reporting purposes, including level 3 fair value measurements. Review of valuation process and results are held at least twice a year.

For level 3 fair value measurements, the Group will normally engage external valuation experts with the recognised professional qualifications and recent experience to perform the valuations.

**Level 3 fair value measurements**

| Description | Valuation technique | Unobservable input | Range | Effect on fair value for increase of input | Fair value 2014 HK$'000 |
|---|---|---|---|---|---|
| Investment properties in the PRC | Market comparable approach | Price per square metre | RMB13,596 to RMB13,966 | Increase | 17,639 |
| Leasehold building in Singapore | Market comparable approach | Price per square foot | SGD169 to SDG206 | Increase | 43,544 |

During the two years, there were no changes in the valuation technique used.

## 8. SEGMENT INFORMATION

The Group has five reportable segments as follows:

| | | |
|---|---|---|
| Mining | — | Mining operations including exploration and exploitation of magnetic sand (The commercial operations have not yet been commenced during the year) |
| Metals | — | Trading of scrap metals including, aluminum, copper, stainless steel and other ferrous/non-ferrous metals |
| Coals | — | Trading of coals |
| Bunker Fuels | — | Trading of vessel fuels |
| Beverages | — | Trading of bottled spring water and tea products |

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

The accounting policies of the operating segments are the same as those described in note 4 to the financial statements. Segment profits or losses do not include corporate administration costs, other operating loss and income tax expense. Segment assets do not include financial assets at fair value through profit or loss and unallocated corporate assets which are jointly used by reportable segments. Segment liabilities do not include current tax liabilities, deferred tax liabilities and unallocated corporate liabilities which are jointly liable by reportable segments.

**Information about reportable segment profit or loss, assets and liabilities:**

| | Mining<br>HK$'000 | Metals<br>HK$'000 | Coals<br>HK$'000 | Bunker Fuels<br>HK$'000 | Beverages<br>HK$'000 | Total<br>HK$'000 |
|---|---|---|---|---|---|---|
| **Year ended 31 March 2014** | | | | | | |
| Turnover from external customers | – | 16,456 | 234,259 | 140,471 | 17,598 | 408,784 |
| Segment profit/(loss) | (110,088) | (4,599) | (14,630) | (15,039) | 4,868 | (139,488) |
| Interest expense | 109,550 | – | – | – | – | 109,550 |
| Depreciation and amortisation | 1 | 1,459 | 2,639 | – | – | 4,099 |
| Share of losses of associates | – | – | – | – | – | – |
| Additions to segment non-current assets | 701 | 45,441 | 30,256 | – | 3,435 | 79,833 |
| **As at 31 March 2014** | | | | | | |
| Segment assets | 1,105,249 | 60,822 | 212,023 | 3,409 | 37,568 | 1,419,071 |
| Segment liabilities | 729,821 | 17,976 | 164,892 | 149,086 | 1,235 | 1,063,010 |

## 8. SEGMENT INFORMATION *(continued)*

**Information about reportable segment profit or loss, assets and liabilities:** *(continued)*

| | Mining | Metals | Coals | Bunker Fuels | Total |
|---|---|---|---|---|---|
| | HK$'000 | HK$'000 | HK$'000 | HK$'000 | HK$'000 |
| **Year ended 31 March 2013** | | | | | |
| Turnover from external customers | — | 13,796 | 167,165 | 93,528 | 274,489 |
| Segment profit/(loss) | (95,035) | 334 | (17,290) | 273 | (111,718) |
| Interest expense | 94,290 | — | — | — | 94,290 |
| Depreciation and amortization | 2 | — | 121 | — | 123 |
| Share of losses of associates | — | — | — | — | — |
| Additions to segment non-current assets | 3,323 | — | — | — | 3,323 |
| **As at 31 March 2013** | | | | | |
| Segment assets | 1,104,652 | 6,465 | 39,892 | 853 | 1,151,862 |
| Segment liabilities | 620,763 | 131 | 363 | 12 | 621,269 |

## 8. SEGMENT INFORMATION *(continued)*

**Reconciliations of reportable segment profit or loss, assets and liabilities:**

| | 2014 | 2013 |
|---|---|---|
| | HK$'000 | HK$'000 |
| **Profit or loss** | | |
| Total loss of reportable segments | **(139,488)** | (111,718) |
| Unallocated amounts: | | |
| Other operating income/(expenses), net | **5,117** | 3,524 |
| Depreciation | **(2,857)** | (1,406) |
| Corporate administrative expenses | **(39,639)** | (18,371) |
| Fair value gain on contingent consideration payable | **869** | — |
| Consolidated loss for the year | **(175,998)** | (127,971) |
| **Assets** | | |
| Total assets of reportable segments | **1,419,071** | 1,151,862 |
| Unallocated amounts: | | |
| Financial assets at fair value through profit or loss | **288** | 9,157 |
| Corporate assets | **110,311** | 234,115 |
| Consolidated total assets | **1,529,670** | 1,395,134 |
| **Liabilities** | | |
| Total liabilities of reportable segments | **1,063,010** | 621,269 |
| Unallocated amounts: | | |
| Current tax liabilities | **2,623** | 109 |
| Deferred tax liabilities | **8,090** | — |
| Bank loans | **12,630** | 2,338 |
| Corporate liabilities | **38,755** | 205,817 |
| Consolidated total liabilities | **1,125,108** | 829,533 |

## 8. SEGMENT INFORMATION *(continued)*

**Geographical information:**

| | Turnover | | Non-current assets | |
|---|---|---|---|---|
| | **2014** | 2013 | **2014** | 2013 |
| | **HK$'000** | HK$'000 | **HK$'000** | HK$'000 |
| Hong Kong | **–** | – | **3,225** | 3,811 |
| PRC except Hong Kong | **251,857** | – | **55,424** | 12 |
| The Philippines | **–** | – | **1,104,134** | 1,103,432 |
| Indonesia | **–** | – | **6,701** | 6,947 |
| Singapore | **156,927** | 274,489 | **48,051** | 626 |
| Consolidated total | **408,784** | 274,489 | **1,217,535** | 1,114,828 |

In presenting the geographical information, turnover is based on the locations of the customers.

**Turnover from major customers:**

| | **2014** | 2013 |
|---|---|---|
| | **HK$'000** | HK$'000 |
| Coals segment | | |
| Customer a | **53,039** | 148,260 |
| Customer b (note) | **123,851** | – |
| Bunker fuels segment | | |
| Customer c | **–** | 31,647 |
| Customer d | **–** | 42,619 |
| | **176,890** | 222,526 |

Note: The customer also contributed to the Group's turnover of approximately HK$5,732,000 (2013: Nil), which was included in the Beverages segment.

## 9. TURNOVER

The Group's turnover which represents sales of goods to customers, net of trade discounts, is as follows:

| | **2014** | 2013 |
|---|---|---|
| | **HK$'000** | HK$'000 |
| Sales of metals | **16,456** | 13,796 |
| Sales of coals | **234,259** | 167,165 |
| Sales of bunker fuels | **140,471** | 93,528 |
| Sales of beverages | **17,598** | — |
| | **408,784** | 274,489 |

## 10. OTHER OPERATING INCOME/(EXPENSES), NET

| | **2014** | 2013 |
|---|---|---|
| | **HK$'000** | HK$'000 |
| Fair value gain on financial assets at fair value through profit or loss | **259** | 1,454 |
| Dividend income from listed investments | **57** | 839 |
| Gain on disposal of property, plant and equipment | **52** | — |
| Interest income from debt investments | **—** | 281 |
| Interest income from loan and receivables | **525** | 708 |
| Net interest payable on trade balances | **(1,761)** | — |
| Compensation received from suppliers for non-performance of contracts | **5,093** | — |
| Gain on bargain purchase from acquisition of a subsidiary | **99** | — |
| Sundry income | **3,348** | 242 |
| | **7,672** | 3,524 |

## 11. FINANCE COSTS

| | **2014** | 2013 |
|---|---|---|
| | **HK$'000** | HK$'000 |
| Finance lease charges | **61** | 35 |
| Interest on bank loans and overdrafts | **868** | 140 |
| Interest on shareholder's loan wholly repayable within five years | **–** | 1,217 |
| Interest on convertible bonds | | |
| – Wholly repayable within five years (note 33) | **109,550** | – |
| – Not wholly repayable within five years (note 33) | **–** | 93,073 |
| | **110,479** | 94,465 |

## 12. INCOME TAX EXPENSE

| | **2014** | 2013 |
|---|---|---|
| | **HK$'000** | HK$'000 |
| Current tax - Overseas | | |
| Provision for the year | **2,526** | – |
| Under-provision in prior years | **7** | – |
| | **2,533** | – |
| Deferred tax (note 34) | **(598)** | – |
| | **1,935** | – |

No provision for Hong Kong Profits Tax has been made as the Group did not generate any assessable profits for the years ended 31 March 2013 and 2014.

Entities incorporated in other countries are subject to income tax rates of 17% to 30% (2013: 17% to 30%) prevailing in the countries in which such entities operate, based on existing legislation, interpretation and practices in respect thereof.

## 12. INCOME TAX EXPENSE *(continued)*

The reconciliation between the income tax expense and the product of loss before tax multiplied by the weighted average tax rate of the consolidated companies and a reconciliation of the weighted average rate to the effective tax rate, are as follows:

| | **2014** | | 2013 | |
|---|---|---|---|---|
| | **HK$'000** | **%** | HK$'000 | % |
| Loss before income tax | **(174,063)** | | (127,971) | |
| Tax at the weighted average tax rate | **(29,092)** | **16.7** | (21,555) | 16.8 |
| Tax effect of income that is not taxable | **(727)** | **0.4** | (46) | 0.1 |
| Tax effect of expenses that are not deductible | **22,461** | **(12.8)** | 18,271 | (14.3) |
| Tax effect of temporary differences not recognised | **211** | **(0.1)** | 7 | (0.1) |
| Tax effect of utilisation of tax losses not previously recognised | **(939)** | **0.5** | — | — |
| Under-provision in prior year | **7** | **(0.1)** | — | — |
| Tax effect of tax concession granted to a Singapore subsidiary | **—** | **—** | (24) | 0.1 |
| Tax effect of tax losses not recognised | **10,014** | **(5.7)** | 3,347 | (2.6) |
| Income tax expense at effective tax rate | **1,935** | **(1.1)** | — | — |

## 13. LOSS FOR THE YEAR

The Group's loss for the year is stated after charging the following:

| | 2014 | 2013 |
|---|---|---|
| | HK$'000 | HK$'000 |
| Amortisation of intangible assets | 2,393 | – |
| Depreciation | 4,563 | 1,529 |
| Operating lease charges in respect of land and buildings | 4,094 | 4,095 |
| Auditor's remuneration | | |
| Audit services | 750 | 550 |
| Non-audit services | 72 | 50 |
| | 822 | 600 |
| Cost of inventories sold | 406,321 | 272,634 |
| Allowances for trade and other receivables | 11,768 | – |
| Staff costs (including directors' emoluments (note 14)) | | |
| Salaries, bonus and allowances | 20,535 | 11,390 |
| Retirement benefits scheme contributions | 921 | 488 |
| Equity-settled share-based payments | – | 576 |
| | 21,456 | 12,454 |
| Equity-settled consultancy fees | – | 7,906 |

## 14. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

The emoluments of each director for the year ended 31 March 2014 were as follows:

| | Fees HK$'000 | Salaries, bonus and allowances HK$'000 | Accommodation benefit HK$'000 | Share-based payments HK$'000 | Retirement benefits scheme contributions HK$'000 | Total HK$'000 |
|---|---|---|---|---|---|---|
| **Executive directors** | | | | | | |
| Mr. Michael Koh Tat Lee | – | 1,008 | 1,020 | – | 15 | 2,043 |
| Mr. Cheung Hung Man | – | 1,285 | 133 | – | 15 | 1,433 |
| Mr. Eng Wee Meng | – | 1,180 | – | – | 15 | 1,195 |
| **Non-executive directors** | | | | | | |
| Mr. Yin Mark Teh-min | 120 | – | – | – | – | 120 |
| Mr. Liang Tong Wei | 120 | – | – | – | – | 120 |
| **Independent non-executive directors** | | | | | | |
| Mr. Lai Kai Jin, Michael | 120 | – | – | – | – | 120 |
| Mr. Chu Hung Lin, Victor | 120 | – | – | – | – | 120 |
| Mr. Tong Wan Sze | 120 | – | – | – | – | 120 |
| | 600 | 3,473 | 1,153 | – | 45 | 5,271 |

## 14. DIRECTORS' AND EMPLOYEES' EMOLUMENTS *(continued)*

The emoluments of each director for the year ended 31 March 2013 were as follows:

| | Fees | Salaries, bonus and allowances | Accommodation benefit | Share-based payments | Retirement benefits scheme contributions | Total |
|---|---|---|---|---|---|---|
| | HK$'000 | HK$'000 | HK$'000 | HK$'000 | HK$'000 | HK$'000 |
| **Executive directors** | | | | | | |
| Mr. Michael Koh Tat Lee | – | 858 | 1,020 | – | 15 | 1,893 |
| Mr. Cheung Hung Man | – | 695 | – | – | 11 | 706 |
| Mr. Eng Wee Meng | – | 1,113 | – | 246 | 15 | 1,374 |
| **Non-executive directors** | | | | | | |
| Mr. Yin Mark Teh-min | 120 | – | – | – | – | 120 |
| Mr. Liang Tong Wei | 120 | – | – | – | – | 120 |
| **Independent non-executive directors** | | | | | | |
| Mr. Lai Kai Jin, Michael | 120 | – | – | – | – | 120 |
| Mr. Chu Hung Lin, Victor | 120 | – | – | – | – | 120 |
| Mr. Tong Wan Sze | 120 | – | – | – | – | 120 |
| | 600 | 2,666 | 1,020 | 246 | 41 | 4,573 |

There was no arrangement under which a director of the Company waived or agreed to waive any emoluments during the year (2013: Nil).

The five highest paid individuals in the Group during the year included three (2013: three) directors whose emoluments are reflected in the analysis presented above. The emoluments of the remaining two (2013: two) individuals are set out below:

| | **2014** | 2013 |
|---|---|---|
| | **HK$'000** | HK$'000 |
| Salaries, bonus and allowances | **3,105** | 2,654 |
| Retirement benefits scheme contributions | **54** | 112 |
| Equity-settled share-based payments | **–** | 147 |
| | **3,159** | 2,913 |

## 14. DIRECTORS' AND EMPLOYEES' EMOLUMENTS *(continued)*

The emoluments fell within the following bands:

| | **2014** **Number of individuals** | 2013 Number of individuals |
|---|---|---|
| HK$1,000,000 – HK$1,500,000 | **1** | 1 |
| HK$1,500,001 – HK$2,000,000 | **1** | 1 |

During the year, no emoluments were paid by the Group to any of the directors or the highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office (2013: Nil).

## 15. LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY

The loss for the year attributable to owners of the Company included a loss of approximately HK$112,686,000 (2013: HK$104,618,000) which has been dealt with in the financial statements of the Company.

## 16. DIVIDENDS

The directors do not recommend the payment of any dividend (2013: Nil).

## 17. LOSS PER SHARE

### Basic loss per share

The calculation of basic loss per share attributable to owners of the Company is based on the loss for the year attributable to owners of the Company of approximately HK$175,363,000 (2013: loss attributable to owners of the Company of approximately HK$127,691,000) and the weighted average number of ordinary shares of 938,768,628 (2013: 913,088,190) in issue during the year.

### Diluted loss per share

As the exercise of the Group's outstanding convertible bonds would be anti-dilutive and there were no dilutive potential ordinary shares of the Company's outstanding share options for both years, no diluted loss per share was presented in both years.

## 18. PROPERTY, PLANT AND EQUIPMENT

| | Leasehold building | Machinery | Furniture and fixtures | Office equipment | Motor vehicles | Leasehold improvement | Total |
|---|---|---|---|---|---|---|---|
| | HK$'000 | HK$'000 | HK$'000 | HK$'000 | HK$'000 | HK$'000 | HK$'000 |
| **Cost or valuation** | | | | | | | |
| At 1 April 2012 | – | – | 1,200 | 573 | 6,348 | – | 8,121 |
| Additions | – | – | – | 127 | 834 | – | 961 |
| Acquisition of a subsidiary | – | – | 169 | 260 | 404 | – | 833 |
| Exchange differences | – | – | 15 | 3 | (3) | – | 15 |
| At 31 March 2013 and 1 April 2013 | – | – | 1,384 | 963 | 7,583 | – | 9,930 |
| Additions | – | 98 | 412 | 591 | 3,814 | 1,002 | 5,917 |
| Disposals | – | – | (203) | – | (1,511) | – | (1,714) |
| Acquisitions of subsidiaries (note 38) | 41,664 | 155 | 148 | 408 | 2,186 | 2,285 | 46,846 |
| Surplus on revaluation | 2,348 | – | – | – | – | – | 2,348 |
| Elimination of accumulated depreciation | (1,103) | – | – | – | – | – | (1,103) |
| Exchange differences | 635 | 3 | (26) | 4 | – | 3 | 619 |
| At 31 March 2014 | 43,544 | 256 | 1,715 | 1,966 | 12,072 | 3,290 | 62,843 |
| **Accumulated depreciation** | | | | | | | |
| At 1 April 2012 | – | – | 1,140 | 534 | 1,550 | – | 3,224 |
| Charge for the year | – | – | 44 | 141 | 1,344 | – | 1,529 |
| Exchange differences | – | – | 14 | 1 | – | – | 15 |
| At 31 March 2013 and 1 April 2013 | – | – | 1,198 | 676 | 2,894 | – | 4,768 |
| Charge for the year | 1,103 | 50 | 260 | 385 | 2,173 | 592 | 4,563 |
| Written-back on disposal | – | – | (203) | – | (345) | – | (548) |
| Written-back on revaluation | (1,103) | – | – | – | – | – | (1,103) |
| Exchange differences | – | 1 | (27) | (1) | – | 1 | (26) |
| At 31 March 2014 | – | 51 | 1,228 | 1,060 | 4,722 | 593 | 7,654 |
| **Carrying amount** | | | | | | | |
| At 31 March 2014 | 43,544 | 205 | 487 | 906 | 7,350 | 2,697 | 55,189 |
| At 31 March 2013 | – | – | 186 | 287 | 4,689 | – | 5,162 |

## 18. PROPERTY, PLANT AND EQUIPMENT *(continued)*

The analysis of the carrying amounts in cost or valuation as at 31 March 2014 is as follows:

| | Leasehold building | Machinery | Furniture and fixtures | Office equipment | Motor vehicles | Leasehold improvement | Total |
|---|---|---|---|---|---|---|---|
| | HK$'000 | HK$'000 | HK$'000 | HK$'000 | HK$'000 | HK$'000 | HK$'000 |
| At cost | – | 205 | 487 | 906 | 7,350 | 2,697 | 11,645 |
| At valuation 2014 | 43,544 | – | – | – | – | – | 43,544 |
| | 43,544 | 205 | 487 | 906 | 7,350 | 2,697 | 55,189 |

All carrying amounts as at 31 March 2013 are stated at cost.

At 31 March 2014, the carrying amount of leasehold building pledged as security for the Group's bank loans amounted to HK$43,544,000 (2013: N/A).

At 31 March 2014, the carrying amount of motor vehicles held by the Group under finance lease amounted to HK$2,618,000 (2013: HK$949,000).

The Group's leasehold building is situated in Singapore and is held under medium lease term. It was revalued at 31 March 2014 by Premas Valuers and Property Consultants Pte. Ltd, an independent professionally qualified valuer, on direct comparision of prices of properties of similar size, character, and location (level 3 measurement). The key input used is price per square foot.

The carrying amount of the Group's leasehold bulding would have been HK$40,561,000 (2013: N/A) had they been stated at cost less accumulated depreciation and impairment losses.

## 19. INVESTMENT PROPERTIES

| | HK$'000 |
|---|---|
| At 1 April 2012, 31 March 2013 and 1 April 2013 | – |
| Acquisition of a subsidiary | 13,925 |
| Additions | 3,746 |
| Exchange difference | (32) |
| At 31 March 2014 | 17,639 |

The Group's investment properties are situated in PRC and are held under long term leases. The investment properties were revalued on 31 March 2014 by 廈門銀興資產評估土地房地產評估有限公司, an independent professionally qualified valuer, on direct comparison of price properties of similar size, character and location (level 3 measurement). The key input used is the price per square feet. The investment properties are pledged as security for the Group's bank loans.

Subsequent to the year end date, the Group entered into an operating lease arrangement with a third party for the rental of investment properties owned by the Group. The Group's total future minimum lease payments under non-cancellable operating leases are receivable as follows:

| | **2014** | 2013 |
|---|---|---|
| | **HK$'000** | HK$'000 |
| Within one year | **1,111** | – |
| In the second to fifth years inclusive | **8,412** | – |
| After five years | **10,786** | – |
| | **20,309** | – |

## 20. PAYMENTS FOR MINING CLAIMS

| | **2014** | 2013 |
|---|---|---|
| | **HK$'000** | HK$'000 |
| At beginning of year | **109** | 109 |
| Additions | **–** | – |
| At end of year | **109** | 109 |

In April 2010, Mt. Mogan Resources and Development Corporation ("Mogan"), a subsidiary of the Company, submitted a new exploration permit application to the Mines and Geosciences Bureau (the "MGB") of the Department of Environment and Natural Resources of the Philippines (the "DENR") for the exploration of iron ore and other associated mineral in an area covering with 3,022 hectares in the offshore Leyte of the Philippines (the "Pre-exploration Area").

Pursuant to the Philippine Mining Act 1995 (Republic Act No. 7942) (the "Philippine Mining Act"), the exploration permits grants the holder the right to conduct exploration activities for the specified mineral deposits in the specified area for an initial period of 2 years and is renewable for two successive periods of 2 years each.

As of the approval of these financial statements, the exploration permit in respect of the Pre-exploration Area was yet been awarded to Mogan. To the best knowledge of the directors, the evaluation and approval process of the application by MGB has reached its final stage. The directors believe that Mogan will be able to obtain the exploration permit.

## 21. EXPLORATION AND EVALUATION ASSETS

| | Exploration rights | Evaluation expenditure | Total |
|---|---|---|---|
| | HK$'000 | HK$'000 | HK$'000 |
| **Cost** | | | |
| At 1 April 2012 | 8,429,879 | 12,538 | 8,442,417 |
| Additions | — | 3,323 | 3,323 |
| At 31 March 2013 and 1 April 2013 | 8,429,879 | 15,861 | 8,445,740 |
| Additions | — | 701 | 701 |
| At 31 March 2014 | 8,429,879 | 16,562 | 8,446,441 |
| **Accumulated impairment** | | | |
| At 1 April 2012, 31 March 2013, 1 April 2013 and 31 March 2014 | 7,342,417 | — | 7,342,417 |
| **Carrying amount** | | | |
| At 31 March 2014 | 1,087,462 | 16,562 | 1,104,024 |
| At 31 March 2013 | 1,087,462 | 15,861 | 1,103,323 |

As at 31 March 2014 Mogan owned two exploration permits to explore iron ore and other associated mineral in specified offshore area with 28,157 hectares in the Leyte Gulf and San Pedro Bay off Leyte and Samar Provinces of the Philippines (the "Exploration Area"). The exploration permits issued by the Mines and Geosciences Bureau of Philippines (the "MGB") is valid for two years from its first renewal date on 22 June 2012 and is renewable for a further term of 2 years.

On the other hand, Mogan submitted an application to MGB for the mineral production sharing agreement (the "MPSA") in respect of 5,000 hectares within the Exploration Area (the "Mining Area") on 15 June 2010. A MPSA is an agreement between a contractor and MGB, acting on behalf of the Government of the Philippines, whereby the Government of the Philippines grants the contractor exclusive rights to conduct mining operations to extract and exploit the pre-agreed upon mineral resources in the specified area for a term of 25 years starting from the execution date and is renewable for another term not exceeding 25 years.

The acceptance of the application of the MPSA involve various phases, including but not limited to, the evaluation of feasibility studies, environmental work plan and financial capability of Mogan; the obtaining of area status and clearance; and public consultation by regional and central offices of the MGB and the DENR. As of the approval date of these financial statements, the MPSA was yet to be awarded to Mogan. To the best knowledge of the directors, the Group should have no major difficulties in fulfilling the technical and other requirements for the acceptance of the MPSA application by the MGB.

## 21. EXPLORATION AND EVALUATION ASSETS *(continued)*

### Impairment test

As set out in the accounting policy in note 4(i) to the financial statements, the Group reviews the facts and circumstances relating to the exploration and evaluation assets to determine whether there is any indication that the exploration and evaluation assets have suffered impairment losses.

The directors considered that the mining operations have not reached a stage for reliable estimation of the future production volume and operation costs. Accordingly, in assessing whether there is indication of impairment, the directors considered whether there are fact and circumstances that suggest the extraction of mineral resources from the Exploration Area being not technically feasible or commercial viable. The key factors include the progress of the exploration and MPSA application, the remaining terms of the exploration rights, the prices of iron ore, the estimated expenditure to develop the mining area and the sources of funding, etc. To the best of their knowledge, the directors were not aware of any facts and circumstances that would trigger the assessment of impairment. Accordingly, no impairment losses were recognised for the year ended 31 March 2014.

As set out in the above paragraphs, the recoverable amount of the exploration and evaluation assets as at 31 March 2014 is determined on the basis that the MPSA would be awarded to Mogan. If the application of the MPSA is unsuccessful, the Group might incur a significant amount of impairment loss on the corresponding exploration and evaluation assets, which might have a significant effect on the consolidated financial statements of the Group. However, the directors are of the opinion that Mogan would be able to obtain the MPSA and they do not foresee any circumstances that would trigger their application for MPSA being unsuccessful.

## 22. GOODWILL

| | HK$'000 |
|---|---|
| **Cost and carrying amount** | |
| At 1 April 2012 | — |
| Arising on acquisition of a subsidiary | 6,234 |
| At 31 March 2013 and 1 April 2013 | 6,234 |
| Arising on acquisition of a subsidiary (note 38(a)) | 7,361 |
| At 31 March 2014 | 13,595 |

## 22. GOODWILL *(continued)*

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units ("CGUs") that are expected to benefit from that business combination. The carrying amount of goodwill had been allocated as follows:

| | **2014** | 2013 |
|---|---|---|
| | **HK$'000** | HK$'000 |
| Trading of coals: | | |
| – Brighton Asia Pacific Investment Holdings Limited ("Brighton") | **3,926** | – |
| – PT Yaozhong Resources ("PTYR") | **6,234** | 6,234 |
| | **10,160** | 6,234 |
| Trading of beverages: | | |
| – Brighton | **3,435** | – |
| | **13,595** | 6,234 |

The recoverable amounts of the CGUs are determined on the basis of their value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, and budgeted gross margin and turnover during the period. The Group estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. Budgeted gross margin and turnover are based on past practices and expectations on market development.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by the directors for the next three years (2013: five) with the residual period using a zero (2013: zero) growth rate.

The rate used to discount the forecast cash flows from the Group's trading of coals activities is 18% (2013: 15%), and from the Group's trading of beverages activities is 18% (2013: N/A).

## 23. INTANGIBLE ASSETS

| | Coal Import License HK$'000 | Metal Import License HK$'000 | Club Membership HK$'000 | Total HK$'000 |
|---|---|---|---|---|
| **Cost** | | | | |
| At 1 April 2012, 31 March 2013 and 1 April 2013 | – | – | – | – |
| Acquisitions of subsidiaries (note 38) | 28,724 | 306 | 334 | 29,364 |
| Exchange difference | – | 4 | 4 | 8 |
| At 31 March 2014 | 28,724 | 310 | 338 | 29,372 |
| **Accumulated amortisation and impairment losses** | | | | |
| At 1 April 2012, 31 March 2013 and 1 April 2013 | – | – | – | – |
| Amortisation for the year | 2,393 | – | – | 2,393 |
| At 31 March 2014 | 2,393 | – | – | 2,393 |
| **Carrying amount** | | | | |
| At 31 March 2014 | 26,331 | 310 | 338 | 26,979 |
| At 31 March 2013 | – | – | – | – |

The Group's metal import license with carrying value of approximately HK$310,000 (2013: N/A) and club membership of approximately HK$338,000 (2013: N/A) at 31 March 2014 are assessed as having indefinite useful life because there is no time limit that the Group can obtain future economic benefits derived from the import license or enjoy the services provided by the club.

The Group's coal import license of carrying value of approximately HK$26,331,000 has an average remaining amortisation period of 9.2 years (2013: N/A).

## 24. INTERESTS IN ASSOCIATES

| | **2014 HK$'000** | 2013 HK$'000 |
|---|---|---|
| Unlisted investments outside Hong Kong | | |
| Share of net assets | **–** | – |

## 24. INTERESTS IN ASSOCIATES *(continued)*

The amounts due to associates are unsecured, interest-free and repayable on demand. Particulars of the Group's associates as at 31 March 2014 are as follows:

| Name | Place of incorporation/ operation | Issued and paid up capital | Group's effective holding | Direct/Indirect | Principal activity |
|---|---|---|---|---|---|
| Belgravia Holdings & Investments, Inc | The Philippines | 25,000 ordinary shares of Philippines Peso ("PHP") 100 each | 40% | Indirect | Investment holding |
| Triple Edge Resources Holdings, Inc | The Philippines | 25,000 ordinary shares of Philippines Peso ("PHP") 100 each | 40% | Indirect | Investment holding |

The following table shows, in aggregate, the Group's share of the amounts of all individually immaterial associates that are accounted for using the equity method.

| | **2014** **HK$'000** | 2013 HK$'000 |
|---|---|---|
| **At 31 March:** | | |
| Carrying amounts of interests | **–** | – |
| **Year ended 31 March:** | | |
| Loss from continuing operations | **(104)** | (105) |
| Total comprehensive income | **(104)** | (105) |

The Group has not recognised loss for the year amounting to HK$42,000 (2013: HK$42,000) for Belgravia Holdings & Investments Inc. and Triple Edge Resources Holdings, Inc. The accumulated losses not recognised were HK$160,000 (2013: HK$118,000).

## 25. INVENTORIES

| | **2014** **HK$'000** | 2013 HK$'000 |
|---|---|---|
| Work in progress | **702** | – |
| Finished goods | **19,012** | – |
| | **19,714** | – |

## 26. TRADE AND OTHER RECEIVABLES

The carrying amounts of trade and other receivables is analysed as follows:

| | 2014<br>HK$'000 | 2013<br>HK$'000 |
|---|---|---|
| Trade receivables | **117,956** | 4,421 |
| Rental and other deposits | **1,507** | 20,256 |
| Prepayments and other receivables | **130,019** | 52,046 |
| | **249,482** | 76,723 |

As at 31 March 2014, allowances were made for estimated irrecoverable trade and other receivables of approximately HK$11,777,000 (2013: Nil).

Reconciliation of allowance for trade and other receivables:

| | 2014<br>HK$'000 |
|---|---|
| At 1 April 2012, 31 March 2013 and 1 April 2013 | **–** |
| Allowance for the year | **11,768** |
| Exchange differences | **9** |
| At 31 March 2014 | **11,777** |

The Group maintains a defined credit policy for its trade customers and the credit terms given vary according to the business activities. The financial strength of and the length of business relationship with the customers, on an individual basis, are considered in arriving at the respective credit terms. The credit terms generally range from 1 to 180 days (2013: 1 to 120 days). Overdue balances are reviewed regularly by management.

The ageing analysis of trade receivables, based on the invoice date, and net of allowance, is as follows:

| | 2014<br>HK$'000 | 2013<br>HK$'000 |
|---|---|---|
| 0 to 90 days | **50,747** | 3,521 |
| 91 to 180 days | **3,872** | 900 |
| Over 180 days | **63,337** | – |
| | **117,956** | 4,421 |

## 26. TRADE AND OTHER RECEIVABLES *(continued)*

As at 31 March 2014, trade receivables of HK$109,786,000 (2013: HK$2,506,000) were past due but not impaired. These mainly relates to a customer, which is the Group's strategic partner in the distribution/procument of coals in the PRC and the South East Asia region, with overdue balances of HK$91,897,000 as at 31 March 2014 (2013:Nil). The directors considered the payment history of the customer during the year, subsequent to the year end and the related trade payables to the customer, and are of the opinion that the amount due would be recoverable in full. The rest of past due balances relate to a number of independent customers for whom there is no recent history of default. The Group did not hold any collaterals in respect of the trade receivables from customers.

The ageing analysis of these trade receivables, based on due dates, is as follows:

| | **2014** | 2013 |
|---|---|---|
| | **HK$'000** | HK$'000 |
| 0 to 90 days | **46,297** | 2,506 |
| 91 to 180 days | **4,532** | — |
| Over 180 days | **58,957** | — |
| | **109,786** | 2,506 |

The carrying amounts of the trade receivables are denominated in the following currencies:

| | **2014** | 2013 |
|---|---|---|
| | **HK$'000** | HK$'000 |
| Renminbi ("RMB") | **105,575** | — |
| USD | **12,249** | 2,897 |
| Singapore dollars ("SGD") | **132** | 1,524 |
| | **117,956** | 4,421 |

## 27 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | **2014** | 2013 |
|---|---|---|
| | **HK$'000** | HK$'000 |
| Equity securities listed in Hong Kong, at fair value | **288** | 9,157 |

The equity investments listed on the Stock Exchange are held-for-trading that offer the Group the opportunity for return through dividend income and fair value gains. They have no fixed maturity or coupon rate. The fair value of listed equity investments are based on current bid prices.

At 31 March 2013, the carrying amounts of listed equity investments pledged as security for banking facilities granted to the Group amounted to HK$9,157,000. No equity investment was pledged as at current year end date.

## 28. PLEDGED BANK DEPOSITS AND CASH AND BANK BALANCES

The Group's pledged deposits represented deposits pledged to banks to secure banking facilities granted to the Group.

Pledged deposits and cash and bank balances are denominated in the following currencies:

| | 2014 | 2013 |
|---|---|---|
| | HK$'000 | HK$'000 |
| HK$ | 2,008 | 4,605 |
| RMB (note) | 5,424 | 1,318 |
| USD | 30,524 | 171,372 |
| SGD | 3,916 | 1,661 |
| Others | 186 | 200 |
| | 42,058 | 179,156 |

Note: Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

## 29. TRADE AND OTHER PAYABLES

| | 2014 | 2013 |
|---|---|---|
| | HK$'000 | HK$'000 |
| Trade and bills payables | 57,490 | 13 |
| Payable to China Shipbuilding Industrial Complete Equipment and Logistics Company Limited (note) | 247,836 | 197,955 |
| Accruals | 5,607 | 4,986 |
| Other payables | 14,704 | 2,672 |
| | 325,637 | 205,626 |

Note: As at 31 March 2014, the amount included a deposit of US$17,700,000 (equivalent to approximiately HK$137,312,000) (2013: US$25,500,000 (equivalent to HK$197,955,000) received from China Shipbuilding Industrial Complete Equipment and Logistics Company Limited ("CSICEL") pursuant to the cooperation agreement entered into with CSICEL relating to the supply of bunker fuel to CSICEL. The performance of the cooperation agreement was secured by the interests of Kesterion Investments Limited ("Kesterion") in the Company's shares and convertible bonds. Further details of the above are set out in note 41(e) to the financial statements.

The remaining balances were trade and related payables to CSICEL arising from trading of coals, which was unsecured, bear interests at 18.3% per annum and have credit terms ranging from 1 to 60 days.

## 29. TRADE AND OTHER PAYABLES *(continued)*

The ageing analysis of the trade payables, based on the date of receipt of goods, is as follows:

| | **2014** | 2013 |
|---|---|---|
| | **HK$'000** | HK$'000 |
| 0 to 90 days | **22,420** | 13 |
| 91 to 180 days | **55** | – |
| Over 180 days | **35,015** | – |
| | **57,490** | 13 |

The carrying amounts of the trade payables are denominated in the following currencies:

| | **2014** | 2013 |
|---|---|---|
| | **HK$'000** | HK$'000 |
| RMB | **2,849** | – |
| USD | **54,283** | 5 |
| SGD | **358** | 8 |
| | **57,490** | 13 |

## 30. CONTINGENT CONSIDERATION PAYABLE

| | **2014** | 2013 |
|---|---|---|
| | **HK$'000** | HK$'000 |
| As at 1 April 2012, 31 March 2013 and 1 April 2013 | **–** | **–** |
| Arising from acquisition of Brighton (note 38(a)) | **28,708** | – |
| Changes in fair value during the year | **(869)** | – |
| At 31 March 2014 | **27,839** | – |

The contingent consideration payable as at year end date represented the present value of the contingent consideration for the acquisition of a subsidiary, which was carried at fair value estimated based on level 2 measurement. Details of the above are set out in note 38(a) to the financial statements.

## 31. BANK LOANS AND BANK OVERDRAFTS

| | 2014 HK$'000 | 2013 HK$'000 |
|---|---|---|
| Bank loans | **17,945** | 2,338 |
| Bank overdrafts | **9,571** | – |
| | **27,516** | 2,338 |

The borrowings are repayable as follows:

| | 2014 HK$'000 | 2013 HK$'000 |
|---|---|---|
| On demand or within one year | **26,344** | 2,338 |
| In the second year | **1,080** | – |
| In the third to fifth years, inclusive | **92** | – |
| | **27,516** | 2,338 |
| Less: Amount due for settlement within 12 months (shown under current liabilities) | **(26,344)** | (2,338) |
| | **1,172** | – |

The carrying amounts of the Group's borrowings are denominated in the following currencies:

| | Renminbi HK$'000 | Singapore dollars HK$'000 | US dollars HK$'000 | Total HK$'000 |
|---|---|---|---|---|
| **2014** | | | | |
| Bank loans | **12,630** | **5,315** | **–** | **17,945** |
| Bank overdrafts | **–** | **9,571** | **–** | **9,571** |
| | **12,630** | **14,886** | **–** | **27,516** |
| **2013** | | | | |
| Bank loans | – | – | 2,338 | 2,338 |

## 31. BANK LOANS AND BANK OVERDRAFTS *(continued)*

The average interest rates at 31 March were as follows:

| | **2014** | 2013 |
|---|---|---|
| Bank loans | **6.6%** | 3.3% |
| Bank overdrafts | **Prime rate +0.5%** | N/A |

Bank loans and bank overdrafts of HK$5,315,000 (2013: Nil) and HK$9,571,000 (2013: Nil) respectively are secured by a charge over the Group's leasehold building classified as property, plant and equipment amounted to approximately HK$43,544,000 as at year end date and guarantee executed by the director of the Company.

Bank loans of HK$12,630,000 are secured by a charge over the Group's investment properties amounted to approximately HK$17,639,000 as at year end date and guarantee executed by the director of the Company and an individual company.

## 32. FINANCE LEASE PAYABLES

| | **Minimum lease payments** | | **Present value of minimum lease payments** | |
|---|---|---|---|---|
| | **2014** | 2013 | **2014** | 2013 |
| | **HK$'000** | HK$'000 | **HK$'000** | HK$'000 |
| Within one year | **470** | 242 | **413** | 186 |
| In the second to fifth years, inclusive | **964** | 387 | **900** | 366 |
| | **1,434** | 629 | **1,313** | 552 |
| Less: Future finance charges | **(121)** | (77) | **–** | – |
| Present value of lease obligations | **1,313** | 552 | **1,313** | 552 |
| Less: Amount due for settlement within 12 months (shown under current liabilities) | | | **(413)** | (186) |
| Amount due for settlement after 12 months | | | **900** | 366 |

It is the Group's policy to lease certain of its motor vehicles under finance leases. The average lease terms are 4 years (2013: 3 years). At 31 March 2014, the average effective borrowing rate was 4.8% per annum (2013: 7.1%). Interest rates are fixed at the contract dates and thus expose the Group to fair value interest rate risk. All leases are on a fixed repayment basis.

## 32. FINANCE LEASE PAYABLES *(continued)*

The finance lease payables are denominated in the following currencies:

| | **2014** | 2013 |
|---|---|---|
| | **HK$'000** | HK$'000 |
| SGD | **1,134** | 340 |
| Indonesia Rupiah | **90** | 212 |
| HK$ | **89** | – |
| Total | **1,313** | 552 |

The Group's finance lease payables are secured by the lessor's title to the leased assets.

## 33. CONVERTIBLE BONDS

On 18 December 2008, the Company entered into a subscription agreement with Kesterion for the issue of convertible bonds with an aggregate principal amount of USD655,128,205 (equivalent to approximately HK$5,110,000,000) (the "Convertible Bonds") in connection with the acquisition of 64% equity interest in Mogan. The Convertible Bonds are convertible, at any time between the issue date and maturity date, and at the option of the holders, into ordinary shares of the Company at a fixed conversion price of HK$0.70 per conversion share, subject to any anti-dilution adjustments and certain events such as share consolidation, share subdivision, capitalisation issue, capital distribution, rights issue and other equity or equity derivative issued. In 2011, the conversion price of the Convertible Bonds were adjusted to HK$22.79 per share upon the completion of the capital reorganisation, share consolidation and rights issue.

The Convertible Bonds are unsecured, non-interest bearing and redeemable in part(s) or in full by the Company, using an agreed fixed exchange rate of USD1 = HK$7.8, at any time before the maturity date on 18 December 2018. On the maturity date, the Convertible Bonds will be redeemed at par, using an agreed fixed exchange rate of USD1 = HK$7.8.

The net proceeds received from the issue of the Convertible Bonds were split between the liability component and equity component in accordance with the accounting policy as set out in note 4(s) to the financial statements. The liability component is treated as a liability at amortised cost using the effective interest rate method until extinguished on conversion or redemption.

## 33. CONVERTIBLE BONDS *(continued)*

The movements of the liability and equity components and principal amount of the Convertible Bonds for the both years are as follows:

| | Liability component HK$'000 | Equity conversion component HK$'000 | Principal amount HK$'000 |
|---|---|---|---|
| At 1 April 2012 | 525,718 | 1,263,605 | 1,571,500 |
| Imputed interest charged for the year (note 11) | 93,073 | — | — |
| At 31 March 2013 and 1 April 2013 | 618,791 | 1,263,605 | 1,571,500 |
| Imputed interest charged for the year (note 11) | 109,550 | — | — |
| At 31 March 2014 | 728,341 | 1,263,605 | 1,571,500 |

The imputed interest charged for the year is calculated by applying an effective interest rate of 17.7% (2013: 17.7%) per annum to the liability component.

## 34. DEFERRED TAX

The following are the major deferred tax liabilities recognised by the Group.

| | Revaluation of investment properties HK$'000 | Accelerated tax depreciation HK$'000 | Total HK$'000 |
|---|---|---|---|
| At 1 April 2012, 31 March 2013 and 1 April 2013 | — | — | — |
| Acquisition of a subsidiary | 1,525 | 7,181 | 8,706 |
| Charge to profit or loss for the year (note 12) | | | |
| – organisation and reversal of temporary differences | — | (598) | (598) |
| Exchange difference | (3) | (15) | (18) |
| At 31 March 2014 | 1,522 | 6,568 | 8,090 |

At the end of the reporting period the Group has unused tax losses of HK$119,114,000 (2013: HK$78,869,000) available for offset against future profits. No deferred tax assets has been recognised in respect of these tax losses due to the unpredictability of future profit streams. Included in the unrecognised tax losses are losses of HK$13,969,000 (2013: HK$8,886,000) that will expire in three to five years from the year such losses were incurred. Other tax losses may be carried forward indefinitely.

## 34. DEFERRED TAX *(continued)*

At the year end, the aggregate amount of temporary differences associated with undistributed earnings is HK$7,958,000 (2013: N/A). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

## 35. SHARE CAPITAL

| | Note | **No. of ordinary shares** | **Nominal value of ordinary shares** |
|---|---|---|---|
| | | | HK$'000 |
| Authorised: | | | |
| Ordinary shares of HK$0.5 (2013: HK$0.5) each | | | |
| At 1 April 2012, 31 March 2013, 1 April 2013 and 31 March 2014 | | 2,000,000,000 | 1,000,000 |
| Issued and fully paid: | | | |
| Ordinary shares of HK$0.5 (2013: HK$0.5) each | | | |
| At 1 April 2012 | | 912,184,080 | 456,092 |
| Issue of share on exercise of share options | (a) | 6,000,000 | 3,000 |
| At 31 March 2013 and 1 April 2013 | | 918,184,080 | 459,092 |
| Issue of share on acquisition of a subsidiary | (b) | 24,715,000 | 12,358 |
| At 31 March 2014 | | 942,899,080 | 471,450 |

Notes:

(a) During the year ended 31 March 2013, an option holder exercises 6,000,000 share options to subscribe for 6,000,000 ordinary shares of HK$0.5 each at a consideration of HK$3,000,000.

(b) On 31 May 2013, the Company issued 24,715,000 ordinary shares as consideration for the acquisition of a subsidiary, details of which are set out in note 38(a) of this report.

### Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the payment of dividends, issue new shares, buy-back shares, raise new debts, redeem existing debts or sell assets to reduce debts.

## 35. SHARE CAPITAL *(continued)*

### Capital management *(continued)*

The Group monitors capital on the basis of the debt-to-equity ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total debts (including borrowings and trade and other payables) less cash and cash equivalents. Total equity comprises all components of equity (i.e. share capital, share premium, non-controlling interests, retained profits and other reserves).

The debt-to-equity ratios at 31 March 2013 and 2014 were as follows:

| | **2014** | 2013 |
|---|---|---|
| | **HK$'000** | HK$'000 |
| Total debt | **1,125,108** | 829,533 |
| Less: cash and cash equivalents | **(32,487)** | (175,877) |
| Net debt | **1,092,621** | 653,656 |
| Total equity | **404,562** | 565,601 |
| Debt-to-equity ratio | **270.1%** | 115.5% |

No changes were made in the Group's objectives, policies or processes for managing capital during the years ended 31 March 2013 and 2014.

The only externally imposed capital requirement is that for the Group to maintain its listing on The Stock Exchange of Hong Kong Limited, it has to have a public float of at least 25% of the shares.

## 36. RESERVES

### (a) The Group

The amounts of the Group's reserves and the movements therein are presented in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity on pages 31 to 32 and page 35 of the financial statements respectively.

## 36. RESERVES *(continued)*

### (b) Nature and purpose of reserves

*(i) Share premium*

Under the Companies Law of the Cayman Islands, the funds in the share premium account of the Company are distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

*(ii) Foreign currency translation reserve*

The foreign currency translation comprises all foreign exchange differences arising from the translation of the financial statements of foreign subsidiaries into the presentation currency. The reserve is dealt with in accordance with the accounting policies in note 4(d) to the financial statements.

*(iii) Share option reserve*

The share option reserve represents the fair value of the actual or estimated number of unexercised share options granted to the employees and consultants of the Group recognised in accordance with the accounting policy adopted for share-based payments in note 4(x) to the financial statements.

*(iv) Convertible bonds equity reserve*

The value of unexercised equity component of convertible bonds issued by the Company is recognised in accordance with the accounting policy adopted for convertible bonds in note 4(s) to the financial statements.

*(v) Property revaluation reserve*

The property revaluation reserve has been set up and is dealt with in accordance with the accounting policies adopted for the leasehold building in note 4(e) to the financial statements.

## 37. EQUITY-SETTLED SHARE-BASED PAYMENTS

The Company adopted a share option scheme on 25 April 2001 (the “Old Share Option Scheme”) for the purpose of providing incentives and rewards to the eligible participants who contributed to the growth of the Group. Under the Old Share Option Scheme, the directors may grant options to eligible full-time or part-time employees, including any executive, non-executive and independent non-executive directors, and consultants or advisers of the Company and/or any of its subsidiaries. The Old Share Option Scheme was valid and effective for a period of ten years from the adoption date. On 24 April 2012, the Old Share Option Scheme was expired, after which no further share options shall be granted, but the Share Option previously granted under the Share Option Scheme shall remain in full force and effect in all other respects.

## 37. EQUITY-SETTLED SHARE-BASED PAYMENTS *(continued)*

The Company adopted a share option scheme on 30 July 2012 (the "New Share Option Scheme") for the purpose of providing incentives and rewards to the eligible participants who contributed to the growth of the Group. Under the New Share Option Scheme, the directors may grant options to eligible full-time or part-time employees, including any executive, non-executive and independent non-executive directors, and consultants or advisers of the Company and/or any of its subsidiaries. The New Share Option Scheme as valid and effective for a period of ten years from the adoption date.

The total number of shares in respect of which options may be granted under the New Share Option Scheme, and any other option schemes is not permitted to exceed 30% of the issued share capital of the Company from time to time. The number of shares in respect of which options may be granted to any individual in any one year is not permitted to exceed 1% of the issued share capital of the Company without prior approval from the Company's shareholders.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the closing price of the Company's shares at the date of the grant) in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

Options granted must be taken up within thirty days of the date of grant, upon payment of HK$1 per grant.

Options may be exercised at any time during a period to be notified by the board of Directors (the "Board") upon the grant of options provided that the option period shall not exceed 10 years from the date of grant of the options. No minimum period for which an option must be held is required. The exercise price, which is determined by the Board is the highest of: (i) the closing price per share on the date of grant; (ii) the average closing price per share for the five business days immediately preceding the date of grant; and (iii) the nominal value of a share.

Options do not confer rights on the holder to dividends or to vote at shareholders' meetings.

Under the New Share Option Scheme, if the options remain unexercised after a period of 3 years from the date of grant, the options expire. Options are forfeited if the employee is dismissed by the Group by reason of persistent or serious misconduct, breach of material term of the relevant employment contract or summary dismissal.

## 37. EQUITY-SETTLED SHARE-BASED PAYMENTS *(continued)*

Movement of the outstanding share options and their weighted average exercise prices for the year ended 31 March 2014 were as follows:

| | | | | Number of share options | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **Category of grantee** | **Date of grant of the options** | **Exercise period** | **Exercise price of the options (HK$)** | **Outstanding as at 1 April 2013** | **Granted during the year** | **Exercised during the year** | **Lapsed during the year** | **Outstanding as at 31 March 2014** | **Exercisable as at 31 March 2014** |
| *Old Share Option Scheme:* | | | | | | | | | |
| Consultants | 6 Mar 2007 | 6 Mar 2007 to 5 Mar 2017 | 3.58 | 262,800 | – | – | – | 262,800 | 262,800 |
| *New Share Option Scheme:* | | | | | | | | | |
| Consultants | 21 Aug 2012 | 21 Aug 2012 to 20 Aug 2015 | 0.50 | 80,150,000 | – | – | – | 80,150,000 | 80,150,000 |
| Staff | 21 Aug 2012 | 21 Aug 2012 to 20 Aug 2015 | 0.50 | 3,600,000 | – | – | – | 3,600,000 | 3,600,000 |
| Director | 27 Mar 2013 | 27 Mar 2013 to 26 Mar 2016 | 0.55 | 1,400,000 | – | – | – | 1,400,000 | 1,400,000 |
| Total | | | | 85,412,800 | – | – | – | 85,412,800 | 85,412,800 |
| Weighted average exercise price | | | | HK$0.51 | N/A | N/A | N/A | HK$0.51 | HK$0.51 |

## 37. EQUITY-SETTLED SHARE-BASED PAYMENTS *(continued)*

Movement of the outstanding share options and their weighted average exercise prices for the year ended 31 March 2013 were as follows:

| | | | | Number of share options | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **Category of grantee** | **Date of grant of the options** | **Exercise period** | **Exercise price of the options (HK$)** | **Outstanding as at 1 April 2012** | **Granted during the year** | **Exercised during the year** | **Lapsed during the year** | **Outstanding as at 31 March 2013** | **Exercisable as at 31 March 2013** |
| *Old Share Option Scheme:* | | | | | | | | | |
| Consultants | 6 Mar 2007 | 6 Mar 2007 to 5 Mar 2017 | 3.58 | 262,800 | – | – | – | 262,800 | 262,800 |
| *New Share Option Scheme:* | | | | | | | | | |
| Consultants | 21 Aug 2012 | 21 Aug 2012 to 20 Aug 2015 | 0.50 | – | 86,200,000 | (6,000,000) | (50,000) | 80,150,000 | 80,150,000 |
| Staff | 21 Aug 2012 | 21 Aug 2012 to 20 Aug 2015 | 0.50 | – | 3,600,000 | – | – | 3,600,000 | 3,600,000 |
| Director | 27 Mar 2013 | 27 Mar 2013 to 26 Mar 2016 | 0.55 | – | 1,400,000 | – | – | 1,400,000 | 1,400,000 |
| Total | | | | 262,800 | 91,200,000 | (6,000,000) | (50,000) | 85,412,800 | 85,412,800 |
| Weighted average exercise price | | | | HK$3.58 | HK$0.50 | HK$0.50 | HK$0.50 | HK$0.51 | HK$0.51 |

The options outstanding at the end of the year have a weighted average remaining contractual life of 1.44 years (2013: 2.44 years) and the exercise prices range from HK$0.5 to HK$3.58 (2013: HK$0.5 to HK$3.58).

The estimated fair value of the options that were granted on 21 August 2012 and 27 March 2013 were HK$8,236,000 and HK$246,000 respectively.

## 37. EQUITY-SETTLED SHARE-BASED PAYMENTS *(continued)*

The fair value was calculated using the Black-Scholes option pricing model. The inputs into the model are as follows:

| | **21 August 2012** | **27 March 2013** |
|---|---|---|
| Share price | HK$0.475 | HK$0.540 |
| Exercise price | HK$0.500 | HK$0.550 |
| Expected life | 0.716 year | 1.5 years |
| Expected volatility | 69.508% | 69.798% |
| Risk free rate | 0.152% | 0.152% |
| Expected dividend yield | Nil | Nil |

Expected volatility was determined by calculating the historical volatility of the Company over the expected life. The expected life used in the model has been adjusted, based on the Group's best estimate, for the effects of non transferability, exercise restrictions and behavioral considerations.

Share options granted to consultants were incentives for helping the group expand its business network, acquire and explore new business projects and opportunities. The fair value of such benefit could not be estimated reliably and as a result, the fair value is measured by reference to the fair value of share options granted.

## 38. NOTES TO STATEMENT OF CASH FLOWS

**Acquisitions of subsidiaries**

(a) On 31 May 2013 ("Completion Date"), the Group acquired 100% of the issued share capital of Brighton. Brighton holds the entire equity interest in a PRC company, Xiamen Yaozhong Asia-Pacific Trading Co., Ltd ("廈門耀中亞太貿易有限公司") (collectively "Brighton Group") which is principally engaged in trading of coal and has commenced trading of beverages during the period.

According to the sale and purchase agreement dated 27 March 2013 and a related supplemental agreement dated 10 May 2013 entered into between a subsidiary of the Company, Black Sand Enterprises Limited, and Brighton Asia Pacific Investment Limited, the consideration of the acquisition of Brighton Group will be settled by way of:

(i) allotting and issuing 24,715,000 ordinary shares of the Company upon Completion Date;

## 38. NOTES TO STATEMENT OF CASH FLOWS *(continued)*

**Acquisitions of subsidiaries** *(continued)*

(a) *(continued)*

(ii) allotting and issuing up to a further of 66,285,000 contingent ordinary shares of the Company, depending on the upcoming financial performance of Brighton Group for the period from 1 April 2013 to 31 March 2014 ("Guaranteed Period"). The number of contingent ordinary shares to be issued ("Contingent Shares") is subject to the adjustments below:

Scenario 1: in the event that the profit of the Brighton Group for the Guaranteed Period is not less than HK$3,700,000, the Contingent Shares shall be 66,285,000;

Scenario 2: in the event that the profit of Brighton Group for the Guaranteed Period is more than HK$1,000,000 but less than HK$3,700,000, the Contingent Shares shall be reduced by 2,455,000 per HK$100,000, shortfall from HK$3,700,000. Any shortfall less than HK$100,000 will be rounded up to HK$100,000; and

Scenario 3: in the event that the profit of Brighton Group for the Guaranteed Period is HK$1,000,000 or less, the Contingent Shares shall be adjusted to zero;

Details of this acquisition were set out in the Company's announcements and circular dated 27 March 2013 and 10 May 2013 respectively.

## 38. NOTES TO STATEMENT OF CASH FLOWS *(continued)*

**Acquisitions of subsidiaries** *(continued)*

(a) *(continued)*

The purchase consideration has been allocated to the identifiable assets and liabilities acquired with reference to the fair value determined by an independent valuer appointed by the directors, as follows:

| | HK$'000 |
|---|---|
| Property, plant and equipment | 4,485 |
| Investment properties | 13,925 |
| Intangible assets | 28,724 |
| Inventories | 528 |
| Trade receivables | 47,826 |
| Prepayments, deposits and other receivables | 10,384 |
| Cash and bank balances | 1,198 |
| Trade and other payables | (64,412) |
| Deferred tax liabilities | (8,706) |
| Net assets acquired | 33,952 |
| Goodwill | 7,361 |
| Total purchase consideration | 41,313 |
| Satisfied by: | |
| Ordinary shares of the Company issued upon completion of the acquisition, at fair value | 12,605 |
| Contingent consideration payable, at fair value | 28,708 |
| | 41,313 |
| Net cash inflow arising on acquisition: | |
| Cash and cash equivalent acquired | 1,198 |

## 38. NOTES TO STATEMENT OF CASH FLOWS *(continued)*

**Acquisitions of subsidiaries** *(continued)*

(a) *(continued)*

The goodwill arising from the acquisition of the Brighton Group is attributable to the anticipated profitability of the distribution of the Group's products in the new markets and the anticipated future operating synergies from the business combination.

The fair value of 24,715,000 ordinary shares of the Company issued as part of the consideration paid was determined on the basis of the closing market price of the Company's ordinary shares on the Completion Date.

The fair value of contingent consideration payable at the Completion Date represented the present value of the Contingent Shares expected to be issued at the end of the Guaranteed Period, which was estimated based on the expected net profit of the Brighton Group for the Guaranteed Period. The valuation was prepared by an independent valuer, Ascent Partners Valuation Service Limited.

Key inputs used in the fair value measurement are as follows:

| **Unobservable input** | **As at Completion Date** |
|---|---|
| Expected net profit (Note i) | HK$1,000,000 – HK$9,412,000 |
| Discount rate applied (Note ii) | 0.13677% |
| Average simulated share price under Monte Carlo Method (Note iii) | HK$0.30 to HK$0.57 |

Note i: Expected net profit for Contingent Shares is based on the Directors' best estimate and weighted probability analysis for Brighton Group.

Note ii: Discount rate applied represents the estimated cost of debt of similar credit-rating companies by applying a credit risk premium to the risk-free interest rate.

Note iii: Average simulated share price are estimated based on the historical volatility of the share price of the Company's ordinary shares listed on the Stock Exchange.

## 38. NOTES TO STATEMENT OF CASH FLOWS *(continued)*

**Acquisitions of subsidiaries** *(continued)*

(a) *(continued)*

Subsequent to the year end, the net profit of the Brighton Group for the Guaranteed Period was determined to be more than HK$3,700,000. Accordingly, 66,285,000 ordinary shares of the Company are to be issued in satisfying the contingent consideration. The directors estimated the present value of these contingent shares amounted to HK$24,525,000 as at 31 March 2014 based on the quoted market price at the latest practical date, being 18 June 2014. The resulting fair value gain on contingent consideration payables of HK$869,000 was recognised in profit or loss for the year.

The Brighton Group contributed approximately HK$189,338,000 and HK$8,773,000 to the Group's turnover and profit for the period between the date of acquisition and the year end.

If the acquisition had been completed on 1 April 2013, total Group turnover for the year would have been approximately HK$409,975,000, and loss for the year would have been approximately HK$173,176,000. The proforma information is for illustrative purposes only and is not necessarily an indication of the turnover and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 April 2013, nor is intended to be a projection of future results.

(b) On 13 September 2013, the Group acquired 100% of the issued share capital of Evotech (Asia) Pte Ltd ("Evotech") at a consideration of S$3,600,000 (equivalent to approximately HK$22,057,200). Evotech was engaged in the scrap metal trading business during the period.

## 38. NOTES TO STATEMENT OF CASH FLOWS *(continued)*

**Acquisitions of subsidiaries** *(continued)*

(b) *(continued)*

The fair value of the identifiable assets and liabilities of Evotech acquired as at its date of acquisition, which has no significant difference from its carrying amount, is as follows:

| | HK$'000 |
|---|---|
| Property, plant and equipment | 42,361 |
| Intangible assets | 640 |
| Inventories | 6,567 |
| Trade receivables | 1,402 |
| Prepayments, deposits and other receivables | 4,243 |
| Cash and bank balances | 1,684 |
| Trade and other payables | (19,727) |
| Bank loans and overdrafts | (15,014) |
| Net assets acquired | 22,156 |
| Gain on bargain purchase | (99) |
| Total consideration satisfied by cash in prior periods | 22,057 |
| Net cash inflow arising on acquisition: | |
| Cash and bank balances | 1,684 |
| Bank overdrafts | (9,289) |
| Cash and cash equivalents acquired | (7,605) |

The Group recognised a gain on bargain purchase of HK$99,000 in the business combination. The business combination resulted in a gain on bargain purchase which is mainly attributable to the change in fair value of the leasehold building between the contract signing date and complete date of the acquisition.

Evotech contributed approximately HK$15,247,000 and HK$4,810,000 to the Group's turnover and loss for the year between the date of acquisition and the year end.

If the acquisition had been completed on 1 April 2013, total Group turnover for the period would have been approximately HK$429,429,000, and loss for the period would have been approximately HK$172,879,000. The proforma information is for illustrative purposes only and is not necessarily an indication of the turnover and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 April 2013, nor is intended to be a projection of future results.

## 39. CONTINGENT LIABILITIES

As at 31 March 2014, the Group and the Company did not have any significant contingent liabilities (2013: Nil).

## 40. LEASE COMMITMENTS

At 31 March 2014 the total future minimum lease payments under non-cancellable operating leases are payable as follows:

| | 2014 | 2013 |
|---|---|---|
| | HK$'000 | HK$'000 |
| Within one year | 4,819 | 3,697 |
| In the second to fifth years inclusive | 2,445 | 181 |
| | 7,264 | 3,878 |

Operating lease payments represent rentals payable by the Group for certain of its offices and living quarters for employees. Leases are negotiated for terms ranging from one to five years (2013: one to three years).

## 41. RELATED PARTIES TRANSACTIONS

In addition to those related party transactions and balances disclosed elsewhere in the financial statements, the Group had the following transactions with its related parties during the years ended 31 March 2013 and 2014 and balances with related parties as at 31 March 2013 and 2014.

### (a) Amount due from a director

Amount due from a director disclosed pursuant to section 161B of the Hong Kong Companies Ordinance are as follows:

| Name | Terms | Balance at 31 March 2014 | Balance at 1 April 2013 | Maximum amount outstanding during the year |
|---|---|---|---|---|
| | | HK$'000 | HK$'000 | HK$'000 |
| Mr. Michael Koh Tat Lee | Unsecured, interest-free and no fixed repayment terms | 593 | – | 593 |
| Mr. Cheung Hung Man | Unsecured, interest-free and no fixed repayment terms | – | 109 | 109 |
| | | 593 | 109 | |

## 41. RELATED PARTIES TRANSACTIONS *(continued)*

### (b) Amounts due to directors

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

### (c) Interest paid to a shareholder - Kesterion

Kesterion is a shareholder of the Company and is controlled by Ms. Eva Wong, being the spouse of the chairman of the Company, Mr. Michael Koh Tat Lee, the sister-in-law of the non-executive director of the Company, Mr. Yin Mark Teh-min, and the sister of the former chairman of the Company, Mr. Wong Chung Yu, Denny.

The interest expense of approximately HK$1,217,000 was charged on a shareholder's loan borrowed from Kesterion during last year, which was fully repaid on 25 March 2013.

### (d) Key management personnel remuneration

Remuneration paid/payable to key management personnel of the Group, including the emoluments of the Company's directors and the highest paid individuals as disclosed in note 14 to the financial statements, is as follows:

| | **2014** | 2013 |
|---|---|---|
| | **HK$'000** | HK$'000 |
| Salaries, bonus and allowances | **6,320** | 6,340 |
| Retirement benefits scheme contributions | **60** | 152 |
| Equity-settled share-based payments | **–** | 393 |
| | **6,380** | 6,885 |

## 41. RELATED PARTIES TRANSACTIONS *(continued)*

### (e) Security provided by a shareholder

Pursuant to the security document dated 13 March 2013 and a supplemental and amendment deed dated 11 October 2013 entered into between Kesterion and CSICEL, Kesterion granted security over its interest in the shares of the Company and the Convertible Bond as a continuing security to CSICEL to guarantee the due and punctual performance and observance of certain contractual obligations and liabilities by the Group under the trade contracts entered into between the Group and CSICEL in relation to trading of bunker fuel oil and coal.

## 42. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

| | **2014** | 2013 |
|---|---|---|
| | **HK$'000** | HK$'000 |
| Investments in subsidiaries | **553,691** | 544,186 |
| Prepayments and other receivables | **54** | 54 |
| Cash and bank balances | **149** | 36 |
| Accruals and other payables | **(1,983)** | (1,834) |
| Convertible bonds | **(728,341)** | (618,791) |
| **Net liabilities** | **(176,430)** | (76,349) |
| Financed by: | | |
| **Capital and reserves** | | |
| Share capital | **471,450** | 459,092 |
| Reserves | **(647,880)** | (535,441) |
| | **(176,430)** | (76,349) |

## 42. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(continued)*

### Reserves

| | Share premium | Share option reserve | Convertible bonds equity reserve | Accumulated losses | Total |
|---|---|---|---|---|---|
| | HK$'000 | HK$'000 | HK$'000 | HK$'000 | HK$'000 |
| At 1 April 2012 | 3,780,032 | 320 | 1,263,605 | (5,483,262) | (439,305) |
| Total comprehensive income for the year | – | – | – | (104,618) | (104,618) |
| Share-based payments | – | 8,482 | – | – | 8,482 |
| Shares issued under share option scheme | – | (551) | – | 551 | – |
| Changes in equity for the year | – | 7,931 | – | (104,067) | (96,136) |
| At 31 March 2013 | 3,780,032 | 8,251 | 1,263,605 | (5,587,329) | (535,441) |
| At 1 April 2013 | 3,780,032 | 8,251 | 1,263,605 | (5,587,329) | (535,441) |
| Total comprehensive income for the year | – | – | – | (112,686) | (112,686) |
| Issue of share on acquisition of a subsidiary (note 38(a)) | 247 | – | – | – | 247 |
| Changes in equity for the year | 247 | – | – | (112,686) | (112,439) |
| At 31 March 2014 | 3,780,279 | 8,251 | 1,263,605 | (5,700,015) | (647,880) |

## 43. PARTICULARS OF SUBSIDIARIES

Particulars of the subsidiaries as at 31 March 2014 are as follows:

| Name | Place of incorporation/ registration and operation | Issued and paid up capital/ registered capital | Percentage of ownership interest/ voting power/ profit sharing | | Principal activities |
|---|---|---|---|---|---|
| | | | Direct | Indirect | |
| Black Sand Enterprises Limited | Hong Kong | HK$300,000 | 100% | – | Investment holding |
| Black Sand Global Trading Limited | Hong Kong | HK$10,000 | – | 100% | Dormant |
| Black Sand International (Singapore) Pte. Ltd. | Singapore | 2,000,000 ordinary shares of SGD1 each<br>5,881,400 ordinary shares of USD1 each | – | 100% | Trading of coals and metals |
| Black Sand Metal Trading Limited | Hong Kong | HK$10,000 | – | 80% | Dormant |
| Black Sand Petroleum (S) Pte. Ltd | Singapore | 2,000,000 ordinary shares of SGD1 each | – | 90% | Trading of bunker fuels |
| Black Sand Marine (S) Pte. Ltd. | Singapore | USD1 | – | 100% | Inactive |
| Black Sand Resources Trading Limited | British Virgin Islands/ Hong Kong | 1 ordinary share of USD1 each | – | 100% | Dormant |
| Black Sand Securities Trading Limited | Hong Kong | HK$1 | – | 100% | Dormant |
| First Pine Enterprises Limited | British Virgin Islands/ Hong Kong | 1 ordinary share of USD1 each | – | 100% | Investment holding |
| Mt. Mogan Holdings Inc. | British Virgin Islands/ Hong Kong | 50,000 ordinary shares of USD1 each | – | 100% | Investment holding |

## 43. PARTICULARS OF SUBSIDIARIES *(continued)*

| Name | Place of incorporation/ registration and operation | Issued and paid up capital/ registered capital | Percentage of ownership interest/ voting power/ profit sharing Direct | Indirect | Principal activities |
|---|---|---|---|---|---|
| Mt. Mogan Resources and Development Corporation ("MMRD") | The Philippines | 25,000 ordinary shares of PHP100 each | – | 64% | Mineral exploration and mining activities |
| Pan Asia Mining (HK) Limited | Hong Kong | HK$10,000 | 100% | – | Dormant |
| PT Yaozhong Resources | Republic of Indonesia | 1,000,000 ordinary shares of USD1 each | – | 95% | Coal mining and trading of coals |
| Service Form Limited | Hong Kong | HK$1 | 100% | – | Dormant |
| 寰亞宏華商貿(北京)有限責任公司* | PRC | Registered capital of RMB20,056,294 | – | 100% | Trading of beverages |
| Brighton Asia Pacific Investment Holdings Limited | Hong Kong | HK$1 | – | 100% | Investment holding |
| Xiamen Yaozhong Asia-Pacific Trading Co., Limited* | PRC | Registered capital of HK$50,000,000 | – | 100% | Trading of coals and beverages |
| Evotech (Asia) Pte Ltd | Singapore | 500,000 ordinary shares of SGD1 each | – | 100% | Trading of metals |

* Wholly foreign-owned enterprise established in the PRC.

The above list contains the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group.

## 43. PARTICULARS OF SUBSIDIARIES *(continued)*

The following table shows information of the subsidiary that had non-controlling interests ("NCI") that were material to the Group. The summarised financial information represents amounts before inter-company eliminations.

| Name | **MMRD** | |
|---|---|---|
| | **2014** | 2013 |
| Principal place of business/country of incorporation | **Philippines** | |
| % of ownership interests/voting rights held by NCI | **36%** | 36% |
| | **HK$'000** | HK$'000 |
| **At 31 March:** | | |
| Non-current assets | **1,104,133** | 1,103,435 |
| Current assets | **1,083** | 1,186 |
| Current liabilities | **(27,696)** | (29,119) |
| Net liabilities | **1,077,520** | 1,075,502 |
| Accumulated NCI | **387,907** | 381,180 |
| **Year ended 31 March:** | | |
| Turnover | **–** | – |
| Loss for the year | **(203)** | (733) |
| Total comprehensive income | **(203)** | (733) |
| Loss for the year allocated to NCI | **(73)** | (264) |
| Dividends declared and paid to NCI | **–** | – |
| Net cash generated from/(used in) operating activities and net increase/(decrease) in cash and cash equivalents | **27** | (14) |

## 44. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 20 June 2014.

## RESULTS

| | For the year ended 31 March | | | | |
|---|---|---|---|---|---|
| | **2014** | 2013 | 2012 | 2011 | 2010 |
| | **HK$'000** | HK$'000 | HK$'000 | HK$'000 | HK$'000 |
| Continuing operations | | | | | |
| Turnover | **408,784** | 274,489 | 331,296 | 10,419 | 14,730 |
| Loss from operations | **(64,453)** | (33,506) | (34,883) | (17,923) | (19,102) |
| Impairment of exploration and evaluation assets | **–** | – | (7,342,417) | – | – |
| Finance costs | **(110,479)** | (94,465) | (81,420) | (72,624) | (134,105) |
| Share of losses of associates | **–** | – | (172) | (55) | (35) |
| Fair value gain on contingent consideration payable | **869** | – | – | – | – |
| Loss before tax | **(174,063)** | (127,971) | (7,458,892) | (90,602) | (153,242) |
| Income tax expense | **(1,935)** | – | (12) | – | (24) |
| Loss for the year from continuing operations | **(175,998)** | (127,971) | (7,458,904) | (90,602) | (153,266) |
| Profit for the year from discontinued operation | **–** | – | – | – | 25,811 |
| Loss for the year | **(175,998)** | (127,971) | (7,458,904) | (90,602) | (127,455) |
| Other comprehensive income/(loss) for the year, net of tax | **1,101** | (372) | (1,897) | (11) | (137) |
| Total comprehensive loss for the year | **(174,897)** | (128,343) | (7,460,801) | (90,613) | (127,592) |
| **Loss for the year attributable to:** | | | | | |
| Owner of the Company | **(175,363)** | (127,681) | (4,815,119) | (89,907) | (127,085) |
| Non-controlling interests | **(635)** | (662) | (2,643,785) | (695) | (370) |
| | **(175,998)** | (128,343) | (7,458,904) | (90,602) | (127,455) |

## ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

| | At 31 March | | | | |
|---|---|---|---|---|---|
| | **2014** | 2013 | 2012 | 2011 | 2010 |
| | **HK$'000** | HK$'000 | HK$'000 | HK$'000 | HK$'000 |
| **Total assets** | **1,529,670** | 1,395,134 | 1,259,612 | 8,667,956 | 8,444,243 |
| **Total liabilities** | **(1,125,108)** | (829,533) | (577,247) | (524,790) | (581,703) |
| **Non-controlling interests** | **(387,965)** | (387,348) | (387,913) | (3,032,355) | (3,033,050) |
| | **16,597** | 178,253 | 294,452 | 5,110,811 | 4,829,490 |