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)

2015
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.

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BOARD OF DIRECTORS

Executive Directors

Mr. Michael Koh Tat Lee *(Chairman)*
Mr. Cheung Hung Man *(Chief Executive Officer)*
Mr. Tan Chong Gin

Non-executive Director

Mr. Liang Tong Wei

Independent Non-executive Directors

Mr. Chu Hung Lin, Victor
Mr. Tong Wan Sze
Mr. Fung Kwok Leung

COMPANY SECRETARY

Mr. Chan Ming Cho, Joe

AUTHORISED REPRESENTATIVES

Mr. Michael Koh Tat Lee
Mr. Chan Ming Cho, Joe

COMPLIANCE OFFICER

Mr. Tan Chong Gin

AUDIT COMMITTEE

Mr. Tong Wan Sze *(Chairman)*
Mr. Chu Hung Lin, Victor
Mr. Fung Kwok Leung

NOMINATION COMMITTEE

Mr. Michael Koh Tat Lee *(Chairman)*
Mr. Chu Hung Lin, Victor
Mr. Fung Kwok Leung

REMUNERATION COMMITTEE

Mr. Chu Hung Lin, Victor *(Chairman)*
Mr. Fung Kwok Leung

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 revenue in 2015 amounted to approximately HK$42,490,000 (2014: approximately HK$408,784,000), decreased by approximately HK$366,294,000 as compared to 2014. The significant decrease in revenue was mainly attributable to the temporary suspension of coal and bunker fuel business. Gross profit amounted to approximately HK$1,764,000 (2014: approximately HK$2,463,000). Other operating expenses, net amounted to approximately HK$29,473,000 (2014: other operating income of approximately HK$7,672,000). Loss for the year increased to approximately HK$1,228,220,000 as compared to approximately HK$175,998,000 in last year.

The significant increase in loss for the year was mainly attributable to the recording an impairment of HK$945,462,000 of the fair value of the exploration and evaluation assets as at 31 March 2015 (2014: Nil). Full details of the impairment are reported in note 22 to the consolidated financial statements.

CAPITAL STRUCTURE AND LIQUIDITY

As at 31 March 2015, the Company has outstanding zero coupon rate convertible bonds with a carrying value of approximately HK$857,287,000 (31 March 2014: approximately HK$728,341,000) convertible into 68,955,682 ordinary shares (31 March 2014: 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. The bonds were redeemed on 12 May 2015 by issuing another convertible bonds with outstanding principal amount totalling US$140,000,000 (equivalent to approximately HK$1,092,000,000) which are due for full redemption on 12 May 2020.

As at 31 March 2015, the Group has a current ratio of approximately 1.01 times (31 March 2014: approximately 0.81 time). Gearing ratio, calculated based on non-current liabilities of approximately HK$859,918,000 (31 March 2014: approximately HK$738,503,000) against total deficit of approximately HK$625,023,000 (31 March 2014: total equity of approximately HK$404,562,000) decreased from 182.54% for 2014 to -137.58% for 2015.

As at 31 March 2015, the Group did not have any material contingent liability (31 March 2014: Nil).

As at 31 March 2015, the Group did not have any material capital commitment (31 March 2014: Nil).

MATERIAL ACQUISITIONS AND DISPOSALS

The Group had no material acquisitions or disposals of subsidiaries and associated companies during the year.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2015, the Group has 91 full time employees (31 March 2014: 63) in Hong Kong, Singapore, Indonesia and the Mainland China. During the year ended 31 March 2015, the Group incurred staff costs (including Directors' emoluments) of approximately HK$24,755,000 (2014: approximately HK$21,456,000).

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 38 to the consolidated financial statements and/or any other such schemes of the Company as part of their remuneration packages.

BORROWING FACILITIES

As at 31 March 2015, the Group has obtained credit facilities from various banks up to a maximum amount of approximately HK$150,410,000 (2014: approximately HK$46,807,000) and approximately HK$24,959,000 (2014: approximately HK$27,516,000) of the credit facilities has been utilized.

PLEDGE OF ASSETS

At 31 March 2015, a warehouse property located in Singapore at carrying value of S$7,600,000 (equivalent to approximately HK$43,305,000) (31 March 2014: S$7,000,000 (equivalent to approximately HK$43,544,000)) and investment properties located in the PRC at carrying values of approximately RMB14,759,000 (equivalent to approximately HK$18,614,000) (31 March 2014: approximately RMB13,966,000 (equivalent to approximately HK$17,639,000)) were pledged to secure general banking facilities granted to the Group.

At 31 March 2015, no equity investment or bank deposit was pledged (2014: Nil).

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

MINERALS EXPLORATION & EXPLOITATION

On 22 June 2014 the two exploration permits ("EP(s)") covering approximately 28,068.124 hectares area in the Leyte Gulf, Philippines, expired. Despite the Group commenced renewal process well before the expiry date and all renewal requirements were completely fulfilled, the renewed EPs have not yet been awarded. However, based on information available to the Group it is contemplated that the renewed EPs will soon be awarded.

During the year ended 31 March 2015 the Group had not carried out any exploration activity in the area covered by the two EPs because the Group wishes to focus the resources of the Group in the application of converting part of the EP into a mineral production sharing agreement ("MPSA"). The last step before meeting all major application requirement is to obtain an Environmental Compliance Certificate ("ECC") from Department of Environment and Natural Resources ("DENR"). However, the Group was informed that the guidelines for offshore mining for processing ECC issuance have yet to be finalized by DENR within this year.

International iron ore price dropped by approximately 55% and 65% during last year and over the last 3 year respectively. In light of the recent fall of iron ore price the Group engaged an independent valuer to assess current fair value of the exploration and evaluation assets in The Philippines. According to the valuation result the Group recorded a HK$945,462,000 impairment to the assets for the year ended 31 March 2015.

BEVERAGE

In 2012 the Group commenced trading of tea and juice drinks by purchasing from a South Korea manufacturer and selling to an importer/distributor in the United States of America. The business scale was small but both trading volume and profitability have been largely stable.

In late 2013 the Group commenced trading of bottled mineral water by purchasing indirectly from two manufacturers in Canada and selling to distributors and retail chains in the PRC. The Group did not start the business in a hasty manner. Rather we tested the water at the early stage and gained valuable operation experiences. Given the encouraging trial run results the Group decided to configure a more serious business plan for a well-planned entrance into the exploding market of clean and worry-free drinking water.

Among the two manufacturers in Canada the Group selected one of them to be our long term supplier and strategic partner. We have secured ourselves as the preferred distributor of certain drinking water products of the supplier since mid of 2014. At the same time the Group commenced detail market research and analysis and formulation of marketing plan for promoting the products which we have sole distribution rights.

The Group also reckons the importance of securing inventory supply in a successful business model. Since last year the Group has been conducting discussions and negotiations with the major shareholder of a renowned manufacturer to acquire a controlling stake of the manufacturer. We believe a final agreement can be reached in the near future.

Trading results of the 2 beverage businesses were reported as other income in the statement of profit or loss for all yearly and quarterly periods up to 31 December 2013. Since then the Group noted the growing trend of this business segment and decided to include the business in the segment report starting from the annual report for the year ended 31 March 2014.

OTHERS

Performance of scrap metal trading was not satisfactory. The business is unable to breakeven at the current operation level. Management has been exploring ways to expand both the product portfolio and business volume.

Coal business has been suspended since late 2014 as the result of the declining market price and disappointing operation results. The Group has been seeking a viable business model to resume the operation.

PROSPECTS

MINERALS EXPLORATION & EXPLOITATION

Despite the processes of EP renewal and MPSA application takes more time than expected, we do not see any major hindrance preventing the award of the MPSA & renewed EP to the Group. We believe the unfavourable market conditions resulting the recent market price movements will be over in the near future. The Group will then enjoy the economic benefits brought by the MPSA to be awarded.

BEVERAGE

The Management believes the market of clean and worry-free drinking water in PRC has enormous potential at least in a decade from now. We also believe we have promptly grasp this opportunity to secure a promising growth of the Group. Meanwhile we shall focus most of our resources to complete the negotiations with the seller of the bottled mineral water manufacturer for turning a new page of the Group.

OTHERS

Scrap metal processing has been subject to a lot of stringent environmental protection requirements in Singapore which lead to a low gross profit margin. The Group will continue to monitor the operation and review the business model regularly.

Always in our mind is the need of securing a quality coal source at reasonable cost. The Group has been finding and discussing with various coal mine owners. Once a reliable coal source is secured no matter through uptake agreement or acquisition of controlling stake of a coal mine the Group will resume coal business in a different model.

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 2015.

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 2015.

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 inside 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	**Changes**
Executive Directors	
Mr. Michael Koh Tat Lee *(Chairman)*	
Mr. Cheung Hung Man *(Chief Executive Officer)*	
Mr. Eng Wee Meng	(deceased on 4 September 2014)
Mr. Tan Chong Gin	(appointed on 10 February 2015)
Non-Executive Directors	
Mr. Yin Mark Teh-min	(retired on 23 July 2014)
Mr. Liang Tong Wei	
Independent Non-executive Directors	
Mr. Lai Kai Jin, Michael	(resigned on 30 July 2014)
Mr. Chu Hung Lin, Victor	
Mr. Tong Wan Sze	
Mr. Fung Kwok Leung	(appointed on 30 October 2014)

The biographies of the current directors are set out on pages 15 to 16 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 retired Director 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 2015, the Company has complied with 5.05(2) of the GEM Listing Rules relating to the appointment of at least one independent non-executive director ("**INED**") 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.

Pursuant to Rules 5.05(1) of the GEM Listing Rules, the Board of Company requires to have a minimum of three INED. Upon the resignation of Mr. Lai Kai Jin, Michael on 30 July 2014, the Company did not comply with the GEM Listing Rules 5.05(1). With the appointment of Mr. Fung Kwok Leung as an INED on 30 October 2014, the Company was properly complied with Rules 5.05(1).

Pursuant to Rules 5.19 of the GEM Listing Rules, the Company must ensure that one of its executive directors assumes responsibility for acting as a compliance officer. Upon the pass away of Mr. Eng Wee Eng on 4 September 2014, the Company did not comply with the GEM Listing Rules 5.19. With the appointment of Mr. Tan Chong Gin as an executive Director and the compliance officer of the Company on 10 February 2015, the Company now has one compliance officer and complies with Rule 5.19 of the GEM Listing Rules.

Pursuant to Rule 5.24 of the GEM Listing Rules, the Company must ensure that it has 2 authorised representatives, who have to be two individuals from amongst the Company's executive directors and company secretary. Upon the pass away of Mr. Eng Wee Eng on 4 September 2014, the Company did not comply with the GEM Listing Rules 5.24, there has been only one authorized representative. With the appointment of Mr. Michael Koh Tat Lee as an authorised representative of the Company on 10 February 2015, the Company fulfills the requirement under Rule 5.24 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 2015, the Board held 4 regular Board meetings (within the meaning of the CG code) at approximately quarterly interval and 10 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 12 of this report.**

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 annual general meeting held on 23 July 2014 and the extraordinary general meeting held on 9 January 2015 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 12 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 2015.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The role of chairman and chief executive officer of the Company has been taken up by different persons. 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 2015.

REMUNERATION COMMITTEE

The remuneration committee of the Company (the "**Remuneration Committee**") was established in March 2006 and currently consists of two members, all of which are independent non-executive Directors, Mr. Chu Hung Lin, Victor and Mr. Fung Kwok Leung. Mr. Chu Hung Lin, Victor was designated as the chairman of the Remuneration Committee with effect from 30 October 2014.

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 2015, 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 three meetings during the financial year ended 31 March 2015. At the said meetings, the Remuneration Committee reviewed and approved the remuneration packages of the existing Directors and the newly appointed Director. 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 12 of this report.**

Pursuant to Rules 5.34 of the GEM Listing Rules, a remuneration committee must chaired by an INED. Upon the resignation of Mr. Lai Kai Jin, Michael on 30 July 2014, the Company did not comply with the GEM Listing Rules 5.34. With the appointment of Mr. Fung Kwok Leung as a member of Remuneration Committee and the designation of Mr. Chu Hung Lin, Victor was as the chairman of the Remuneration Committee on 30 October 2014, the Company was properly complied with Rules 5.34.

Details of Directors' emoluments for the financial year ended 31 March 2015 are set out in the note 16 to the consolidated 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. Chu Hung Lin, Victor and Mr. Fung Kwok Leung. 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 2015, the Nomination Committee held three meeting to review and make recommendation on the appointment of Director Mr. Fung Kwok Leung and Mr. Tan Chong Gin and 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 12 of the report.**

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") currently comprises three members of which all are independent non-executive Directors, Mr. Chu Hung Lin, Victor, Mr. Tong Wan Sze and Mr. Fung Kwok Leung. 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 2015 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.

Pursuant to Rules 5.28 of the GEM Listing Rules, the Board of Company require to have an audit committee comprise a minimum of three members. Upon the resignation of Mr. Lai Kai Jin, Michael, the Company did not comply with the GEM Listing Rules 5.28. With the appointment of Mr. Fung Kwok Leung as a member of Audit Committee on 30 October 2014, the Company was properly complied with Rules 5.28.

The Audit Committee held 5 meetings during the financial year ended 31 March 2015. 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 12 of this report.**

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

Name	Changes	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)*		14/14	–	3/3	–	1/1	1/1	1/1
Mr. Cheung Hung Man		14/14	–	–	–	–	0/1	0/1
Mr. Eng Wee Meng	(decreased on 4 September 2014)	5/5	–	–	–	–	1/1	–
Mr. Tan Chong Gin	(appointed on 10 February 2015)	1/2	–	–	–	–	–	–
Non-Executive Directors								
Mr. Yin Mark Teh-min	(retired on 23 July 2014)	1/2	1/1	–	0/1	1/1	0/1	–
Mr. Liang Tong Wei		9/14	–	–	–	1/1	1/1	0/1
Independent Non-executive Directors								
Mr. Lai Kai Jin, Michael	(resigned on 30 July 2014)	0/2	0/1	0/1	0/1	0/1	0/1	–
Mr. Chu Hung Lin, Victor		13/14	3/3	3/3	5/5	1/1	0/1	1/1
Mr. Tong Wan Sze		10/14	–	–	5/5	1/1	0/1	0/1
Mr. Fung Kwok Leung	(appointed on 30 October 2014)	5/6	1/1	1/1	3/3	–	–	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 regulatory 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 2015, 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$592,000 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 2015, 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 2015, 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 26 to 27 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 2015, 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 2015.

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 48, is the chairman of the Company since 30 November 2011, the chairman of Nomination Committee since 31 March 2012 and the authorized representative since 10 February 2015. 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 Get Holdings Limited (stock code: 8100, formerly known as M Dream Inworld Limited) and the chairman of Chinese Strategies Holdings Limited (stock code: 8089, formerly known as China Railway Logistics Limited and Proactive Technology Holdings Limited) before joining the Group. Mr. Koh is the brother-in-law of a retired non-executive Director Mr. Yin Mark Teh-min.

Mr. Cheung Hung Man ("Mr. Cheung"), aged 49, 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.

Mr. Tan Chong Gin ("Mr. Tan"), aged 50, is an executive Director and the compliance officer of the Company since 10 February 2015. Mr. Tan is also the director in a subsidiary in the PRC and in Hong Kong. Furthermore, he is the Managing Director in a subsidiary in the Singapore since 2014. Mr. Tan holds a Bachelor's Degree in Electrical Engineering from Queen's University of Kingston in Canada. Mr. Tan has over 20 years of extensive experience in sales, business development and management in the electronics industry. Mr. Tan worked in IBM Canada as a software engineer before he joined Hewlett Packard. Mr. Tan was the Business Development Manager at Agilent Technologies and was promoted to be the EMT General Manager for Contract Manufacturing in the Asia Team of Agilent Technologies in 2001. Mr. Tan joined iNETest Resources in 2003 before he was appointed as a Managing Director in Ellipsiz Communications in 2007.

NON-EXECUTIVE DIRECTOR

Mr. Liang Tong Wei ("Mr. Liang"), aged 48, 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. Chu Hung Lin, Victor ("Mr. Chu"), aged 47, 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 was designated as the chairman of the Remuneration Committee since 30 October 2014. 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 Kuangchi Science Limited (stock code: 439, formerly known as Climax International Company Limited), shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited. Before joining the Company, Mr. Chu was actively involved in food and beverage business and was a shareholder and director of certain private companies.

Mr. Tong Wan Sze ("Mr. Tong"), aged 47, is an independent non-executive Director and the chairman of the Audit Committee of the Company since 29 December 2010. Mr. Tong has over 22 years of 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 and an Associate of the Hong Kong Institute of Certified Public Accountants. Mr. Tong has obtained a Master degree in Business Administration from the University of Strathclyde in the United Kingdom.

Mr. Fung Kwok Leung ("Mr. Fung"), aged 49, is an independent non-executive Director and a member of the Audit Committee, Remuneration Committee and the Nomination Committee of the Company since 30 October 2014. Mr. Fung is a practicing Certified Public Accountant, a fellow member of each of the Hong Kong Institute of Certified Public Accountants and Association of Chartered Certified Accountants and a Certified Tax Adviser of The Taxation Institute of Hong Kong. He holds an Honour Degree in Accountancy from the Hong Kong Polytechnic University. Mr. Fung worked for two of the "Big-Four" international accounting firms and several multi-national entities and listed companies. He has over 20 years of extensive experience in accounting, auditing, taxation, merger and acquisitions, corporate finance, rescue and advisory. Mr. Fung is one of the founders of JH CPA Alliance Limited, which was founded on 23 January 2009. In October 2013, he was appointed as a Standing Committee Member of The Returned Overseas Chinese Association, Nanshan, Shenzhen, People's Republic of China. In January 2014, he was further appointed as a Committee Member of The Chinese People's Political Consultative Conference, Nanshan, Shenzhen Committee.

The Directors present their annual report together with the audited consolidated financial statements of the Company for the year ended 31 March 2015.

PRINCIPAL ACTIVITIES

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

SEGMENT INFORMATION

An analysis of the principal activities and geographical locations of operations of the Group for the year ended 31 March 2015 are set out in note 8 to the consolidated financial statements.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 March 2015 are set out in the consolidated statement of profit or loss and other comprehensive income on pages 28 to 29.

The Directors do not recommend the payment of a dividend for the year ended 31 March 2015 (2014: 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 115 to 116.

SUBSIDIARIES AND ASSOCIATES

Particulars of subsidiaries and associates of the Group are set out in notes 43 and 25 to the consolidated 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 19 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in note 34 to the consolidated 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 2015.

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 35 to the consolidated financial statements respectively.

The Company had no reserves available for distribution to shareholders of the Company as at 31 March 2015 (2014: 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 2015.

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$30,000 (a cap of monthly relevant income changes from HK$25,000 to HK$30,000 on 1 July 2014). 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 2015, the Group's total contributions to the retirement schemes charged in the Consolidated Statement of Comprehensive Income amounted to approximately HK$1,434,000 (2014: HK$921,000).

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 March 2015, the aggregate sales attributable to the Group's five largest customers accounted for approximately 58.26% (2014: 62.74%) of the Group's total sales and the sales attributable to the Group's largest customer accounted for approximately 17.20% (2014: 30.30%) of the Group's total sales. During the year ended 31 March 2015, the aggregate purchases attributable to the Group's five largest suppliers accounted for approximately 49.49% (2014: 75.57%) of the Group's total purchases and the purchases attributable to the Group's largest supplier accounted for approximately 16.22% (2014: 33.70%) 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	(deceased on 4 September 2014)
Mr. Tan Chong Gin	(appointed on 10 February 2015)

Non-Executive Directors

Mr. Yin Mark Teh-min	(retired on 23 July 2014)
Mr. Liang Tong Wei	

Independent Non-executive Directors

Mr. Lai Kai Jin, Michael	(resigned on 30 July 2014)
Mr. Chu Hung Lin, Victor	
Mr. Tong Wan Sze	
Mr. Fung Kwok Leung	(appointed on 30 October 2014)

Pursuant to Article 99 of the articles of association of the Company applicable at the relevant time of appointment, Mr. Fung Kwok Leung and Mr. Tan Chong Gin shall retire at such forthcoming annual general meeting of the Company and, being eligible, will offer themselves for re-election.

Pursuant to Article 116 of the articles of association of the Company, Mr. Michael Koh Tat Lee shall retire from office by rotation at such forthcoming annual general meeting of the Company and, being eligible, will offer himself for re-election.

DIRECTORS' SERVICE CONTRACTS

All executive Directors, Mr. Michael Koh Tat Lee, Mr. Cheung Hung Man and Mr. Tan Chong Gin 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 15 to 16 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 15 to the consolidated financial statement.

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in note 16 to the consolidated 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. Chu Hung Lin, Victor, Mr. Tong Wan Sze and Mr. Fung Kwok Leung, 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 2015, the interests or short positions of the Directors and chief executives of the Company in the shares (the "**Shares**"), underlying shares and debentures of the Company and 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 they were 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 to 5.67 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	222,619,060	(L)	13.96	Interest of spouse *(Note 1)*
Liang Tong Wei	100,000,000	(L)	6.27	Beneficial owner
Cheung Hung Man	93,235,000	(L)	5.85	Beneficial owner *(Note 2)*
Tan Chong Gin	5,575,000	(L)	0.35	Beneficial owner

(L) — Long position

Notes:

1. Ms. Wong Eva, being the wife of Mr. Michael Koh Tat Lee ("Mr. Koh"), is interested in 222,619,060 Shares. Therefore, Mr. Koh is deemed to be interested in 222,619,060 Shares.

2. According to the terms of the sales and purchase agreement dated 27 March 2013 (as amended by a supplemental agreement dated 10 May 2013), the Company had allotted and issued the remaining 66,285,000 shares to Mr. Cheung Hung Man on 24 June 2014. Therefore, together with the 24,715,000 shares previously issued. A total of 91,000,000 shares were issued as the consideration for acquisition of a subsidiary. As at 31 March 2015, Mr. Cheung is interested in 93,235,000 shares.

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 2015, 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	222,347,860 (L)	13.95	Beneficial owner *(Note 1)*
Wong, Eva	222,347,860 (L)	13.95	Interest of controlled corporation *(Note 1)*
	271,200 (L)	0.02	Beneficial owner *(Note 1)*
Sub-total:	222,619,060 (L)	13.97	
Michael Koh Tat Lee	222,619,060 (L)	13.97	Interest of spouse *(Note 1)*
Liang Tong Wei	100,000,000 (L)	6.27	Beneficial owner
Cheung Hung Man	93,235,000 (L)	5.85	Beneficial owner
Magic Stone Fund (China)	80,000,000 (L)	5.02	Beneficial owner *(Note 2)*
Yang Dongjun	80,000,000 (L)	5.02	Interest of controlled corporation *(Note 3)*

(L) — Long position

Notes:

1. Ms. Wong Eva, being the wife of Mr. Michael Koh Tat Lee ("Mr. Koh"), is interested in controlled corporation of 222,347,860 shares and as beneficial owner of 271,200 shares. Accordingly, Mr. Koh is deemed to have interests in such 222,619,060 shares in total.

2. Pursuant to the settlement agreement dated 21 November 2014 entered into between the Company and Magic Stone Fund (China) ("Magic Stone"), the Company has allotted and issued 80,000,000 new ordinary shares to Magic Stone on 27 February 2015 to fulfill part of the performance of the settlement agreement.

3. Magic Stone, is an investment holding company incorporated in the Cayman Islands and is owned as to 80.25% by Mr. Yang Dongjun.

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)	4.33%	Beneficial owner *(Note 1)*
	68,955,682(S)	4.33%	Beneficial owner *(Note 2)*
Wong Eva	68,955,682(L)	4.33%	Interest of controlled corporation *(Note 1)*
Michael Koh Tat Lee	68,955,682(L)	4.33%	Interest of spouse *(Note 1)*
Magic Stone Fund (China)	68,955,682(L)	4.33%	Security Interest *(Note 2)*
Yang Dongjun	68,955,682(L)	4.33%	Interest of controlled corporation *(Note 3)*

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

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. 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 ("CSICEL"), a security over the 252,153,400 Shares and the Convertible Bonds held by Kesterion Investments Limited ("Kesterion Charge") (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 CSICEL. As announced by the Company on 29 July 2014, CSICEL has appointed two (2) receivers to exercise all the power of a receiver over the 252,153,400 shares and convertible Bonds held by Kesterion. None of the Directors is a director or an employee of CSICEL.

   On 7 November 2014, CSICEL has assigned all its rights with respect to the Kesterion Charge to Magic Stone.

3. Magic Stone, is an investment holding company incorporated in the Cayman Islands and is owned as to 80.25% by Mr. Yang Dongjun.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in note 38 to the consolidated 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 2015 are set out in note 38 to the consolidated financial statements.

CONNECTED TRANSACTIONS

Details of the related party transaction disclosed in note 41 to the consolidated financial statements for the year ended 31 March 2015 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.

EVENTS AFTER THE REPORTING PERIOD

Details of significant events occurring after the reporting date are set out in note 44 to the consolidated financial statements.

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 2015.

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 2015 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 7 to 14 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
19 June 2015

TO THE MEMBERS 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 set out on pages 28 to 114, which comprise the consolidated statement of financial position as at 31 March 2015, 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 financial position of the Company and its subsidiaries as at 31 March 2015, and their financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

MATERIAL UNCERTAINTY RELATING TO THE EXPLORATION AND EVALUATION ASSETS

Without qualifying our opinion, we draw attention to note 22 to the consolidated financial statements.

The Group, through its subsidiary - Mt. Mogan Resources and Development Corporation ("Mogan"), owned two exploration permits to explore iron ore and other associated mineral in specified offshore area in the Leyte Gulf and San Pedro Bay off Leyte and Samar Provinces of the Philippines ("EPs"). The EPs, which are renewable for a further term of 2 years, are expired on 22 June 2014. During the year, the Group applied for the renewal of EPs for the period of two years from the award date.

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 in the Leyte Gulf and San Pedro Bay off Leyte and Samar Provinces of the Philippines covered by two EPs 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 renewed EPs and MPSA were yet to be awarded to Mogan.

If the application of either of these are not successful, 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 EPs renewal and the MPSA. They do not foresee any circumstances that would trigger their renewal nor application being unsuccessful.

RSM Nelson Wheeler
Certified Public Accountants
Hong Kong

19 June 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2015

	Note	2015	2014
		HK$'000	HK$'000
Revenue	9	**42,490**	408,784
Cost of sales		**(40,726)**	(406,321)
Gross profit		**1,764**	2,463
Administrative expenses		**(74,524)**	(62,820)
Other operating (expenses)/income, net	10	**(29,473)**	7,672
Other losses, net	11	**(71,369)**	(11,768)
Loss from operations		**(173,602)**	(64,453)
Finance costs	12	**(130,782)**	(110,479)
Fair value gain on contingent consideration payable	31	**663**	869
Fair value gain on extinguishing financial liabilities with equity instruments	30(a)	**14,761**	–
Impairment loss on exploration and evaluation assets	22	**(945,462)**	–
Loss before tax		**(1,234,422)**	(174,063)
Income tax credit/(expense)	13	**6,202**	(1,935)
Loss for the year	14	**(1,228,220)**	(175,998)
Other comprehensive income after tax:			
Item that will not be reclassified to profit or loss:			
Revaluation surplus of leasehold building		**5,813**	2,348
Item that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		**(1,072)**	(1,247)
Other comprehensive income for the year, net of tax		**4,741**	1,101
Total comprehensive income for the year		**(1,223,479)**	(174,897)
Loss for the year attributable to:			
Owners of the Company		**(887,338)**	(175,363)
Non-controlling interests		**(340,882)**	(635)
		(1,228,220)	(175,998)

	Note	2015	2014
		HK$'000	HK$'000
Total comprehensive income for the year attributable to:			
Owners of the Company		**(882,757)**	(174,261)
Non-controlling interests		**(340,722)**	(636)
		(1,223,479)	(174,897)
		HK$	HK$
			(Restated)
Loss per share	18		
Basic		**0.84**	0.15
Diluted		**N/A**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2015

	Note	2015 HK$'000	2014 HK$'000
Non-current assets			
Property, plant and equipment	19	**52,062**	55,189
Investment properties	20	**18,614**	17,639
Payments for mining claims	21	**109**	109
Exploration and evaluation assets	22	**158,568**	1,104,024
Goodwill	23	**3,435**	13,595
Intangible assets	24	**595**	26,979
Interests in associates	25	**—**	—
		233,383	1,217,535
Current assets			
Inventories	26	**17,271**	19,714
Trade and other receivables	27	**187,763**	249,482
Financial assets at fair value through profit or loss	28	**295**	288
Amounts due from associates	25	**83**	—
Amount due from a director	16(b)	**2,699**	593
Bank and cash balances	29	**9,817**	42,058
		217,928	312,135
Current liabilities			
Trade and other payables	30	**188,993**	325,637
Amounts due to associates	25	**—**	56
Amounts due to directors	41(a)	**897**	3,693
Contingent consideration payable	31	**—**	27,839
Bank loans and bank overdrafts	32	**24,936**	26,344
Finance lease payables	33	**263**	413
Current tax liabilities		**1,327**	2,623
		216,416	386,605
Net current assets/(liabilities)		**1,512**	(74,470)
Total assets less current liabilities		**234,895**	1,143,065

	Note	2015 HK$'000	2014 HK$'000
Capital and reserves			
Share capital	34	**796,888**	471,450
Reserves	35	**(1,470,002)**	(454,853)
Equity attributable to owners of the Company		**(673,114)**	16,597
Non-controlling interests		**48,091**	387,965
TOTAL EQUITY		**(625,023)**	404,562
Non-current liabilities			
Bank loans	32	**109**	1,172
Finance lease payables	33	**636**	900
Convertible bonds	36	**857,287**	728,341
Deferred tax liabilities	37	**1,886**	8,090
		859,918	738,503
		234,895	1,143,065

Approved by the Board of Directors on 19 June 2015 and are signed on its behalf by:

Michael Koh Tat Lee	**Cheung Hung Man**
Director	*Director*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2015

	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 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 34(b))	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
At 1 April 2014	471,450	3,780,279	(2,468)	8,251	1,263,605	2,348	(5,506,868)	16,597	387,965	404,562
Total comprehensive income for the year	–	–	(1,232)	–	–	5,813	(887,338)	(882,757)	(340,722)	(1,223,479)
Issue of share on acquisition of a subsidiary (note 34(c))	33,142	(5,966)	–	–	–	–	–	27,176	–	27,176
Issue of rights shares (note 34(d))	151,378	–	–	–	–	–	–	151,378	–	151,378
Issue of bonus shares (note 34(d))	100,918	(100,918)	–	–	–	–	–	–	–	–
Share issue expenses	–	(4,708)	–	–	–	–	–	(4,708)	–	(4,708)
Issue of shares for extinguishing financial liabilities with equity instruments (note 34(e))	40,000	(20,800)	–	–	–	–	–	19,200	–	19,200
Capital contribution from non-controlling interests	–	–	–	–	–	–	–	–	848	848
Changes in equity for the year	325,438	(132,392)	(1,232)	–	–	5,813	(887,338)	(689,711)	(339,874)	(1,029,585)
At 31 March 2015	796,888	3,647,887	(3,700)	8,251	1,263,605	8,161	(6,394,206)	(673,114)	48,091	(625,023)

	Note	2015 HK$'000	2014 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(1,234,422)**	(174,063)
Adjustments for:			
Finance costs		**130,782**	110,479
Interest income from loan and receivables		**(33)**	(525)
Net interest payable on trade balances		**30,552**	1,761
Amortisation of intangible assets		**2,873**	2,393
Depreciation		**6,686**	4,563
Allowances for trade and other receivables		**37,931**	11,768
Gain on disposal of property, plant and equipment		**(3)**	(52)
Gain on bargain purchase from acquisition of a subsidiary		**–**	(99)
Fair value gain on contingent consideration payable		**(663)**	(869)
Fair value gain on financial assets at fair value through profit or loss		**(8)**	(259)
Fair value gain on investment properties		**(180)**	–
Dividend income from listed investments		**(6)**	(57)
Impairment loss on exploration and evaluation assets		**945,462**	–
Impairment loss on goodwill		**10,160**	–
Impairment loss on intangible assets		**23,458**	–
Fair value gain on extinguishing financial liabilities with equity instruments	30(a)	**(14,761)**	–
Operating loss before working capital changes		**(62,172)**	(44,960)
Decrease/(increase) in inventories		**2,885**	(12,619)
Decrease/(increase) in trade and other receivables		**58,405**	(105,445)
Increase in amount due from a director		**(2,006)**	(301)
Decrease in amount due to directors		**(2,796)**	(1,999)
Increase in amount due from associates		**(140)**	–
(Decrease)/increase in trade and other payables		**(166,743)**	12,584
Cash used in operations		**(172,567)**	(152,740)
Net proceeds from disposal of financial assets at fair value through profit or loss		**–**	9,128
Income tax paid		**(1,292)**	(19)
Net cash used in operating activities		**(173,859)**	(143,631)

	Note	2015 HK$'000	2014 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**164**	4,805
Dividend income from listed investments		**6**	57
Additions to exploration and evaluation assets		**(6)**	(701)
Purchases of property, plant and equipment		**(1,773)**	(5,917)
Addition to investment property		**(820)**	(3,746)
Proceeds from disposal of property, plant and equipment		**50**	1,218
Loan to a third party		**–**	(1,176)
Decrease in pledged bank deposits		**–**	3,279
Acquisitions of subsidiaries		**–**	(6,407)
Net cash used in investing activities		**(2,379)**	(8,588)
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital contribution from non-controlling interests		**848**	1,253
Net proceeds from bank loan and other borrowings		**32,612**	9,834
Bank loan interest paid		**(1,762)**	(868)
Interest paid for other borrowings		**(20)**	–
Repayment of bank loan		**(33,605)**	–
Proceeds from issue of rights and bonus shares		**151,378**	–
(Repayment)/addition of finance lease payables, net		**(459)**	494
Finance lease charges paid		**(54)**	(61)
Share issue expenses		**(4,708)**	–
Net cash generated from financing activities		**144,230**	10,652
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(32,008)**	(141,567)
Effect of foreign exchange rate changes		**914**	(1,823)
CASH AND CASH EQUIVALENTS AT 1 APRIL		**32,487**	175,877
CASH AND CASH EQUIVALENTS AT 31 MARCH		**1,393**	32,487
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Bank and cash balances		**9,817**	42,058
Bank overdrafts	32	**(8,424)**	(9,571)
		1,393	32,487

1. GENERAL INFORMATION

Pan Asia Mining Limited ("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 ("GEM") 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 consolidated financial statements.

2. BASIS OF PREPARATION AND GOING CONCERN

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange and with the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622).

The Group continues to adopt the going concern basis in preparing its consolidated financial statements. The current economic conditions continue to create uncertainty particularly over the level of demand and the unfavourable trend in the market price for the Group's products for the foreseeable future. The Group meets its day-to-day working capital requirements through the financial support of its substantial shareholder. On 19 December 2014, the Company entered into an unconditional financial support agreement for a loan facility of HK$80,000,000 with a substantial shareholder of the Company for the period from 1 March 2015 to 31 January 2016 (the "Drawdown Period"). During the Drawdown Period, the Company is entitled to obtain one or more loan facilities from this substantial shareholder, at any time and in any amount which in aggregate should not exceed HK$80,000,000. The loans are interest-bearing at a rate to be determined at each drawdown date, unsecured and repayable in 3 years from each drawdown date. Subsequent to the year end date, HK$9,000,000 of the facility has been drawn down.

The Group's forecasts and projections, taking account of reasonably possible changes in trading performance; the unconditional financial support agreement from the substantial shareholder to provide adequate funds for the Group to meet its working capital requirements, and the improved debt-to equity ratio after the reporting period (note 34) show that the Group should be able to operate within the level of its current facilities and resources. After taken into consideration the existing financial conditions and the arrangement in place, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the next twelve months period subsequent to the end of the reporting period.

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

(a) Application of new and revised HKFRSs

In the current year, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 April 2014:

Amendment to HKAS 32, Offsetting financial assets and financial liabilities

This amendment clarifies that the right of set-off must not be contingent on a future event. It must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendment also considers settlement mechanisms. The amendment did not have a significant effect on the Group financial statements.

Amendment to HKAS 36, Recoverable amount disclosures for non-financial assets

The amendments reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount based on fair value less costs of disposal is determined using a present value technique. The amendments only affect the presentation and disclosure of information in the consolidated financial statements.

Amendments to HKFRS 2 (Annual Improvements to HKFRSs 2010-2012 Cycle)

This amendment clarifies the definitions of "vesting condition" and "market condition" and adds definitions for "performance condition" and "service condition". The amendment is applicable prospectively to share-based payment transactions for which the grant date is on or after 1 July 2014 and had no effect on the Group's consolidated financial statements.

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

(a) Application of new and revised HKFRSs *(continued)*

Amendments to HKFRS 3 (Annual Improvements to HKFRSs 2010-2012 Cycle)

This amendment, applicable prospectively to business combinations for which the acquisition date is on or after 1 July 2014, requires any contingent consideration that is classified as an asset or a liability (i.e. non-equity) to be measured at fair value at each reporting date with changes in fair value recognised in profit or loss. It had no effect on the Group's consolidated financial statements.

Amendments to HKFRS 13 (Annual Improvements to HKFRSs 2010-2012 Cycle)

This amendment to the standard's basis for conclusions only clarifies that the ability to measure certain short-term receivables and payables on an undiscounted basis is retained.

(b) New and revised HKFRSs in issue but not yet effective

The Group has not early applied new and revised HKFRSs that have been issued but are not yet effective for the financial year beginning 1 April 2014. The directors anticipate that the new and revised HKFRSs will be adopted in the Group's consolidated financial statements when they become effective. The Group is in the process of assessing, where applicable, the potential effect of all new and revised HKFRSs that will be effective in future periods but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and financial position.

List of New and revised HKFRSs in issue but not yet effective that are relevant to the Group operation

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[2]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[3]
Amendments to HKAS 1	Disclosure Initative[3]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle[4]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle[5]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle[3]

1 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.
2 Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.
3 Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.
4 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions. Earlier application is permitted.
5 Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.

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

(c) Amendments to the Rules Governing the Listing of Securities on the GEM of the Stock Exchange

The Stock Exchange in April 2015 released revised Chapter 18 of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange in relation to disclosure of financial information in annual reports that are applicable for accounting periods ending on or after 31 December 2015, with earlier application permitted. The Company has early adopted the amendments resulting in changes to the presentation and disclosures of certain information in the consolidated financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared under the historical cost convention, unless mentioned otherwise in the accounting policies below (e.g. investment properties and leasehold building that are measured at fair value).

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 5.

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(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 and any related accumulated foreign currency translation reserve relating to that subsidiary.

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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(b) Business combinations and goodwill

The acquisition method is used to account for the acquisition of a subsidiary in a business combination. The consideration transferred in a business combination is measured at the acquisition-date fair value of the assets given, equity instruments issued, liabilities incurred and any 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 sum of the consideration transferred over the Group's share of the net fair value of the subsidiary's identifiable assets and liabilities is recorded as goodwill. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the sum of the consideration transferred is recognised in consolidated profit or loss as a gain on bargain purchase which is attributed to the Group.

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 sum of the consideration transferred in a business combination to calculate the goodwill.

The non-controlling interests in the subsidiary are initially measured either at fair value or at the non-controlling shareholders' proportionate share of the net fair value of the subsidiary's identifiable assets and liabilities at the acquisition date. The choice of measurement basis is made on a transaction-by-transaction basis.

After initial recognition, goodwill is measured at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs") or groups of CGUs that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purposes. Goodwill impairment reviews are undertaken annually, or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to its recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(c) Associates

Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions 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, including potential voting rights held by other entities, 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.

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 the investment 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.

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 entire carrying amount of that associate (including goodwill) and any related accumulated foreign currency translation reserve. If an investment in an associate becomes an investment in a joint venture, the Group continues to apply the equity method and does not remeasure the retained interest.

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.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(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 other comprehensive income and accumulated in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of the monetary items that form part 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 stated in the consolidated statement of financial position at its revalued amount, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated 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. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period. All other property, plant and equipment are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

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.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

Any revaluation increase arising on the revaluation of such leasehold building is recognised in other comprehensive income and accumulated in property revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such leasehold building is recognised in profit or loss to the extent that it exceeds the balance, if any, held in the property revaluation reserve relating to a previous revaluation of that asset.

Depreciation of revalued leasehold building is recognised in profit or loss. On the subsequent sale or retirement of a revalued leasehold building, the attributable revaluation surplus remaining in the property revaluation reserve is transferred directly to accumulated losses.

Depreciation of other property, plant and equipment is calculated at rates sufficient to write off their cost or revalued amount 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(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.

(g) Leases

The Group as lessee

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

(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.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(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.

(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, if any. Exploration and evaluation assets include the cost of 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(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 its 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.

(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 consolidated 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.

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(n) Financial assets

Financial assets are recognised and derecognised on a trade date basis where the purchase or sale of an financial asset is under a contract whose terms require delivery of the financial assets within the timeframe established by the market concerned, and are initially measured at fair value, plus directly attributable transaction costs except in the case of financial assets at fair value through profit or loss.

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

(i) Financial assets at fair through profit or loss

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

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These assets are carried at amortised cost using the effective interest method (except for short-term receivables where interest is immaterial) minus any reduction for impairment or uncollectibility. Typically trade and other receivables, bank and cash balances are classified in this category.

(o) Trade and other receivables

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

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

(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.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(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.

(s) Convertible bonds

Convertible bonds which entitle the holder to convert the bonds into a fixed number of equity instruments at a fixed conversion price are regarded as compound instruments consisting 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 bonds and the fair value assigned to the liability component, representing the embedded option for the holder to convert the bonds 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 bonds 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 recognised 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(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.

(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.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(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.

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

(z) Government grants

A government grant is recognised when there is reasonable assurance that the Group will comply with the conditions attaching to it and that the grant will be received.

Government grants relating to income are deferred and recognised in profit or loss over the period to match them with the costs they are intended to compensate.

Government grants that become receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(aa) 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 of items of income or expense that are taxable or deductible in other years and 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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(aa) Taxation *(continued)*

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.

(bb) 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.

(cc) 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.

(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.
- (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.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(dd) Impairment of non-financial assets (excluding exploration and evaluation assets)

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

The carrying amounts of other non-financial assets are reviewed at each reporting date for indications of impairment and where an asset is impaired, it is written down as an expense through the consolidated statement of profit or loss to its estimated recoverable amount unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs. Recoverable amount is the higher of value in use and the fair value less costs of disposal of the individual asset or the cash-generating unit.

Value in use is the present value of the estimated future cash flows of the asset/cash-generating unit. Present values are computed using pre-tax discount rates that reflect the time value of money and the risks specific to the asset/cash-generating unit whose impairment is being measured.

Impairment losses for cash-generating units are allocated first against the goodwill of the unit and then pro rata amongst the other assets of the cash-generating unit. Subsequent increases in the recoverable amount caused by changes in estimates are credited to profit or loss to the extent that they reverse the impairment 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.

(ee) Impairment of financial assets

At the end of each reporting period, the Group assesses whether its financial assets (other than those at fair value through profit or loss) are impaired, based on objective evidence that, as a result of one or more events that occurred after the initial recognition, the estimated future cash flows of the financial assets have been affected.

For trade receivables that are assessed not to be impaired individually, the Group assesses them collectively for impairment, based on the Group's past experience of collecting payments, an increase in the delayed payments in the portfolio, observable changes in economic conditions that correlate with default on receivables, etc.

Only for trade receivables, the carrying amount is reduced through the use of an allowance account and subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For all other financial assets, the carrying amount is directly reduced by the impairment loss.

For financial assets measured at amortised cost, if the amount of the impairment loss decreases in a subsequent period and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed (either directly or by adjusting the allowance account for trade receivables) through profit or loss. However, the reversal must not result in a carrying amount that exceeds what the amortised cost of the financial asset would have been had the impairment not been recognised at the date the impairment is reversed.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(ff) 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.

(gg) 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 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 consolidated 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 consolidated financial statements (apart from those involving estimations, which are dealt with below).

(a) Going concern basis

These consolidated 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 the consolidated 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 portfolio 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.

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

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) Property, plant and equipment and depreciation

The Group determines the estimated useful lives, residual values and related depreciation charges for the Group's property, plant and equipment. This estimate is based on the historical experience of the actual useful lives and residual values of property, plant and equipment of similar nature and functions. The Group will revise the depreciation charge where useful lives and residual values are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned.

The carrying amount of property, plant and equipment as at 31 March 2015 was HK$52,062,000 (2014: HK$55,189,000).

(b) 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.

The carrying amount of intangible assets as at 31 March 2015 was HK$595,000 (2014: HK$26,979,000).

(c) 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.

As at 31 March 2015, accumulated impairment loss for intangible assets amounted to HK$23,458,000 (2014: Nil). Details of the impairment assessment are set out in note 24 to the consolidated financial statements.

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

Key sources of estimation uncertainty *(continued)*

(d) Impairment of exploration and evaluation assets

As set out in the accounting policies in note 4(i) to the consolidated financial statements, impairment of exploration and evaluation assets arises where facts and circumstances indicate that the balances may not be fully recoverable. Such assessment requires the use of judgement and estimates. During the year, the directors considered the unfavourable market price of iron ore and determined to test the exploration and evaluation assets for impairment. The recoverable amount of the exploration and evaluation assets was measured with reference to the fair value prepared by an independent professional valuer. In determining the fair value, the valuer has utilised a method of valuation which involves the inputs of subjective assumptions and estimates, including whether the Group is able to renew the exploration permits and obtain the exploitation right in the specific mining area, estimation of mineral resources and prices. Any changes in these assumptions and estimates can significantly affect the estimate of the fair value of the exploration and evaluation assets and the impairment loss thereon.

As at 31 March 2015, accumulated impairment loss for exploration and evaluation assets amounted to HK$945,462,000 (2014: Nil). Details of the impairment assessment are set out in note 22 to the consolidated financial statements.

(e) 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 2015, 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.

(f) 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.

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

Key sources of estimation uncertainty *(continued)*

(f) Environmental contingencies (continued)

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.

(g) Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. The carrying amount of goodwill at the end of the reporting period was HK$3,435,000 (2014: HK$13,595,000) after an impairment loss of HK$10,160,000 was recognised during 2015 (2014: Nil). Details of the impairment loss calculation are provided in note 23 to the consolidated financial statements.

(h) Fair value of investment properties

The Group appointed an independent professional valuer to assess the fair value of the investment properties. In determining the fair value, the valuer has utilised a method of valuation which involves certain estimates. The directors have exercised their judgement and are satisfied that the method of valuation and inputs used are reflective of the current market conditions.

The carrying amount of investment properties as at 31 March 2015 was HK$18,614,000 (2014: HK$17,639,000).

(i) Allowance for trade and other receivables

The Group makes allowance for trade of other receivables based on assessments of the recoverability of the trade and other receivables, including the current creditworthiness and the past collection history of each debtor. Impairments arise where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debt, in particular of a loss event, requires the use of judgements and estimates. Where the actual result is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and allowance for trade and other receivables in the year in which such estimate has been changed.

As at 31 March 2015, allowance for trade and other receivables amounted to HK$49,635,000 (2014: HK$11,777,000).

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 operated in Hong Kong, People's Republic of China ("PRC"), Singapore and Philippines. Most of its business transactions, assets and liabilities are principally denominated in the functional currencies of the Group entities except for certain receivables denominated in foreign currencies that exposed the Group to foreign currency risk. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group monitors its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

At 31 March 2015, if the Hong Kong dollar had weakened 10 per cent against the Singapore dollars ("SGD") with all other variables held constant, consolidated loss after tax for the year would have been HK$466,000 (2014: HK$53,000) higher, arising mainly as a result of the foreign exchange loss on prepayment, deposit and other receivables and amounts due from a director denominated in SGD. If the Hong Kong dollar had strengthened 10 per cent against the SGD with all other variables held constant, consolidated loss after tax for the year would have been HK$466,000 (2014: HK$53,000) lower, arising mainly as a result of the foreign exchange gain on prepayment, deposit and other receivables and amounts due from a director denominated in SGD.

(b) Price risk

The Group is exposed to equity security price risk mainly through its financial assets at fair value through profit or loss. The directors manage this exposure by maintaining a portfolio of investments with different risk and return profiles. The Group's equity price risk is mainly concentrated on equity securities quoted on the Stock Exchange.

The consolidated loss after tax for the year would decrease/increase as a result of gains/losses on equity security classified as at fair value through profit or loss.

At 31 March 2015, if the prices of the investments increase/decrease by 10%, consolidated loss after tax for the year would have been HK$25,000 (2014: HK$24,000) lower/higher, arising as a result of the fair value gain/loss of these investments.

6. FINANCIAL RISK MANAGEMENT *(continued)*

(c) Credit risk

The carrying amount of the bank and cash balances, trade and other receivables, financial assets at fair value through profit or loss and amounts due from a director/associates 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 on the trade and other receivables and certain concentration risk on trade receivables. The directors closely monitor the credit quality of the customers and counterparties on a regular basis by taking into account their financial position, credit history and other factors. Allowance shall be provided if there is indication that the outstanding amount is no longer recoverable.

Amounts due from a director/associates are closely monitored by other independent directors.

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

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

6. FINANCIAL RISK MANAGEMENT *(continued)*

(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
At 31 March 2015			
Trade and other payables	**188,186**	**–**	**–**
Amounts due to directors	**897**	**–**	**–**
Bank loans and overdrafts	**25,455**	**85**	**–**
Finance lease payables	**313**	**295**	**350**
Convertible bonds	**–**	**–**	**1,571,500**
	214,851	**380**	**1,571,850**
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

(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 2015, 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$130,000 lower/higher (2014: HK$137,000 higher/lower), 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.

6. FINANCIAL RISK MANAGEMENT *(continued)*

(f) Categories of financial instruments at 31 March

	2015	2014
	HK$'000	HK$'000
Financial assets:		
Financial assets at fair value through profit or loss		
– held for trading	**295**	288
Loans and receivables (including cash and cash equivalents)	**170,212**	247,113
	170,507	247,401
Financial liabilities:		
Financial liabilities at fair value through profit or loss		
– contingent consideration payable	**–**	27,839
Financial liabilities at amortised costs	**1,072,315**	1,085,788
	1,072,315	1,113,627

(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.

6. FINANCIAL RISK MANAGEMENT *(continued)*

(h) Financial assets and financial liabilities subject to offsetting, enforceable netting arrangements

The disclosures set out in the tables below include financial assets and financial liabilities that:

– are offset in the Group's consolidated statement of financial position; or

– are subject to an enforceable netting arrangement, irrespective of whether they are offset in the Group's consolidated statement of financial position.

The Group currently has a legally enforceable right to set off certain trade receivables from customers/deposits paid to suppliers and the trade and other payables to these counterparties and their related companies, that are due to be settled on the same date and the Group intends to settle these balances on a net basis.

Financial assets subject to offsetting, enforceable netting arrangements

Trade and other receivables	**Gross amounts of recognised financial assets**	**Related amounts of financial instruments not set off in the consolidated statement of financial position**	**Net amount**
	HK$'000	**HK$'000**	**HK$'000**
As at 31 March 2015	**81,367**	**(60,442)**	**20,925**
As at 31 March 2014	**115,591**	**(45,139)**	**70,452**

6. FINANCIAL RISK MANAGEMENT *(continued)*

(h) Financial assets and financial liabilities subject to offsetting, enforceable netting arrangements *(continued)*

Financial liabilities subject to offsetting, enforceable netting arrangements

Other payables	Gross amounts of recognised financial liabilities HK$'000	Gross amounts of recognised financial assets set off in the consolidated statement of financial position HK$'000	Net amounts of financial liabilities presented in the consolidated statement of financial position HK$'000
As at 31 March 2015	108,683	(26,504)	82,179
As at 31 March 2014	247,836	(22,978)	224,858

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.

7. FAIR VALUE MEASUREMENTS *(continued)*

(a) Disclosures of level in fair value hierarchy at 31 March 2015:

Description	Fair value measurements using: Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total 2015 HK$'000
Recurring fair value measurements:				
Financial assets at fair value through profit or loss				
Listed securities in Hong Kong	**295**	**–**	**–**	**295**
Investment properties in PRC	**–**	**–**	**18,614**	**18,614**
Leasehold building in Singapore	**–**	**–**	**43,305**	**43,305**
Total recurring fair value measurements	**295**	**–**	**61,919**	**62,214**

Description	Fair value measurements using: Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total 2014 HK$'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 payables	–	27,839	–	27,839

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	2015 Total HK$'000
At 1 April 2014	17,639	43,544	61,183
Total fair value gains or losses recognised			
in profit or loss [#]	180	–	180
in other comprehensive income	–	5,813	5,813
Depreciation charged to profit or loss	–	(2,200)	(2,200)
Additions	820	–	820
Exchange differences recognised			
in other comprehensive income	(25)	(3,852)	(3,877)
At 31 March 2015	18,614	43,305	61,919
[#] Include gains or losses for assets held at end of reporting period	180	–	180

Description	Investment properties HK$'000	Leasehold building HK$'000	2014 Total HK$'000
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 gains recognised in other comprehensive income for the leasehold building are presented in property revaluation surplus in the statement of profit or loss and other comprehensive income.

7. FAIR VALUE MEASUREMENTS *(continued)*

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 31 March 2015:

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.

Level 3 fair value measurements

Description	Valuation technique	Unobservable inputs	Range	Effect on fair value for increase of inputs	Fair value 2015 HK$'000	Fair value 2014 HK$'000
Investment properties in PRC	Market comparable approach	Price per square meter	RMB13,130 to RMB15,081	Increase	**18,614**	17,639
Leasehold building in Singapore	Market comparable approach	Price per square feet	SGD168 to SGD212	Increase	**43,305**	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:

Mineral Resources	—	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
Beverages	—	Trading of bottled mineral water and tea products
Coals	—	Trading of coals
Bunker Fuels	—	Trading of vessel fuels

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.

8. SEGMENT INFORMATION *(continued)*

The accounting policies of the operating segments are the same as those described in note 4 to the consolidated 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:

	Mineral Resources HK$'000	**Metals HK$'000**	**Beverages HK$'000**	**Coals HK$'000**	**Bunker Fuels HK$'000**	**Total HK$'000**
Year ended 31 March 2015						
Revenue from external customers	**–**	**31,052**	**10,661**	**777**	**–**	**42,490**
Segment loss	**(1,075,357)**	**(7,582)**	**(3,752)**	**(89,954)**	**(3,787)**	**(1,180,432)**
Interest expense	**128,960**	**–**	**–**	**–**	**–**	**128,960**
Depreciation and amortisation	**1**	**2,832**	**263**	**3,094**	**–**	**6,190**
Impairment loss	**945,462**	**–**	**–**	**33,618**	**–**	**979,080**
Additions to segment non-current assets	**6**	**3,994**	**783**	**–**	**–**	**4,783**
As at 31 March 2015						
Segment assets	**160,014**	**65,469**	**52,091**	**106,387**	**221**	**384,182**
Segment liabilities	**857,659**	**14,492**	**1,531**	**156,471**	**15,728**	**1,045,881**

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

8. SEGMENT INFORMATION *(continued)*

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

	2015	2014
	HK$'000	HK$'000
Profit or loss		
Total loss of reportable segments	**(1,180,432)**	(139,488)
Unallocated amounts:		
Other operating income, net	**1,073**	5,117
Depreciation	**(3,369)**	(2,857)
Corporate administrative expenses	**(46,155)**	(39,639)
Fair value gain on contingent consideration payable	**663**	869
Consolidated loss for the year	**(1,228,220)**	(175,998)
Assets		
Total assets of reportable segments	**384,182**	1,419,071
Unallocated amounts:		
Financial assets at fair value through profit or loss	**295**	288
Corporate assets	**66,834**	110,311
Consolidated total assets	**451,311**	1,529,670
Liabilities		
Total liabilities of reportable segments	**1,045,881**	1,063,010
Unallocated amounts:		
Current tax liabilities	**1,327**	2,623
Deferred tax liabilities	**1,886**	8,090
Bank loans	**12,612**	12,630
Corporate liabilities	**14,628**	38,755
Consolidated total liabilities	**1,076,334**	1,125,108

8. SEGMENT INFORMATION *(continued)*

Geographical information:

The Group's revenue from external customers by location of operations and information about its non-current assets by location of assets are detailed below:

	Revenue		Non-current assets	
	2015	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong	**–**	–	**1,788**	3,225
PRC except Hong Kong	**4,414**	242,377	**25,896**	55,424
United States	**7,024**	9,480	**–**	–
The Philippines	**–**	–	**158,677**	1,104,134
Indonesia	**–**	–	**245**	6,701
Singapore	**7,501**	5,770	**46,777**	48,051
Malaysia	**10,262**	2,482	**–**	–
Others	**13,289**	148,675	**–**	–
Consolidated total	**42,490**	408,784	**233,383**	1,217,535

Revenue from major customers:

	2015	2014
	HK$'000	HK$'000
Coals segment		
Customer a	**–**	53,039
Customer b	**–**	123,851
Beverages segment		
Customer b	**–**	5,732
Customer c	**7,024**	–
Metals segment		
Customer d	**7,309**	2,482

9. REVENUE

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

	2015 HK$'000	2014 HK$'000
Sales of metals	**31,052**	16,456
Sales of coals	**777**	234,259
Sales of bunker fuels	**–**	140,471
Sales of beverages	**10,661**	17,598
	42,490	408,784

10. OTHER OPERATING (EXPENSES)/INCOME, NET

	2015 HK$'000	2014 HK$'000
Fair value gain on financial assets at fair value through profit or loss	**8**	259
Dividend income from listed investments	**6**	57
Gain on disposal of property, plant and equipment	**3**	52
Interest income from loan and receivables	**33**	525
Net interest payable on trade balances	**(30,552)**	(1,761)
Compensation received from suppliers for non-performance of contracts	**–**	5,093
Gain on a bargain purchase from acquisition of a subsidiary	**–**	99
Government grants towards employees' salary and training costs (note)	**485**	485
Sundry income	**544**	2,863
	(29,473)	7,672

Note: Government grants for the years end 31 March 2015 and 2014 represented the subsidies for raising wages costs in the form of Productivity & Innovation Credit Scheme, Wage Credit Scheme, Special Employment Credit Scheme and cash subsidy for small and medium enterprise in Singapore. There are no unfulfilled conditions or contingencies attaching to these government grants. There is no assurance that the Group will continue to receive such grants in the future.

11. OTHER LOSSES, NET

	2015	2014
	HK$'000	HK$'000
Fair value gain on investment properties	180	–
Allowance for trade and other receivables	(37,931)	(11,768)
Impairment loss on goodwill	(10,160)	–
Impairment loss on intangible assets	(23,458)	–
	(71,369)	(11,768)

12. FINANCE COSTS

	2015	2014
	HK$'000	HK$'000
Finance lease charges	54	61
Interest on bank loans and overdrafts	1,762	868
Interest on other borrowings	20	–
Interest on convertible bonds (note 36)	128,946	109,550
	130,782	110,479

13. INCOME TAX (CREDIT)/EXPENSE

	2015 HK$'000	2014 HK$'000
Current tax - Overseas		
Provision for the year	–	2,526
Under-provision in prior year	–	7
	–	2,533
Deferred tax (note 37)	(6,202)	(598)
	(6,202)	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 2014 and 2015.

Entities incorporated in other countries are subject to income tax rates of 17% to 30% (2014: 17% to 30%) prevailing in the countries in which such entities operate, based on existing legislation, interpretation and practices in respect thereof.

The reconciliation between the income tax (credit)/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:

	2015 HK$'000	2015 %	2014 HK$'000	2014 %
Loss before income tax	(1,234,422)		(174,063)	
Tax at the weighted average tax rate	(214,932)	17.4	(29,092)	16.7
Tax effect of income that is not taxable	(3,379)	0.3	(727)	0.4
Tax effect of expenses that are not deductible	195,156	(15.9)	22,461	(12.8)
Tax effect of temporary differences not recognised	731	(0.1)	211	(0.1)
Tax effect of utilisation of tax losses not previously recognised	(95)	0.1	(939)	0.5
Under-provision in prior year	–	–	7	(0.1)
Tax effect of tax losses not recognised	16,317	(1.3)	10,014	(5.7)
Income tax (credit)/expense at effective tax rate	(6,202)	0.5	1,935	(1.1)

14. LOSS FOR THE YEAR

The Group's loss for the year is stated after charging/(crediting) the following:

	2015	2014
	HK$'000	HK$'000
Amortisation of intangible assets	2,873	2,393
Depreciation	6,686	4,563
Fair value gain on investment properties	(180)	—
Operating lease charges in respect of land and buildings	6,085	4,094
Auditor's remuneration		
Audit services	750	750
Non-audit services	592	72
	1,342	822
Cost of inventories sold	40,726	406,321
Allowances for trade and other receivables	37,931	11,768
Impairment loss on goodwill	10,160	—
Impairment loss on intangible assets	23,458	—
Impairment loss on exploration and evaluation asset	945,462	—
Fair value gain on extinguishing financial liabilities with equity instruments (note 30(a))	(14,761)	–

15. EMPLOYEE BENEFITS EXPENSE

	2015	2014
	HK$'000	HK$'000
Employee benefits expense (Excluding directors' emoluments):		
Salaries, bonuses and allowances	18,669	15,309
Retirement benefit scheme contributions	1,371	876
	20,040	16,185

15. EMPLOYEE BENEFITS EXPENSE *(continued)*

The five highest paid individuals in the Group during the year included two (2014: three) directors whose emoluments are reflected in the analysis presented in note 16. The emoluments of the remaining three (2014: two) individuals are set out below:

	2015 HK$'000	2014 HK$'000
Salaries, bonus and allowances	**3,712**	3,105
Retirement benefits scheme contributions	**91**	54
	3,803	3,159

The emoluments fell within the following bands:

	2015 Number of individuals	2014 Number of individuals
HK$1,000,000 - HK$1,500,000	**2**	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 (2014: Nil).

16. BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' emoluments

The emoluments of each director for the year ended 31 March 2015 were as follows:

	Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking					
	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	–	938	1,044	–	17	1,999
Mr. Cheung Hung Man	–	1,285	117	–	29	1,431
Mr. Tan Chong Gin (Note (i))	–	253	–	–	8	261
Mr. Eng Wee Meng (Note (ii))	–	527	–	–	9	536
Non-executive directors						
Mr. Liang Tong Wei	120	–	–	–	–	120
Mr. Yin Mark Teh-min (Note (iii))	37	–	–	–	–	37
Independent non-executive directors						
Mr. Chu Hung Lin, Victor	120	–	–	–	–	120
Mr. Tong Wan Sze	120	–	–	–	–	120
Mr. Fung Kwok Leung (Note (iv))	51	–	–	–	–	51
Mr. Lai Kai Jin, Michael (Note (v))	40	–	–	–	–	40
Total for 2015	488	3,003	1,161	–	63	4,715

16. BENEFITS AND INTERESTS OF DIRECTORS *(continued)*

(a) Directors' emoluments *(continued)*

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

	Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking					
	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	–	1,008	1,020	–	15	2,043
Mr. Cheung Hung Man	–	1,285	133	–	15	1,433
Mr. Eng Wee Meng (Note (ii))	–	1,180	–	–	15	1,195
Non-executive directors						
Mr. Liang Tong Wei	120	–	–	–	–	120
Mr. Yin Mark Teh-min (Note (iii))	120	–	–	–	–	120
Independent non-executive directors						
Mr. Chu Hung Lin, Victor	120	–	–	–	–	120
Mr. Tong Wan Sze	120	–	–	–	–	120
Mr. Lai Kai Jin, Michael (Note (v))	120	–	–	–	–	120
Total for 2014	600	3,473	1,153	–	45	5,271

Notes:
(i) Appointed on 10 February 2015
(ii) Deceased on 4 September 2014
(iii) Retired on 23 July 2014
(iv) Appointed on 30 October 2014
(v) Resigned on 30 July 2014

There was no arrangement under which a director of the Company waived or agreed to waive any emoluments during the year (2014: Nil).

16. BENEFITS AND INTERESTS OF DIRECTORS *(continued)*

(b) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate and connected entities

(i) The information about loans, quasi-loans and other dealings entered into by the Company or subsidiary undertaking of the Company in favour of directors is as follows:

Name of director	Total amount payable HK$'000	Outstanding amount at the beginning of the year HK$'000	Outstanding amount at the end of the year HK$'000	Maximum outstanding amount during the year HK$'000	Term	Interest rate	Security
As at 31 March 2015							
Quasi-loans or credit transactions:							
Mr. Michael Koh Tat Lee	**2,699**	**593**	**2,699**	**2,867**	**No fixed repayment**	**Nil**	**Nil**
As at 31 March 2014							
Quasi-loans or credit transactions:							
Mr. Michael Koh Tat Lee	593	–	593	593	No fixed repayment	Nil	Nil
Mr. Cheung Hung Man	–	109	–	109	No fixed repayment	Nil	Nil
	593	109	593				

16. BENEFITS AND INTERESTS OF DIRECTORS *(continued)*

(b) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate and connected entities *(continued)*

(ii) The information about loans, quasi-loans and other dealings entered into by the Company or subsidiary undertaking of the Company in favour of a controlled body corporate of Mr. Michael Koh Tat Lee is as follows:

Name of borrower	Total amount payable HK$'000	Outstanding amount at the beginning of the year HK$'000	Outstanding amount at the end of the year HK$'000	Maximum outstanding amount during the year HK$'000	Term	Interest rate	Security
As at 31 March 2015							
Quasi-loans or credit transactions:							
Kesterion Investments Limited ("Kesterion")	**10,313**	**–**	**10,313**	**10,313**	**No fixed repayment**	**Nil**	**Nil**

Subsequent to the end of the reporting period, new bonds in the principal amount of US$140,000,000 has been issued by the Company on 12 May 2015 (note 44). An advanced coupon payment of US$1,330,000 (equivalent to approximately HK$10,313,000) after a 5.0% discount to the coupon payment amount was made to Kesterion on 10 February 2015. The amount has been subsequently transferred to interest prepayment following the actual issuance of the US$140,000,000 convertible bonds in May 2015.

The balance as at year end date is included in trade and other receivables (note 27).

(c) Directors' material interests in transactions, arrangements or contracts

Except as disclosed elsewhere in these consolidated financial statements, no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company and the director's connected party had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

17. DIVIDENDS

The directors do not recommend the payment of any dividend (2014: Nil).

18. 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$887,338,000 (2014: HK$175,363,000) and the weighted average number of ordinary shares of 1,056,970,000 (2014: 1,144,736,000, as adjusted to reflect the effect of the bonus shares issued in February 2015) 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.

19. PROPERTY, PLANT AND EQUIPMENT

	Leasehold building HK$' 000	Machinery HK$' 000	Furniture and fixtures HK$'000	Office equipment HK$'000	Motor vehicles HK$'000	Leasehold improvement HK$'000	Total HK$'000
Cost or valuation							
At 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)
Acquisition of a subsidiary	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 and 1 April 2014	43,544	256	1,715	1,966	12,072	3,290	62,843
Additions	–	–	200	755	281	537	1,773
Disposals	–	–	(13)	(22)	–	(34)	(69)
Surplus on revaluation	5,813	–	–	–	–	–	5,813
Elimination of accumulated depreciation	(2,200)	–	–	–	–	–	(2,200)
Exchange differences	(3,852)	(21)	(8)	(56)	(32)	(76)	(4,045)
At 31 March 2015	43,305	235	1,894	2,643	12,321	3,717	64,115
Accumulated depreciation							
At 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 and 1 April 2014	–	51	1,228	1,060	4,722	593	7,654
Charge for the year	2,200	96	316	735	2,421	918	6,686
Written-back on disposal	–	–	–	(22)	–	–	(22)
Written-back on revaluation	(2,200)	–	–	–	–	–	(2,200)
Exchange differences	–	(9)	(3)	(28)	(6)	(19)	(65)
At 31 March 2015	–	138	1,541	1,745	7,137	1,492	12,053
Carrying amount							
At 31 March 2015	43,305	97	353	898	5,184	2,225	52,062
At 31 March 2014	43,544	205	487	906	7,350	2,697	55,189

19. PROPERTY, PLANT AND EQUIPMENT *(continued)*

The Group's leasehold property is situated in Singapore.

At 31 March 2015, the carrying amount of leasehold building pledged as security for the Group's bank loans amounted to HK$43,305,000 (2014: HK$43,544,000).

At 31 March 2015, the carrying amount of motor vehicles held by the Group under finance lease amounted to HK$1,723,000 (2014: HK$2,618,000).

The Group's leasehold building was revalued at 31 March 2015 and 2014 by Premas Valuers and Property Consultants Pte. Ltd, 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 price per square feet.

If the leasehold building was stated on the historical cost basis, its carrying amount would be as follows:

	2015	2014
	HK$'000	HK$'000
Cost	**38,747**	41,664
Accumulated depreciation	**(3,092)**	(1,103)
	35,655	40,561

20. INVESTMENT PROPERTIES

	2015	2014
	HK$'000	HK$'000
At 1 April	**17,639**	–
Acquisition of a subsidiary	**–**	13,925
Additions	**820**	3,746
Fair value gains	**180**	–
Exchange differences	**(25)**	(32)
At 31 March	**18,614**	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 2015 and 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 meter. The investment properties pledged as security for the Group's bank loans amounted to HK$18,614,000 (2014: HK$17,639,000)

The Group's investment properties are held for rental purposes. During the year, the Group and the lessee mutually agreed to cancel the lease agreement entered in last year. No rental income was therefore recognised in current year. The Group continued to seek for leasing the investment properties for rental income.

21. PAYMENTS FOR MINING CLAIMS

	2015	2014
	HK$'000	HK$'000
At 1 April	**109**	109
Additions	**–**	–
At 31 March	**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.

22. EXPLORATION AND EVALUATION ASSETS

	Exploration rights HK$'000	Evaluation expenditure HK$'000	Total HK$'000
Cost			
At 1 April 2013	8,429,879	15,861	8,445,740
Additions	—	701	701
At 31 March 2014 and 1 April 2014	8,429,879	16,562	8,446,441
Additions	—	6	6
At 31 March 2015	8,429,879	16,568	8,446,447
Accumulated impairment			
At 1 April 2013, 31 March 2014 and 1 April 2014	7,342,417	—	7,342,417
Impairment loss	945,462	—	945,462
At 31 March 2015	8,287,879	—	8,287,879
Carrying amount			
At 31 March 2015	142,000	16,568	158,568
At 31 March 2014	1,087,462	16,562	1,104,024

As at 31 March 2015, Mogan owned two exploration permits ("EPs") to explore iron ore and other associated mineral in specified offshore area with 24,042 (2014: 28,157) hectares in the Leyte Gulf and San Pedro Bay off Leyte and Samar Provinces of the Philippines (the "Exploration Area"). The EPs 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. During the year, Mogan applied for the second renewal of its EPs.

On 15 June 2010, Mogan submitted an application to MGB for a mineral production sharing agreement (the "MPSA") in respect of 5,000 hectares within the Exploration Area (the "Mining Area"). 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.

22. EXPLORATION AND EVALUATION ASSETS *(continued)*

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 consolidated financial statements, the renewal of EPs and MPSA were yet to be awarded to Mogan. To the best knowledge of the directors, the Group had fulfilled all the requirements of the EPs renewal and should have no major difficulties in fulfilling the technical and other requirements for acceptance of the MPSA application by the MGB.

Impairment test

As set out in the accounting policy in note 4(i) to the consolidated 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 exploration activities 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 are not technically feasible or commercial viable. The key factors include the progress of the exploration, the EPs renewal and MPSA application, the remaining terms of the exploration rights, the iron ore prices, the estimated expenditure to develop the mining area and the sources of funding, etc. In view of the prolonged decline in the iron ore market price, the Group estimated the recoverable amount based on fair value less cost to sales. The fair value of exploration and evaluation assets was determined based on the valuation performed by Roma Appraisals Limited using the market approach (level 3 measurement) on the basis that the renewal of EPs would be approved by the MGB and the MPSA would be accepted. The key inputs used in the valuation is the estimated mineral resource based on latest available technical report prepared by an independent specialist Roma Oil and Mining Associates Limited and the consideration to resource multiple. Based on the valuation report, the impairment loss of HK$945,462,000 (2014: Nil) was recognised for the year ended 31 March 2015.

As set out in the above paragraphs, the recoverable amount of the exploration and evaluation assets as at 31 March 2015 is determined on the basis that the EPs would be granted to Mogan and the MPSA would be awarded to Mogan. If either of these are unsuccessful, the Group might further 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 EPs renewal and the MPSA. They do not foresee any circumstances that would trigger their renewal nor application being unsuccessful.

23. GOODWILL

	2015 HK$'000	2014 HK$'000
Cost		
At 1 April	**13,595**	6,234
Arising on acquisition of a subsidiary	**–**	7,361
At 31 March	**13,595**	13,595
Accumulated impairment losses		
At 1 April	**–**	–
Impairment loss recognised in the current year	**10,160**	–
At 31 March	**10,160**	–
Carrying amount		
At 31 March	**3,435**	13,595

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:

	2015 HK$'000	2014 HK$'000
Trading of coals:		
– Brighton Asia Pacific Investment Holdings Limited ("Brighton")	**–**	3,926
– PT Yaozhong Resources ("PTYR")	**–**	6,234
	–	10,160
Trading of beverages:		
– Brighton	**3,435**	3,435
	3,435	13,595

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 revenue during the projected 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.

23. GOODWILL *(continued)*

For the Group's trading of beverages activities, the Group prepares cash flow forecasts derived from the most recent financial budgets approved by the directors for the next three years (2014: three) with the residual period using a zero (2014: zero) growth rate. The rate used to discount the forecast cash flow is 18% (2014: 18%).

For the Group's trading of coals activities, which has been suspended since May 2014 due to declining market price and dissatisfying operating results, the Group forecasted that there would be no revenue generated from this CGU in the near future as the Group has no definite timeline for the resumption of coal trading activities. The directors have consequently determined to write off the goodwill allocated to trading of coals activities amounting to HK$10,160,000 during the year. Except for the impairment loss of HK$23,458,000 recognised for the intangible assets (note 24) during the year, no other write-down of the assets relating to coal activities is considered necessary.

24. INTANGIBLE ASSETS

	Coal Import Licenses	Metal Import Licenses	Club Membership	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Cost				
At 1 April 2013	—	—	—	—
Acquisitions of subsidiaries	28,724	306	334	29,364
Exchange differences	—	4	4	8
At 31 March 2014 and 1 April 2014	28,724	310	338	29,372
Exchange differences	—	(25)	(28)	(53)
At 31 March 2015	28,724	285	310	29,319
Accumulated amortisation and impairment losses				
At 1 April 2013	—	—	—	—
Amortisation for the year	2,393	—	—	2,393
At 31 March 2014 and 1 April 2014	2,393	—	—	2,393
Amorisation for the year	2,873	—	—	2,873
Impairment loss	23,458	—	—	23,458
At 31 March 2015	28,724	—	—	28,724
Carrying amount				
At 31 March 2015	—	285	310	595
At 31 March 2014	26,331	310	338	26,979

24. INTANGIBLE ASSETS *(continued)*

The Group's metal import license with carrying value of approximately HK$285,000 (2014: HK$310,000) and club membership of approximately HK$310,000 (2014: HK$338,000) at 31 March 2015 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 also carried out reviews of the recoverable amount of its intangible assets in 2015, having regard to the market conditions of the Group's products. These assets are used in the Group's coals segment. The review led to the recognition of an impairment loss of HK$23,458,000 for coal import license that have been recognised in profit or loss. The recoverable amount of the relevant assets has been determined on the basis of their value in use using discounted cash flow method. The directors, after considered the significant decline in the coal market price, and the suspension of coals trading activities during the year without a definite timeframe for the resumption of trading activities, determined the recoverable amount of the coal import license to be zero. The discount rate used when the recoverable amount of these assets was 18% (2014: 18%).

25. INTERESTS IN ASSOCIATES

	2015	2014
	HK$'000	HK$'000
Unlisted investments outside Hong Kong		
Share of net assets	**–**	–

The amounts due from/(to) associates are unsecured, interest-free and repayable on demand. Particulars of the Group's associates as at 31 March 2015 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 PHP100 each	40%	Indirect	Investment holding

25. INTERESTS IN ASSOCIATES *(continued)*

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.

	2015	2014
	HK$'000	HK$'000
At 31 March:		
Carrying amounts of interests	**–**	–
Year ended 31 March:		
Loss from operations	**(278)**	(42)
Total comprehensive income	**(278)**	(42)

The Group has not recognised loss for the year amounting to HK$278,000 (2014: HK$42,000) for Belgravia Holdings & Investments, Inc. and Triple Edge Resources Holdings, Inc. The accumulated losses not recognised were HK$438,000 (2014: HK$160,000).

26. INVENTORIES

	2015	2014
	HK$'000	HK$'000
Work in progress	**1,759**	702
Finished goods	**15,512**	19,012
	17,271	19,714

27. TRADE AND OTHER RECEIVABLES

	2015 HK$'000	2014 HK$'000
Trade receivables	**84,748**	117,956
Advance payment to a substantial shareholder (note 16(b)(ii))	**10,313**	—
Deposits paid to suppliers	**15,959**	29,239
Interest receivables on trade balances	**28,681**	18,176
Rental and other deposits	**2,421**	1,507
Prepayments and other receivables	**45,641**	82,604
	187,763	249,482

	2015 HK$'000	2014 HK$'000
Trade receivables	**105,957**	118,025
Allowance for trade receivables	**(21,209)**	(69)
	84,748	117,956

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 (2014: 1 to 180 days). The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by management.

27. TRADE AND OTHER RECEIVABLES *(continued)*

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

	2015	2014
	HK$'000	HK$'000
0 to 90 days	**4,064**	50,747
91 to 180 days	**1,696**	3,872
Over 180 days	**78,988**	63,337
	84,748	117,956

As at 31 March 2015, an allowance was made for estimated irrecoverable trade receivables of approximately HK$21,209,000 (2014: HK$69,000).

Reconciliation of allowance for trade receivables:

	2015	2014
	HK$'000	HK$'000
At 1 April	**69**	—
Allowance for the year	**21,146**	68
Exchange differences	**(6)**	1
At 31 March	**21,209**	69

27. TRADE AND OTHER RECEIVABLES *(continued)*

As at 31 March 2015, trade receivables of HK24,048,000 (2014: HK$109,786,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2015 HK$'000	2014 HK$'000
Up to 3 months	**5,236**	46,297
3 to 6 months	**3,343**	4,532
Over 6 months	**15,469**	58,957
	24,048	109,786

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

	2015 HK$'000	2014 HK$'000
Renminbi ("RMB")	**65,958**	105,575
USD	**18,359**	12,249
SGD	**431**	132
	84,748	117,956

28. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2015	2014
	HK$'000	HK$'000
Equity securities listed in Hong Kong, at fair value	**295**	288

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.

29. BANK AND CASH BALANCES

Bank and cash balances are denominated in the following currencies:

	2015	2014
	HK$'000	HK$'000
HK$	**6,707**	2,008
RMB (note)	**2,169**	5,424
USD	**365**	30,524
SGD	**178**	3,916
Others	**398**	186
	9,817	42,058

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.

30. TRADE AND OTHER PAYABLES

	2015 HK$'000	2014 HK$'000
Trade and bills payables	**53,427**	57,490
Payable to China Shipbuilding Industrial Complete Equipment and Logistics Company Limited (note (a))	**–**	247,836
Payable to Magic Stone Fund (China) (note (a))	**82,179**	–
Accruals	**14,070**	5,607
Other payables (note (b))	**39,317**	14,704
	188,993	325,637

Note:

(a) As at 31 March 2014, the Group had deposit of US$17,700,000 (equivalent to approximately HK$137,312,000) received from the 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 in the Company's shares and convertible bonds (the "Kesterion Charge"). The remaining balances were trade and related payables to CSICEL arising from trading of coals, unsecured, bearing interests at 18.3% per annum and have credit terms ranging from 1 to 60 days.

On 7 November 2014, CSICEL has assigned all its rights with respect to the Kesterion Charge and the payables mentioned above amounted to HK$230,350,000 as of that day to Magic Stone Fund (China) ("Magic Stone").

As of 21 November 2014, the amount owing to Magic Stone plus interest thereon amounted to HK$231,232,000. On the same date, the Company and Magic Stone entered into a settlement agreement (the "Settlement Agreement"), pursuant to which the Group agreed to:

- pay Magic Stone RMB51,884,000 (equivalent to approximately HK$65,436,000) in cash before 28 February 2015;
- pay Magic Stone US$17,000,000 (equivalent to approximately HK$131,835,000) in cash before 28 February 2015; and
- issue and allot 80,000,000 ordinary shares each fully paid at an issue price of HK$0.5 per share to Magic Stone after the completion of the rights issue and before 28 February 2015.

The performance of the above settlement arrangement is secured by the Kesterion Charge. Any balance remains outstanding after 28 February 2015 shall bear interest of 18.3% per annum.

The Settlement Agreement constitutes a significant modification of the terms of an existing financial liability and therefore has been accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The gain of HK$6,761,000 between the carrying amount of the original financial liability extinguished and the fair value of the consideration paid, including any non-cash assets transferred or liability amounted to HK$224,471,000 on 21 November 2014, is recognised in profit or loss for the year.

On 27 February 2015, the Company issued and allotted 80,000,000 ordinary shares at par to Magic Stone pursuant to the Settlement Agreement. The gain of HK$8,000,000 between the nominal value and fair value of the settlement shares at the issuance date is recognised in the profit or loss for the year.

On 10 February 2015, the charge over Kesterion's ownership on the shares of the Company was released accordingly.

30. TRADE AND OTHER PAYABLES *(continued)*

As set out in note 44 to the consolidated financial statements, on 12 May 2015, Magic Stone completed the restructuring of the old convertible bonds and the issue of new convertible bonds. Accordingly, the charge over the old convertible bonds was transferred to the new convertible bond on the same date.

On 14 May 2015, Magic Stone agreed to release the charge over the new convertible bonds with the principal amount of USD60,000,000 held by Kesterion.

(b) As at 31 March 2015, included in the Other Payables were two short term loans from an independent third party amounting to RMB1,100,000. The loans are unsecured, bearing interest at the rate of 6% per annum and are repayable on or within one year from the end of reporting period. The carrying amounts of the balances approximate to their fair values.

As at 31 March 2015, the age of the trade payables, based on the date of receipt of goods, is as follows:

	2015	2014
	HK$'000	HK$'000
0 to 90 days	**1,034**	22,420
91 to 180 days	**503**	55
Over 180 days	**51,890**	35,015
	53,427	57,490

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

	2015	2014
	HK$'000	HK$'000
RMB	**610**	2,849
USD	**51,870**	54,283
SGD	**947**	358
Total	**53,427**	57,490

31. CONTINGENT CONSIDERATION PAYABLE

	2015 HK$'000	2014 HK$'000
As at 1 April	**27,839**	–
Arising from acquisition of Brighton	**–**	28,708
Changes in fair value during the year	**(663)**	(869)
Derecognisation of contingent liabilities upon issue of shares	**(27,176)**	–
As at 31 March	**–**	27,839

On 24 June 2014, the Company issued 66,285,000 new ordinary shares in satisfying the contingent consideration for the acquisition of a subsidiary.

32. BANK LOANS AND BANK OVERDRAFTS

	2015 HK$'000	2014 HK$'000
Bank loans	**16,621**	17,945
Bank overdrafts	**8,424**	9,571
	25,045	27,516

The borrowings are repayable as follows:

	2015 HK$'000	2014 HK$'000
Within one year	**24,936**	26,344
More than one year, but not exceeding two years	**109**	1,080
More than two years, but not more than five years	**–**	92
	25,045	27,516
Less: Amount due for settlement within 12 months (shown under current liabilities)	**(24,936)**	(26,344)
Amount due for settlement after 12 months	**109**	1,172

32. BANK LOANS AND BANK OVERDRAFTS *(continued)*

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

	Renminbi HK$'000	Singapore dollars HK$'000	Total HK$'000
2015			
Bank loans	**12,612**	**4,009**	**16,621**
Bank overdrafts	**—**	**8,424**	**8,424**
	12,612	**12,433**	**25,045**
2014			
Bank loans	12,630	5,315	17,945
Bank overdrafts	—	9,571	9,571
	12,630	14,886	27,516

The average interest rates at 31 March were as follows:

	2015	2014
Bank loans	**6.7%**	6.6%
Bank overdrafts	**Prime rate+0.5%**	Prime rate+0.5%

Bank loans and bank overdrafts are arranged at floating rates, thus exposing the Group to cash flow interest rate risk.

Bank loans and bank overdrafts of HK$4,009,000 (2014: HK$5,315,000) and HK$8,424,000 (2014: HK$9,571,000) respectively are secured by a charge over the Group's leasehold building classified as property, plant and equipment (note 19) amounted to approximately HK$43,305,000 (2014: HK$43,544,000) as at year end date and guarantee executed by the director of the Company.

Bank loans of HK$12,612,000 (2014: HK$12,630,000) are secured by a charge over the Group's investment properties (note 20) amounted to approximately HK$18,614,000 (2014: HK$17,639,000) as at year end date and guarantee executed by the director of the Company and an individual company.

At 31 March 2015, the Group had HK$125,451,000 (2014: HK$19,291,000) of available undrawn borrowing facilities, including HK$80,000,000 borrowing facilities from a substantial shareholder.

33. FINANCE LEASE PAYABLES

	Minimum lease payments		Present value of minimum lease payments	
	2015	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000
Within one year	**313**	470	**263**	413
In the second to fifth years, inclusive	**645**	964	**636**	900
	958	1,434	**899**	1,313
Less: Future finance charges	**(59)**	(121)	**–**	–
Present value of lease obligations	**899**	1,313	**899**	1,313
Less: Amount due for settlement within 12 months (shown under current liabilities)			**(263)**	(413)
Amount due for settlement after 12 months			**636**	900

It is the Group's policy to lease certain of its motor vehicles under finance leases. The average lease terms are 3 years (2014: 4 years). At 31 March 2015, the average effective borrowing rate was 4.4% per annum (2014: 4.8%). 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.

The finance lease payables are denominated in the following currencies:

	2015	2014
	HK$'000	HK$'000
SGD	**879**	1,134
Indonesia Rupiah	**20**	90
HK$	**–**	89
Total	**899**	1,313

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

34. SHARE CAPITAL

	Note	No. of ordinary shares	Nominal value of ordinary shares
			HK$'000
Authorised:			
Ordinary shares of HK$0.5 (2014: HK$0.5) each			
At 1 April 2013, 31 March 2014 and 1 April 2014		2,000,000,000	1,000,000
Increase	(a)	3,000,000,000	1,500,000
At 31 March 2015		5,000,000,000	2,500,000
Issued and fully paid:			
Ordinary shares of HK$0.5 (2014: HK$0.5) each			
At 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 and 1 April 2014		942,899,080	471,450
Issue of share on acquisition of a subsidiary	(c)	66,285,000	33,142
Issue of rights shares	(d)	302,755,224	151,378
Issue of bonus shares	(d)	201,836,816	100,918
Issue of share in accordance with settlement agreement with Magic Stone	(e)	80,000,000	40,000
At 31 March 2015		1,593,776,120	796,888

34. SHARE CAPITAL *(continued)*

Notes:

(a) Pursuant to an ordinary resolution passed at the extraordinary general meeting on 9 January 2015, the authorised share capital of the Company was increased from HK$1,000,000,000 to HK$2,500,000,000 by the creation of 3,000,000,000 ordinary shares of par value of HK$0.5 each in the capital of the Company and such shares rank pari passu with other existing shares of the Company.

(b) On 31 May 2013, the Company issued 24,715,000 ordinary shares as consideration for the acquisition of a subsidiary.

(c) On 24 June 2014, the Company issued remaining 66,285,000 new ordinary shares in satisfying the contingent consideration for the acquisition of a subsidiary. The contingent consideration payable was derecognised accordingly.

(d) Pursuant to an ordinary resolution passed at the extraordinary general meeting on 9 January 2015, the Company announced the proposed rights issue (the "Rights Issue") by way of issue of rights on the basis of three rights shares of HK$0.5 each (the "Rights Share") for every ten shares in issue and held on the record date at the subscription price of HK$0.5 per Rights Share with bonus issue (the "Bonus Issue") for the proposed issue of bonus shares of HK$0.5 each (the "Bonus Share") on the basis of two Bonus Shares for every three Rights Shares taken up under the Rights Issue.

The Rights Issue and Bonus Issue were completed on 11 February 2015, the Company allotted and issued 302,755,224 Rights Shares and 201,836,816 Bonus Shares. Accordingly, the Company increased its issued share capital by the nominal values of approximately HK$151,378,000 and HK$100,918,000 respectively.

(e) On 27 February 2015, the Company issued 80,000,000 new ordinary shares in satisfying the settlement clauses as stated in the Settlement Agreement entered with Magic Stone.

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.

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).

34. SHARE CAPITAL *(continued)*

The debt-to-equity ratios at 31 March 2014 and 2015 were as follows:

	2015	2014
	HK$'000	HK$'000
Total debt	**1,076,334**	1,125,108
Less: cash and cash equivalents	**(1,393)**	(32,487)
Net debt	**1,074,941**	1,092,621
Total equity	**(625,023)**	404,562
Debt-to-equity ratio	**(172.0%)**	270.1%

No changes were made in the Group's objectives, policies or processes for managing capital during the years ended 31 March 2014 and 2015. The Group's major liability as at 31 March 2015 was the convertible bonds with outstanding principal amount of USD201,474,000 (equivalent to approximately HK$1,571,500,000).

As set out in note 44 to the consolidated financial statements, the substantial shareholder and the Company agreed to restructure the existing convertible bonds into a new convertible bonds with principal amount of USD140,000,000 (equivalent to approximately HK$1,092,000,000) and maturity in 2020. Subsequent to the year, the restructuring was completed and principal amount of USD40,000,000 (equivalent to approximately HK$312,000,000) of the new convertible bonds was converted to shares of the Company. The partial conversion of the Group's major liability to equity of the Company has substantially improved the debt-to-equity ratio after the reporting period.

The externally imposed capital requirements for the Group are: (i) in order to maintain its listing on the Stock Exchange it has to have a public float of at least 25% of the shares; and (ii) to meet financial covenants attached to the interest-bearing borrowings.

The Group receives a report from the share registrars on monthly basis and regularly review shareholding positions of the Company's substantial shareholders based on information available at www.hkexnews.hk/di/di.htm of the Hong Kong Stock Exchange Limited to ensure continuing compliance with the 25% limit throughout the year. As at 31 March 2015, 60.24% (2014: 55.15%) of the shares were in public hands.

Breaches in meeting the financial covenants would permit the bank to immediately call borrowings. There have been no breaches in the financial covenants of any interest-bearing borrowing for the years ended 31 March 2015 and 2014.

35. 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 28 to 29 and 32 of the consolidated financial statements respectively.

(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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements.

36. CONVERTIBLE BONDS

On 18 December 2008, the Company entered into a subscription agreement with Kesterion Investments Limited ("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 was 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 consolidated 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.

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

	Liability component	**Equity conversion component**	**Principal amount**
	HK$'000	HK$'000	HK$'000
At 1 April 2013	618,791	1,263,605	1,571,500
Imputed interest charged for the year (note 12)	109,550	—	—
At 31 March 2014 and 1 April 2014	728,341	1,263,605	1,571,500
Imputed interest charged for the year (note 12)	128,946	—	—
At 31 March 2015	857,287	1,263,605	1,571,500

The imputed interest charged for the year is calculated by applying an effective interest rate of 17.7% (2014: 17.7%) per annum to the liability component.

The fair value of the liability component as at 31 March 2015 was estimated at HK$1,084,145,000 using level 3 measurement.

The Convertible Bonds were fully redeemed under a restructuring exercise after the reporting period, details of which are set out in note 44 to the consolidated financial statements.

37. DEFERRED TAX

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

	Revaluation of investment properties	Accelerated tax depreciation	Total
	HK$'000	HK$'000	HK$'000
At 1 April 2013	—	—	—
Acquisition of a subsidiary	1,525	7,181	8,706
Credit to profit or loss for the year (note 13)	—	(598)	(598)
Exchange differences	(3)	(15)	(18)
At 31 March 2014 and 1 April 2014	1,522	6,568	8,090
Charge/(credit) to profit or loss for the year (note 13)	366	(6,568)	(6,202)
Exchange differences	(2)	—	(2)
At 31 March 2015	1,886	—	1,886

At the end of the reporting period the Group has unused tax losses of HK$219,597,000 (2014: HK$119,114,000) 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$40,611,000 (2014: HK$13,969,000) that will expire in three to five years from the year such losses were incurred. Other tax losses may be carried forward indefinitely.

At the end of the reporting period, there is no undistributed earnings of subsidiaries (2014: HK$7,958,000).

38. 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.

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.

38. EQUITY-SETTLED SHARE-BASED PAYMENTS *(continued)*

Movement of the outstanding share options and their weighted average exercise prices for the year ended 31 March 2015 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 2014	Granted during the year	Exercised during the year	Lapsed/ forfeited during the year	Outstanding as at 31 March 2015	Exercisable as at 31 March 2015
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)	–	–
Total				85,412,800	–	–	(1,400,000)	84,012,800	84,012,800
Weighted average exercise price				HK$0.51	N/A	N/A	HK$0.55	HK$0.51	HK$0.51

38. 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/ forfeited 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

The options outstanding at the end of the year have a weighted average remaining contractual life of 0.39 years (2014: 1.44 years) and the exercise prices range from HK$0.5 to HK$3.58 (2014: 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.

38. 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.

39. CONTINGENT LIABILITIES

As at 31 March 2015, the Group and the Company did not have any significant contingent liabilities (2014: Nil).

40. LEASE COMMITMENTS

At 31 March 2015 the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2015	2014
	HK$'000	HK$'000
Within one year	**6,552**	4,819
In the second to fifth years inclusive	**3,275**	2,445
	9,827	7,264

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 (2014: one to five 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 2014 and 2015 and balances with related parties as at 31 March 2014 and 2015.

(a) Amounts due to directors

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

(b) 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 notes 15 and 16 to the consolidated financial statements, is as follows:

	2015	2014
	HK$'000	HK$'000
Salaries, bonus and allowances	**5,799**	6,320
Retirement benefits scheme contributions	**80**	60
	5,879	6,380

(c) 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.

On 7 November 2014, CSICEL has assigned all its rights with respect to the Kesterion Charge to Magic Stone. Details of the above are set out in note 30(a) to the consolidated financial statements.

42. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2015	2014
	HK$'000	HK$'000
Investments in subsidiaries	**466,458**	553,691
Prepayments and other receivables	**29,566**	54
Cash and bank balances	**45**	149
Accruals and other payables	**(25,850)**	(1,983)
Convertible bonds	**(857,287)**	(728,341)
Net liabilities	**(387,068)**	(176,430)
Financed by:		
Capital and reserves		
Share capital	**796,888**	471,450
Reserves	**(1,183,956)**	(647,880)
	(387,068)	(176,430)

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 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 34(b))	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)
At 1 April 2014	3,780,279	8,251	1,263,605	(5,700,015)	(647,880)
Total comprehensive income for the year	–	–	–	(403,684)	(403,684)
Issue of share on acquisition of a subsidiary (note 34(c))	(5,966)	–	–	–	(5,966)
Issue of rights shares (note 34(d))	–	–	–	–	–
Issue of bonus shares (note 34(d))	(100,918)	–	–	–	(100,918)
Share issue expenses	(4,708)	–	–	–	(4,708)
Issue of shares for extinguishing financial liabilities with equity instruments (note 34(e))	(20,800)	–	–	–	(20,800)
Changes in equity for the year	(132,392)	–	–	(403,684)	(536,076)
At 31 March 2015	3,647,887	8,251	1,263,605	(6,103,699)	(1,183,956)

43. PARTICULARS OF SUBSIDIARIES

Particulars of the subsidiaries as at 31 March 2015 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 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	156,250 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
宏華加業商貿(上海)有限公司	PRC	Registered capital of RMB1,000,000	–	100%	Trading of beverages

* 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 has non-controlling interests ("NCI") material to the Group. The summarised financial information represents amounts before inter-company eliminations.

Name	MMRD	
	2015	2014
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	**158,677**	1,104,133
Current assets	**1,305**	1,083
Current liabilities	**(26,052)**	(27,696)
Net liabilities	**(133,930)**	1,077,520
Accumulated NCI	**48,215**	387,907
Year ended 31 March:		
Revenue	**–**	–
Loss	**(924)**	(203)
Total comprehensive income	**(924)**	(203)
Loss allocated to NCI	**(332)**	(73)
Dividends paid to NCI	**–**	–
Net cash generated from operating activities and net increase in cash and cash equivalents	**197**	27

44. EVENTS AFTER THE REPORTING PERIOD

On 22 September 2014, the Company and Kesterion entered into a bond restructuring agreement, which was amended by a supplementary agreement on 1 November 2014 (collectively referred to as the "Bond Restructuring Agreements"). Pursuant to the Bond Restructuring Agreements, the Company and Kesterion conditionally agreed that:

(i) the terms of Convertible Bonds will be amended to grant the Company a right to redeem all the outstanding Convertible Bonds at a redemption price of US$140,000,000 (equivalent to approximately HK$1,092,000,000);

(ii) the Company will exercise such redemption right; and

(iii) in satisfaction and cancellation of the redemption amount payable under the amended Convertible Bonds following such redemption, the Company will issue the new bonds (the "New Bonds") to Kesterion. The New Bonds is a five-year 2.0% convertible bonds in principal amount of US$140,000,000. The coupon is payable in arrear semi-annually from the issue date.

The conversion price of the New Bonds is HK$0.5 per conversion share. The Company shall have the right, at its options, to redeem any portion of or the entire outstanding principal amount of all of the New Bonds held by Kesterion at any time before the maturity date, which is five years from the issue date.

The Bond Restructuring Agreements became unconditional pursuant to an ordinary resolution passed at the extraordinary general meeting on 9 January 2015.

On 12 May 2015, with all the condition precedents to the Bond Restructuring Agreement has been fulfilled, the Company has fully redeemed the Convertible Bonds and issued the New Bonds in accordance with the terms of the Bond Restructuring Agreement.

On 15 May 2015, 9 June 2015 and 15 June 2015, Kesterion exercised its rights by converted a total of 624,000,000 conversion shares under the New Bonds into the ordinary shares of the Company. As a result, the outstanding principal amount of the New Bonds was reduced to USD100,000,000 (equivalent to approximately HK$780,000,000).

Details of the Bond Restructuring Agreements and the issuance of New Bonds were set out in the announcements of the Company dated on 23 November 2014 and 12 May 2015 and the circular of the Company dated 19 December 2014.

45. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 19 June 2015.

RESULTS

	For the year ended 31 March				
	2015	2014	2013	2012	2011
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Continuing operations					
Revenue	**42,490**	408,784	274,489	331,296	10,419
Loss from operations	**(173,602)**	(64,453)	(33,506)	(34,883)	(17,923)
Finance costs	**(130,782)**	(110,479)	(94,465)	(81,420)	(72,624)
Share of losses of associates	**–**	–	–	(172)	(55)
Fair value gain on contingent consideration payable	**663**	869	–	–	–
Fair value gain on extinguishing financial liabilities with equity instruments	**14,761**	–	–	–	–
Impairment loss on exploration and evaluation assets	**(945,462)**	–	–	(7,342,417)	–
Loss before tax	**(1,234,422)**	(174,063)	(127,971)	(7,458,892)	(90,602)
Income tax credit/(expense)	**6,202**	(1,935)	–	(12)	–
Loss for the year	**(1,228,220)**	(175,998)	(127,971)	(7,458,904)	(90,602)
Other comprehensive income/(loss) for the year, net of tax	**4,741**	1,101	(372)	(1,897)	(11)
Total comprehensive loss for the year	**(1,223,479)**	(174,897)	(128,343)	(7,460,801)	(90,613)
Loss for the year attributable to:					
Owner of the Company	**(887,338)**	(175,363)	(127,681)	(4,815,119)	(89,907)
Non-controlling interests	**(340,882)**	(635)	(662)	(2,643,785)	(695)
	(1,228,220)	(175,998)	(128,343)	(7,458,904)	(90,602)

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	At 31 March				
	2015	2014	2013	2012	2011
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Total assets	**451,311**	1,529,670	1,395,134	1,259,612	8,667,956
Total liabilities	**(1,076,334)**	(1,125,108)	(829,533)	(577,247)	(524,790)
Non-controlling interests	**(48,091)**	(387,965)	(387,348)	(387,913)	(3,032,355)
	(673,114)	16,597	178,253	294,452	5,110,811

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