TIMELESS SOFTWARE LIMITED

(incorporated in Hong Kong with limited liability)

(Stock Code: 8028)

ANNUAL REPORT

for the year ended

31 March 2015

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 of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, for which the directors (the "Directors" or individually a "Director") of TIMELESS SOFTWARE LIMITED (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. 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.

This report shall remain on the "Latest Company Announcements" page of the GEM website at www.hkgem.com for at least seven days from the date of its publication and on the Company's website at www.timeless.com.hk.

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Directors

Executive Directors

CHENG Kin Kwan *(Chairman and CEO)*
LAU Yun Fong Carman
LAW Kwai Lam
LEUNG Mei Sheung Eliza
LIAO Yun
Felipe TAN
ZHANG Ming

Non-Executive Director

LAM Kai Ling Vincent

Independent Non-Executive Directors

TSANG Wai Chun Marianna
CHAN Choi Ling
CHAN Mei Ying Spencer
LAM Kwai Yan

Compliance Officer

LAU Yun Fong Carman

Audit Committee

TSANG Wai Chun Marianna *(Chairlady)*
CHAN Mei Ying Spencer
LAM Kwai Yan

Nomination Committee

LAM Kwai Yan *(Chairman)*
CHAN Mei Ying Spencer
TSANG Wai Chun Marianna

Remuneration Committee

CHAN Mei Ying Spencer *(Chairman)*
LAM Kwai Yan
TSANG Wai Chun Marianna

Company Secretary

KO Yuen Kwan

Auditors

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Legal Adviser

Michael Li & Co.

Share Registrars

Computershare Hong Kong Investor Services Limited
46th Floor, Hopewell Centre
183 Queen's Road East
Hong Kong

Bankers

Hang Seng Bank Limited
Bank of Communications Co., Ltd.

Registered Office

Units 6-7, 11/F, Tower II, Ever Gain Plaza
No. 88 Container Port Road
Kwai Chung, New Territories
Hong Kong

Listing

Growth Enterprise Market of The Stock Exchange of Hong Kong Limited

Stock Code

8028

Authorised Representatives to the Stock Exchange

LAU Yun Fong Carman
KO Yuen Kwan

Website

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Chairman's Statement

Business Review

In 2014, though China has been under the pressure of economic downturn, the annual growth rate of the software industry still came to 20.2% amounting to RMB3.7235 trillion. In 2015, supported by central policy and the increase in corporate demand, information platform development will be shifted to higher gear: benefited from high speed information transmission, text content and mobile internet rapidly booming, the demand for information platform will be significantly boosted. Emerging technology arena, cloud computing, mobile internet and Big Data followed suit, continuous innovation and breakthrough carved out huge development space for the entire industry. Further, existing software industry is speedily morphing and blending into traditional industry as a service, combining into traditional areas such as finance, retail, transport, health care and education, enabling traditional industries to make use of cloud computing and Big Data to uplift their own value and large scale development.

As for the software business of Timeless, our cloud computing technology solutions have earned recognitions from government agencies, private companies, logistics services, intelligent home provider, and ocean port land and sea transport companies. We will continue to strategically position ourselves as a company possessing autonomous innovative software development power with Chinese characteristics, founded and supported by years of solid research and development technology so accumulated so as to foster a good cooperative partnership as our base to provide solutions centered round cloud computing.

Outlook

The Company and its subsidiaries (the "Group") insight, all along has been eyeing on the development of intelligent search, plus the fusion between hardware software for intelligent home devices, combing through the software development between logistics flow, Internet of Things and mobile terminal devices plus Big Data mid-level architecture collation so as to strive to create new frontier in these pioneered soil. There are opportunities and challenges; to face the future uncertainties, the Group will continue to prudently manage its operations, tightly control its financial aspects, streamline corporate structure and stringently control expenses. The Group will cautiously assess any opportunity to ensure to create a bright future for our shareholders.

The Group will continue to explore new ideas and identify new business development priorities, such as recommendations for new products and services and develop new projects proposed by the partners. The Board anticipates that management will be able to lead the Group to consolidate the Group's development system, and continue to take advantage of any new market opportunities that emerge.

On behalf of the Board
Cheng Kin Kwan
Chairman & Chief Executive Officer

Hong Kong, 24 June 2015

Biographical Details of Directors and Senior Management

Directors

Executive directors

Dr. CHENG Kin Kwan, aged 76, founder, Chairman and Chief Executive Officer ("CEO") of the Company. Dr. Cheng is the Executive Vice President and Honorary Secretary-General of the professional committee of the National Bureau JISC industry development strategies; such committee was headed by nine States Ministries and composed of fifteen State Ministries. Dr. Cheng is also the Honorary Fellow Member of Business Administration of the Canadian Chartered Institute of Business Administration.

Prior to the establishment of the Company, Dr. Cheng has served over 30 years in the information technology industry with outstanding achievement. He is the inventor of the first Chinese Processing system and introduced the new generation image processing personal computer into China. Further, Dr. Cheng is the first sole distributor of Novell system covering Asia, Hong Kong and China; such system was applied and used as the pioneer Banking System in China. Additionally, Dr. Cheng also developed and built the first computer system for Hong Kong Futures Exchange.

After founding the Company, Dr. Cheng swiftly and successfully led the Company to become the first company listed on the GEM on 25 November 1999, marking the historical opening of GEM Board.

In 2001, Dr. Cheng, being invited by Wang Dazhong, the then president of Qinghua University, visited Beijing; both parties, instantly and unprecedented, confirmed the co-founding of "Timeless Tsinghua Research Centre", replacing the original plan of founding joint research centre between Qinghua University and Microsoft; from then on, the process of developing Chinese Operating System upon Timeless Consolidated Platform since 1 July 1996 entered the critical stage. With dedication and full co-operation from Qinghua University, the Company, based on the years of native technology outcome Qinghua accumulated which include the core Massive Database technology, carried on the ultimate development elegantly.

After market experiencing through ten plus years and three hundred odd typical projects, finally, in 2008, Timeless OSQun (Timeless Operating System Group) was basically completed which comprised of five sub-operating systems, namely, "GuangCunYuan" sub-operating system, "ZiFaYuan" sub-operating system, "ZiWangYuan" sub-operating system, "ShiXiangYuan" sub-operating system and "SouSuoYuan" sub-operating system.

Timeless OSQun is the contemporary, true, unique, consolidated, China made operating system; such operating system is the technology brand of Chinese autonomous innovation. Dr. Cheng, being invited numerous times to be present with the nation's highest officials to participate in various events, served as the best credential for affirming Timeless OSQun as the technology brand of Chinese autonomous innovation.

Such Operating System also contributed greatly towards Space conquest programme of our nation. Starting 2006, Dr. Cheng was being honoured to be the Information Technologies Expert of World Data Center (WDC) space science centers and received accolade from relevant department of the China manned Space protection programme saying "a passionate patriot, actively support the nation's manned space programme, unselfishly contributed towards the protection missions of our nation's Shenzhou series."

Directors (Continued)

Executive directors (Continued)

Undoubtedly, Timeless OSQun, which Dr. Cheng visionary founded was very timely and shall have profound impact on application and development of various Operating system in the market. In mid 2014, China Government's Central Government Procurement Centre issued an important notification barring Windows 8 from installing on all computer products. Such notification voiced out a monumental historical signal: from now on, from China or even the whole world, Chinese Operating System shall eventually replaced foreign Operating System and the trend shall prevail. As such, value of Timeless OSQun shoots far beyond imagination.

Ms. LAU Yun Fong Carman, aged 49, is the financial controller of Time Rich HK Limited, a subsidiary wholly owned by the Company indirectly. She is an associate member of the Hong Kong Institute of Certified Public Accountants and has over 15 years of extensive experience in auditing and corporate finance management. Ms. Lau had worked in an international accounting firm and then served for 10 years in a company listed on the Main Board of the Stock Exchange. Ms. Lau graduated from the University of Hong Kong with a Bachelor's degree of Social Sciences. She is also a chief accountant of Loco Hong Kong Holdings Limited (stock code: 8162), a company listed on the GEM of the Stock Exchange.

Mr. LAW Kwai Lam, aged 68, is the Consultant to Chairman of the Company. Mr. Law has been with the Group since its establishment. Mr. Law holds a Bachelor degree in Biochemistry from the University of Kansas. Prior to joining the Group, Mr. Law was the Company Secretary of a listed company in Hong Kong for 10 years.

Ms. LEUNG Mei Sheung, Eliza, aged 50, is the Assistant to Chairman and Administration Director of the Company and is responsible for the overall administrative management of the Group and special assignments by the CEO. Ms. Leung joined the Group in June 1996. She has over 28 years of experience in office administration and accounting in the IT field.

Mr. LIAO Yun, aged 42, is the Head of Technology Development, responsible for planning and executing technological development of Timeless Consolidated Platform and overseeing the overall market development of the Company. He assists the CEO in establishing the Company's strategy and planning of technological and marketing development directly. Mr. Liao holds a Bachelor's Degree in Computer Software from South China University of Technology. He joined the Group in July 1998 and has over 18 years of experience in the IT industry.

Mr. Felipe TAN, aged 60, is currently a director of various subsidiaries of the Group, which are engaged in the exploration and exploitation of gold, iron and nickel-copper mines in Xinjiang, PRC. Mr. Tan has over 30 years of experience in metal trading including over 13 years of management experience in mining industry in the PRC. Currently, he is also the chairman and executive director of Loco Hong Kong Holdings Limited (stock code: 8162), the shares of which are listed on the GEM of the Stock Exchange. Mr. Tan is also the chairman of the board, president and chief executive officer of GobiMin Inc., the shares of which are listed on the TSX Venture Exchange in Canada (stock code: GMN). Its subsidiaries and associate companies are principally engaged in exploration of a gold mine and prospecting exploration projects of gold, copper and nickel in Xinjiang, PRC. During the period from 1994 to 2006, Mr. Tan had been an executive director of a company listed on the Main Board of the Stock Exchange, and a director of its subsidiaries, responsible for its metal trading and mining operations.

Directors (Continued)

Executive directors (Continued)

Mr. ZHANG Ming, aged 49, has been a director of Xinjiang Tianmu Mineral Resources Development Co. Ltd. ("Xinjiang Tianmu") since 2002. Mr. Zhang has over 10 years' experience in the mining industry. From 1998 to 2000, he had been a director of Hami Economy and Trade Committee (哈密市經濟貿易委員會) and Hami Gold Bureau (哈密黃金局). Thereafter, Mr. Zhang has been a director of various companies engaged in exploration and development of gold mines and nickel-copper mines in Xinjiang and exploration projects of gold, copper, nickel, lead and zinc in Xinjiang. Since 2005, Mr. Zhang has been a director of GobiMin Inc.. Its subsidiaries and associate companies are principally engaged in exploration of a gold mine and prospecting exploration projects of gold, copper and nickel in Xinjiang, PRC. Mr. Zhang is responsible for the development of mining business in Xinjiang, PRC.

Non-executive director

Mr. LAM Kai Ling Vincent, aged 32, is the project manager of a wholly owned subsidiary of GobiMin Inc., of which Mr. Felipe Tan, an executive Director, is the beneficial shareholder and director. Mr. Lam has extensive experience in accounting and finance works in different industries in the past 10 years, of which more than 4 years' working experiences were in precious metals industry, specialized in operation control. Mr. Lam obtained a Bachelor degree of Accountancy from City University of Hong Kong and a Master degree of Finance Management in Shanghai University of Finance and Economics.

Independent non-executive directors

Ms. CHAN Choi Ling, aged 40, is a qualified solicitor in Hong Kong. She obtained her Bachelor of Laws degree in 1998 from the City University of Hong Kong. Ms. Chan has over 10 years' experience in civil litigation. Ms. Chan currently practises as a solicitor in a law firm in Hong Kong. She was appointed as an independent non-executive director in September 2012.

Mr. CHAN Mei Ying Spencer, aged 58, is an entrepreneur in various industries and a consultant to Infocus Corporation. Mr. Chan has all-round experience in corporate finance, business development, sales and marketing. Mr. Chan studied Computer Science in Melbourne, Australia, before receiving a Master's Degree in Business Administration from the Chinese University of Hong Kong. He also has attended an executive management program at INSEAD, Fontainbleau, France. He was appointed as an independent non-executive director in October 2005.

Mr. LAM Kwai Yan, aged 55, has a degree in Business Studies from the University of Southern Queensland, Australia. He is a member of the Hong Kong Institute of Certified Public Accountants and Institute of Singapore Chartered Accountants, and a fellow member of the CPA Australia. Mr. Lam has worked for various large corporations, and has vast experiences with SME's, including auditing and consulting on re-organisation and restructuring businesses that have cross-border operations in China. His work also included advising and consulting for listed public companies. Mr. Lam was appointed as an independent non-executive director in December 2008.

Ms. TSANG Wai Chun Marianna, aged 60, is the Managing Director of TWC Management Limited. She is a member of the Institute of Chartered Secretaries and Administrators, the Hong Kong Institute of Company Secretaries, the Taxation Institute of Hong Kong, the Society of Registered Financial Planners, the Chartered Institute of Arbitrators and the Institute of Financial Accountants. She is appointed as a member of the Board of Review (Inland Revenue Ordinance). Ms. Tsang has over 30 years of company secretarial, corporate affairs, and related legal working experience in major commercial corporations and in professional firms. She has an MBA and a postgraduate certificate in Professional Accounting. She was appointed as an independent non-executive director in October 2003.

Corporate Governance Report

Corporate Governance Practices

The Company strives to attain and maintain the highest standard of corporate governance as it believes that effective corporate governance practices are fundamental to enhancing shareholder value and safeguarding shareholder interests.

The principles of corporate governance adopted by the Group emphasize a quality board, sound internal control, and transparency and accountability to all its shareholders.

The Company has adopted the code provisions ("Code Provisions") set out in the Corporate Governance Code (the "Code") as set out in Appendix 15 to the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules"). The Company had complied with all Code Provisions as set out in the Code, throughout the year ended 31 March 2015, except for Code Provision A.2.1.

Code Provision A.2.1 provides that the roles of the chairman and chief executive officer should be separate and should not be performed by the same individual. The positions of Chairman of the Board and CEO of the Company are both currently carried on by Mr. Cheng Kin Kwan. The Board considers that vesting the roles of chairman and chief executive officer in the same person facilitates the execution of the Group's business strategies and maximizes effectiveness of its operation. The Board as well as nomination committee shall nevertheless review the structure of the Board from time to time and shall consider the appropriate move to take should suitable circumstance arises.

Board of Directors

Composition and Responsibilities

The Board is responsible for directing the strategic objectives of the Company and overseeing the management of the business. The directors are charged with the task of promoting the success of the Company and making decisions in the best interest of the Company.

The Board also takes up the corporate governance functions pursuant to the Code. During the year, the Board as a whole, is responsible for the following corporate governance functions:

- To develop and review the Company's policies and practices on corporate governance and make recommendations to the board;
- To review and monitor the training and continuous professional development of directors and senior management;
- To review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- To review the issuer's compliance with the Code and disclosure in the Corporate Governance Report.

Board of Directors (Continued)

Composition and Responsibilities (Continued)

The Board led by its Chairman, Mr. Cheng Kin Kwan, approves and monitors group wide strategies and policies, annual budgets and business plans, evaluates the performance of the Company, and supervises the management. Management is responsible for the day-to-day operations of the Group under the leadership of the Chairman.

The Board currently comprises twelve directors ("Directors"), including seven Executive Directors (including Chairman of the Board), one Non-executive Director and four Independent Non-executive Directors.

The composition of the Board is currently as follows:

Executive Directors:

Mr. CHENG Kin Kwan *(Chairman & CEO)*
Ms. LAU Yun Fong Carman (appointed on 17 November 2014)
Mr. LAW Kwai Lam
Ms. LEUNG Mei Sheung, Eliza
Mr. LIAO Yun
Mr. Felipe TAN
Mr. ZHANG Ming

Non-executive Director:

Mr. LAM Kai Ling Vincent (appointed on 27 May 2015)

Independent Non-executive Directors:

Ms. TSANG Wai Chun, Marianna
Mr. CHAN Mei Ying, Spencer
Mr. LAM Kwai Yan
Ms. CHAN Choi Ling

Biographical details of the Directors are set out in the "Biographical Details of Directors and Senior Management" section on pages 4 to 6 of this annual report.

Board Meetings

The Board held 5 meetings during the year ended 31 March 2015.

Board of Directors (Continued)

Composition and Responsibilities (Continued)

Directors' Attendance at Board/Board Committee/General Meetings

Here below are details of all Directors' attendance at the board meeting, board committee meetings and general meetings held during the year 31 March 2015:

	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting	2014 Annual General Meeting
	Number of Meetings Attended/Held				
Executive Directors:					
CHENG Kin Kwan	5/5	-	-	-	1/1
LAU Yun Fong Carman (1)	2/5	-	-	-	-
LAW Kwai Lam	5/5	-	-	-	1/1
LEUNG Mei Sheung, Eliza	5/5	-	-	-	1/1
LIAO Yun	5/5	-	-	-	1/1
FUNG Chun Pong, Louis (3)	5/5	-	-	-	1/1
Felipe TAN	5/5	-	-	-	1/1
ZHANG Ming	2/5	-	-	-	0/1
ZHENG Ying Yu (3)	2/5	-	-	-	-
Non-executive Director:					
LAM Kai Ling Vincent (2)	-	-	-	-	-
Independent Non-executive Directors:					
CHAN Choi Ling	5/5	4/4	-	-	1/1
CHAN Mei Ying, Spencer	5/5	4/4	1/1	1/1	1/1
LAM Kwai Yan	5/5	4/4	1/1	1/1	1/1
TSANG Wai Chun, Marianna	5/5	4/4	1/1	1/1	1/1

Notes:

(1) Ms. Lau Yun Fong Carman was appointed as executive director of the Company with effect from 17 November 2014 and she attended all board meetings held after her appointment.

(2) Mr. Lam Kai Ling Vincent did not attend any board meetings and general meetings as he was appointed as non-executive director of the Company on 27 May 2015, subsequent to the year ended 31 March 2015.

(3) Ms. Zheng Ying Yu and Mr. Fung Chun Pong Louis resigned as directors of the Company with effect from 16 September 2014 and 27 May 2015 respectively.

Appropriate notices are given to all Directors in advance for attending regular and other board or board committee meetings in accordance with the Articles of Association of the Company. Meeting agendas and other relevant information are provided to the Directors in advance of board or board committee meetings. All Directors are consulted to include additional matters in the agenda for such meetings.

Board of Directors (Continued)

Appointment, Re-election and Removal

The Company's Articles of Association have been amended to provide that all directors appointed to fill a casual vacancy shall be subject to election by shareholders at the first general meeting after their appointment and every director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years.

Each of the Executive Directors has entered into service contract with the Company when they are appointed as Directors. These service contracts will continue thereafter until terminated by either party giving to the other party not less than three months' notice in writing.

Each of the Non-executive Director and Independent Non-executive Directors was appointed for a term of one year, subject to re-election.

Save as disclosed above, none of the Directors proposed for re-election at the forthcoming annual general meeting has any service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than the statutory compensation.

Confirmation of Independence

The Company confirmed that annual confirmations of independence were received from each of the Company's Independent Non-executive Directors pursuant to Rule 5.09 of the GEM Listing Rules and all Independent Non-executive Directors are considered to be independent.

Directors' Securities Transactions

The Company has adopted a code of conduct regarding the securities transactions by directors on terms no less exacting than the required standard of dealings set out in rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all directors, all directors confirmed that they had complied with the required standard of dealings and the code of conduct regarding securities transactions by directors adopted by the Company throughout the year ended 31 March 2015.

Directors' Participation in Continuous Professional Trainings

During the year under review, the Directors received from the Company from time to time the updates on laws, rules and regulations which might be relevant to their roles, duties and functions as director of a listed company.

The Directors confirmed that, during the year under review, they have participated in continuous professional development to develop and refresh their knowledge and skills.

Board Committee

Audit Committee

The Audit Committee comprises three Independent Non-executive Directors, namely:

Ms. Tsang Wai Chun, Marianna (Chairlady)
Mr. Chan Mei Ying, Spencer
Mr. Lam Kwai Yan

The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Group.

Under the terms of reference of the Audit Committee, the committee is required, amongst other things, to oversee the relationship with the external auditors, review the Group's preliminary results, interim results and annual financial statements and the connected transactions, monitor compliance with statutory and GEM Listing Rules requirements, review the scope, extent and effectiveness of the activities of the Group's internal control, engage independent legal or other advisers as it determines is necessary and perform investigations.

For the year ended 31 March 2015, the Audit Committee held 4 meetings. Details of the attendance of the members of the Audit Committee in the said meetings are set out under the sub-heading "Directors' Attendance at Board/Board Committee/General Meetings" above.

The summary of work of the Audit Committee during the year:

– To make recommendation to the Board on reappointment of the external auditor;

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

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

The Audit Committee has reviewed the accounts for the year ended 31 March 2015 which were audited by HLB Hodgson Impey Cheng Limited, whose term of office will expire upon the Annual General Meeting of the Company ("AGM"). The audit committee has recommended to the Board that HLB Hodgson Impey Cheng Limited be re-appointed as the auditors of the Company at the AGM.

Board Committee (Continued)

Nomination Committee

The Company has established the Nomination Committee in March 2006 in compliance with the GEM Listing Rules, terms of reference of which have been adopted by the Company are consistent with the requirements of the Code. The Nomination Committee comprises three Independent Non-executive Directors, namely:

Mr. Lam Kwai Yan (Chairman)
Mr. Chan Mei Ying, Spencer
Ms. Tsang Wai Chun, Marianna

The primary aim of the Nomination Committee is to review and make recommendation to the Board when the vacancies occurred. The Nomination Committee meets at least once a year or as needed where vacancies arise at the Board.

For the year ended 31 March 2015, the Nomination Committee held 1 meeting. Details of the attendance of the members of the Nomination Committee in the said meetings are set out under the sub-heading "Directors' Attendance at Board/Board Committee/General Meetings" above.

The summary of work of the Nomination Committee during the year:

– To review and monitor the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations to the Board regarding any proposed changes;

– To identify and nominate qualified individuals for appointment as additional Directors or to fill Board vacancies as and when they arise. The criteria to be adopted by the Board in considering each individual shall be their ability to contribute to the effective carrying out by the Board of its responsibilities;

– To make recommendations to the Board on matters relating to the appointment or re-appointment of Directors and succession planning for Directors in particular the chairman and the chief executive officer.

Remuneration Committee

The Remuneration Committee was set up in March 2006 and comprises three Independent Non-executive Directors, namely:

Mr. Chan Mei Ying, Spencer (Chairman)
Mr. Lam Kwai Yan
Ms. Tsang Wai Chun, Marianna

Board Committee (Continued)

Remuneration Committee (Continued)

The primary aim of the Remuneration Committee is to formulate transparent procedures for developing remuneration policies and compensation packages for the employees of the Group.

For the year ended 31 March 2015, the Remuneration Committee held 1 meeting. Details of the attendance of the members of the Remuneration Committee in the said meetings are set out under the sub-heading "Directors' Attendance at Board/Board Committee/General Meetings" above.

The summary of work of the Remuneration Committee during the year:

– To determine the policy for the remuneration of executive directors, assessing performance of executive directors and approving the terms of executive directors' service contracts;

– To make recommendations to the Board on the Company's policy and structure for all remuneration of directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration and to place recommendations before the Board concerning the total remuneration and/or benefits granted to the Directors from time to time;

– To review and approve the senior management's remuneration proposals with reference to the corporate goals and objectives resolved by the Board from time to time.

Auditors' Remuneration

For the year ended 31 March 2015, the fees payable to the auditors in respect of the audit and non-audit services were as follows:

Types of services	Amount (HK$)
Annual audit services	888,000
Non-audit services – Taxation	79,000
Non-audit services – Interim review	280,000

Accountability and Audit

Directors' Responsibility for the Financial Statements

The following statements, which set out the responsibilities of the Directors in relation to the financial statements, should be read in conjunction with, but distinguished from, the Independent Auditors' Report on page 44 of this annual report which acknowledges the reporting responsibilities of the Group's auditors.

Accountability and Audit (Continued)

Directors' Responsibility for the Financial Statements (Continued)

The Directors acknowledge that they are responsible for the preparation of financial statements which give a true and fair view. In preparing the financial statements which give a true and fair view, the Directors consider that the Group uses appropriate accounting policies that are consistently applied, makes judgments and estimates that are reasonable and prudent, and that all applicable accounting standards are followed. The Directors are responsible for ensuring that the Group keeps accounting records which disclose the financial position of the Group and enable the preparation of financial statements in accordance with Hong Kong Companies Ordinance and the applicable Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants. The Directors are responsible for taking all reasonable and necessary steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities. Having made appropriate enquiries, the Directors consider that the Group has adequate resources to continue in operational existence for the foreseeable future and that, for this reason, it is appropriate to adopt the going concern basis in preparing the financial statements. The Directors in particular consider the adequacy of resources, qualifications and experience of staff to the Group's accounting and financial reporting function, and their training programmes and budget.

Review of Risk Management and Internal Control

The Audit Committee assists the Board in meeting its responsibilities for maintaining an effective system of internal control. It reviews the process by which the Group evaluates its control environment and risk assessment process, and the way in which business and control risks are managed.

The Board recognises its responsibility for maintaining an adequate system of internal control and prompt and transparent reporting of the Company's activities to the shareholders and to the public.

The internal control system is designed to facilitate the effectiveness and efficiency of operations, safeguard assets against unauthorised use and disposition, ensure the maintenance of proper accounting records and the truth and fairness of the financial statements, and ensure compliance with relevant legislation and regulations. It aims to achieve reasonable assurance against material misstatement or loss in the management of the Group's business activities.

Company Secretary

The Company announced that Ms. Leung Wai Sze had resigned as the company secretary of the Company ("Company Secretary") and Ms. Ko Yuen Kwan ("Ms. Ko") had been appointed as the Company Secretary, both with effect from 17 November 2014.

For the year ended 31 March 2015, Ms. Ko undertook over 15 hours' professional training to update her skill and knowledge in compliance with the Corporate Governance Code.

Changes in Constitutional Documents

For the year ended 31 March 2015, there is no significant change in its constitutional documents.

Shareholders' Rights

The Way by Which Shareholders Can Convene Extraordinary General Meeting ("EGM")/ Put Forward Proposal

According to the Company's Articles of Association and as provided by the Companies Ordinance, shareholders of the Company holding at the date of deposit of the requisition not less than 5% of the total voting rights of all the members of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board, to require an EGM to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within three (3) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

If a shareholder wishes to propose a person other than a Director retiring for election as a Director at the coming AGM, the shareholder should deposit a written notice of nomination at the registered office of the Company within 7-day period commencing from the day after the dispatch of the AGM notice (or such other period as may be determined and announced by the Directors from time to time).

The Procedures for Sending Enquiries to the Board

Specific enquiries from shareholders to the Board can be sent in writing to the Company at our registered office in Hong Kong or by email through info@timeless.com.hk as stated on the Company's website.

The directors present their annual report and the audited financial statements for the year ended 31 March 2015.

The Group is principally engaged in two business lines, namely (i) the provision of computer consultancy and software maintenance services, software development, sales of computer hardware and software and e-Commerce services (hereinafter collectively referred to as the "Computer Hardware and Software Business"); and (ii) the exploration and exploitation of mines (hereinafter collectively referred to as the "Mining Business").

The principal activities of the Company are investment holding company and the provision of computer consultancy and software maintenance services, software development and sales of computer hardware and software.

The principal activities of the Company's principal subsidiaries are set out in note 37 to the financial statements.

Business Review (Continued)

(a) Management Discussion and Analysis

(i) Business Review and Outlook

Computer Hardware and Software Business

Overview

The Software Business mainly includes the development of software products and/or services for clients plus computer related hardware trading. For the year ended 31 March 2015, software services accounts for approximately half of the revenue under the Software Business whereas the rest came from computer related hardware sales with computer services commanding a much higher profit margin.

Operation

In the financial year 2015 the cumulative revenue received from clients grouped under Tianjin Port Projects increased to approximately HK$4.21 million (2014: HK$1.46 million).

The cumulative revenue received from clients grouped under Cultural Management Office Projects came to approximately HK$1.49 million (2014: HK$0.302 million).

The revenue from Midea was received as license fees based on unit shipment, thus it was dependent on the sales unit that might be impacted by other factors such as market, competitors and government policies which are not under our control. The revenue received under captioned clients came to HK$368,000 (2014: HK$588,000).

Even though the revenue received from the above projects has been increased as compared with last year, the business segment reported losses of HK$17.6 million for the year.

Outlook

The Group is considering restructure of the Computer Hardware and Software Business with an aim to consolidate its operation and improve its performance such as by way of disposing unpromising divisions.

Business Review (Continued)

(a) Management Discussion and Analysis (Continued)

(i) Business Review and Outlook (Continued)

Mining Business

Overview

The Mining Business mainly includes the exploration and exploitation of mines and the processing and sale of outputs from the mines in the PRC. For the year ended 31 March 2015, gold dores and nickel-copper ores were the products sold under the Mining Business.

Operation

For the year ended 31 March 2015, the Group has turnover from gold sales of approximately HK$94.6 million (2014: HK$94.5 million) and turnover from sales of nickel-copper ores of approximately HK$30.7 million (2014: Nil).

The quantity of gold sold increased by approximately 2% to 300 kg for the year ended 31 March 2015 while the average market price of gold decreased by approximately 6% to US$1,248 per ounce for the year ended 31 March 2015. Therefore, there is no significant difference of the turnover recorded from gold sales for both years ended 31 March 2015 and 2014.

The turnover from sales of nickel-copper ores of HK$30.7 million represents the sales of 8,658 tonnes of nickel-copper ores extracted from the trial production of the Baishiquan Nickel-copper Mine commenced in late 2014.

Business Review (Continued)

(a) Management Discussion and Analysis (Continued)

(i) Business Review and Outlook (Continued)

Mining Business (Continued)

Resource estimates update

The details of the resource estimates as at 31 March 2015 are set out below:

Gold mine	Resource category	Tonnage (tonnes * 1,000)	Average grade (gram/tonne)
Hongshannan	Indicated	62	3.74
	Inferred	26	3.77

Nickel-copper Mine	Resource category	Tonnage (tonnes * 1,000)	Average grade (Ni %)	(Cu %)
Baishiquan	Measured	1,290	1.43	0.88
	Indicated	3,447	0.59	0.35
	Inferred	813	0.60	0.36

Notes:

(1) The mineral resource estimates were made with reference to the independent technical report prepared in accordance with the JORC (2004) Code Standard in November 2011. The details of the assumptions and parameters used to calculate these resource and reserve estimates were disclosed in the circular of the Company dated 12 April 2012 in relation to the very substantial acquisition.

(2) The changes in mineral resource and reserve estimates were due to production and exploration since the date of the Competent Person's Report and were confirmed by Group's internal experts.

Business Review (Continued)

(a) Management Discussion and Analysis (Continued)

(i) Business Review and Outlook (Continued)

Mining Business (Continued)

Exploration, Development and Mining Production Activities

Mine	Activity		
	Exploration	Development	Mining
Heishiliang Gold Mine	No exploration and development activity Mineral resource and reserve estimates (as per the independent technical report prepared in November 2011) fully exhausted. Ores extracted completely processed during the year		
Hongshannan Gold Mine	No material exploration	No material development	Extracted ores: 24,361 tonnes
Tuchushan Iron Mine	No activity during the year		
Baishiquan Nickel-copper Mine	No material exploration	Shaft construction of approximately 90 meters and drift construction of approximately 448 meters completed	Ores extracted during development: 16,328 tonnes
South Hami Gold Project	Exploratory drift of approximately 350 meters and exploratory shaft of approximately 108 meters completed	Underground drifting of approximately 1,180 meters and shafting of approximately 1,010 meters completed	Ores extracted during exploration and development: 13,030 tonnes

Business Review (Continued)

(a) Management Discussion and Analysis (Continued)

(i) Business Review and Outlook (Continued)

Mining Business (Continued)

Heishiliang Gold Mine

The stockpiles of approximately 15,000 tonnes at 31 March 2014 were being processed during the year and the Group considered Heishiliang Gold Mine were fully exhausted.

Hongshannan Gold Mine

The production of Hongshannan Gold Mine was temporarily suspended in 2013 for underground development and the mining activity has been resumed in March 2014 with quantity extracted gradually picked up since June 2014. For the year ended 31 March 2015, ores extracted totalled to 24,361 tonnes.

Tuchushan Iron Mine

The market price of iron dropped continuously since 2012. From 1 April 2014 onward, the iron price has further dropped by approximately 46% to US$60 per tonnes at 31 March 2015. The management considered under such circumstance, it has no resources feasible for economical production. Accordingly, the carrying amount of Tuchushan Iron Mine has been fully impaired in current year.

Baishiquan Nickel-Copper Mine

The development of Baishiquan nickel-copper mine has nearly completed and a trial production has been carried out in 2014. For the year ended 31 March 2015, the Group has extracted 16,328 tonnes of nickel-copper ores with 8,658 tonnes being shattered and sold during the year. Turnover from the sales of nickel-copper ores amounted to approximately HK$30.7 million. The Group is studying the plan to rent or construct a floatation plant by the end of 2015 and to bring the nickel-copper mine in full commercial production.

South Hami Gold Project

It composes of gold properties located in the southern area of Hami which are under exploration. We have completed exploratory drift of approximately 350 meters and exploratory shaft of approximately 108 meters. Certain infrastructure has been completed with access road, electricity and water in place. For the year ended 31 March 2015, the ores extracted from South Hami Gold Project during exploration and development was approximately 13,030 tonnes. No potential reserve has yet been observed but the Group will keep on the exploration work on it.

Processing Activities

For the year ended 31 March 2015, gold ores of approximately 37,391 tonnes were extracted from the mines and approximately 54,739 tonnes were processed by the processing plant. Although the gold ores extracted increased by approximately 18%, the gold processing quantity decreased by 18% as compared with last financial year. The decrease in gold processing quantity was mainly due to certain resources used for gold processing activities were assigned to develop nickel-copper mine in early 2015.

Business Review (Continued)

(a) Management Discussion and Analysis (Continued)

(i) Business Review and Outlook (Continued)

Mining Business (Continued)

Expenditure Incurred

During the year ended 31 March 2015, the Group has incurred approximately HK$93,664,000 on exploration, development, mining and processing activities, details of which are set out below:

	Heishiliang Gold Mine HK$'000	Hongshannan Gold Mine HK$'000	Baishiquan Nickel-copper Mine HK$'000	South Hami Gold Project HK$'000	Total HK$'000
1. Capital Expenditure					
1.1 Exploration activities					
Drilling and analysis	-	-	-	2,675	**2,675**
Others	-	-	-	822	**822**
Subtotal	-	-	-	*3,497*	***3,497***
1.2 Development activities (including mine construction)					
Addition of intangible assets; property, plant and equipment	-	180	5,966	7	**6,153**
Construction of tunnels and roads and sub-contracting charges	-	-	6,627	13,499	**20,126**
Staff cost	-	-	-	552	**552**
Others	-	-	210	2,580	**2,790**
Subtotal	-	*180*	*12,803*	*16,638*	***29,621***
Total Capital Expenditure	**-**	**180**	**12,803**	**20,135**	**33,118**
2. Operating Expenditure for Mining activities					
Staff cost	-	728	571	-	**1,299**
Consumables	-	51	182	-	**233**
Fuel, electricity, water and other services	-	989	1,175	-	**2,164**
Non-income taxes, royalties and other government charges	84	85	34	-	**203**
Others	393	508	475	-	**1,376**
Sub-contracting charges	4,460	16,429	569	-	**21,458**
Transportation	1,269	2,046	-	-	**3,315**
Depreciation and amortisation	-	14,460	4,272	-	**18,732**
Total Operating Expenditures	*6,206*	*35,296*	*7,278*	-	***48,780***
Total capital and operating expenditures	**6,206**	**35,476**	**20,081**	**20,135**	**81,898**
3. Processing Expenditure					
Staff cost					**4,322**
Consumables					**3,820**
Fuel, electricity, water and other services					**1,855**
Depreciation and amortisation					**1,077**
Transportation					**362**
Others					**330**
Total Processing Expenditures					**11,766**
Total Expenditures					**93,664**

Business Review (Continued)

(a) Management Discussion and Analysis (Continued)

(i) Business Review and Outlook (Continued)

Mining Business (Continued)

Infrastructure projects, subcontracting arrangements and purchases of equipment

All new contracts and commitments entered into during the year ended 31 March 2015 by the Group were summarised as follows:

	Infrastructure projects HK$'000	Subcontracting arrangements HK$'000	Purchase of equipment and consumables HK$'000	Total HK$'000
Baishiquan Nickel-copper Mine	1,287	5,723	906	7,916
Processing Plant	-	-	358	358
Total	**1,287**	**5,723**	**1,264**	**8,274**

Business Review (Continued)

(a) Management Discussion and Analysis (Continued)

(i) Business Review and Outlook (Continued)

Mining Business (Continued)

Impairment on mining rights

For the year ended 31 March 2015, the Group has written off the carrying amount of Tuchushan Iron Mine of approximately HK$37.6 million in full and Hongshannan Gold mine of HK$18.2 million. It was made in view of the unfavourable iron and gold market and the Directors expect that it shall not be turnaround in near future.

As at 31 March 2014, the impairment for mining rights was made in relation to the Heishiliang Gold Mine for HK$4.8 million, Hongshannan Gold Mine for HK$26.4 million and Baishiquan Nickel-copper Mine for HK$30.9 million. They were made in view of the unfavourable future prospect of the relevant metals due to the recorded and forecasted falling metal price of the respective products and expected decrease in profit margins as a result of the slowdown of the global economy.

Promissory Note

On 11 May 2012, the Group issued promissory note in the principal amount of HK$63 million to Starmax Holdings Limited as part of the consideration of acquisition of the Mining Business. After the repayment of HK$3 million in August 2012, the outstanding aggregate principle amount of HK$60 million is repayable in six equal instalments on each anniversary of the date of issue. The repayment of the first and the second instalments in the principal sum of HK$20 million due on 11 May 2014 were extended to 11 May 2015 according to the mutual agreement between Starmax Holdings Limited and the Group on 9 May 2014. The interest shall continue to accrue on the overdue instalments at 7% per annum according to the terms of the promissory note until the abovementioned instalments are fully paid by the Group.

On 30 December 2014, the Group repaid the first and second instalments of HK$20 million with accrued default interest of approximately HK$0.9 million. On 11 May 2015, the Group repaid the third instalments of HK$10 million with accrued default interest of approximately HK$1.2 million according to the terms of the promissory note.

Business Review (Continued)

(a) Management Discussion and Analysis (Continued)

(i) Business Review and Outlook (Continued)

Mining Business (Continued)

Outlook

As at 31 March 2015, the gold market price was US$1,187 per ounce which represents a decrease of approximately 7.6% as compared with the gold price as at 31 March 2014. If the decreasing trend of gold market price continues, the profit of the Group from the gold mining will be adversely affected. The management is closely monitoring the market situation and will take necessary measures to cope with the continuous decreasing trend of gold price including adjusting the production target for the coming year.

Nickel was trading at above US$14,000 per tonne throughout the year 2014 and closed at US$14,875 per tonne at 31 December 2014. The price dropped by about 16% and then remain stable to US$12,500 per tonne at 31 March 2015. Even though the nickel price has been decreased compared to the price in 2014, certain ore body of Baishiquan Nickel-copper Mine runs a higher grade and quantity of metal contents than the previous estimates. The management is optimistic that with the significant increase in the resource and reserve estimates, the sale of the nickel-copper ores, being the main outputs of the Baishiquan Nickel-copper Mine, will become another major source of the income of the Mining Business in the coming financial years.

Facing the volatile market conditions, the management will timely adjust its operating strategies so as to minimise the adverse impact on the Group from the drop of the metal market price.

(ii) Financial Performance Review

For the year ended 31 March 2015, the Group recorded turnover of approximately HK$142,986,000 (2014: HK$127,981,000), representing an increase of 11.7% as compared with the prior financial year. Loss attributable to owners of the Company was approximately HK$33,443,000, as compared to approximately HK$56,903,000 for the prior financial year.

The Computer Hardware and Software Business segment, recorded turnover and segmental loss of approximately HK$17,727,000 (2014: HK$33,520,000) and HK$17,551,000 (2014: HK$31,930,000) respectively, representing a decrease of 47.1% and 45.0% respectively as compared with the prior financial year. The Mining Business segment recorded turnover and segmental loss for the year of approximately HK$125,259,000 (2014: HK$94,461,000), and HK$41,779,000 (2014: HK$51,037,000) respectively, representing a decrease of 32.6% and 18.1% respectively as compared with the prior year.

The decrease in loss for the Group was mainly attributable by the impairment of intangible assets of approximately HK$62.1 million for the year ended 31 March 2014 while the impairment of intangible assets in current year was approximately HK$55.8 million.

Business Review (Continued)

(a) Management Discussion and Analysis (Continued)

(iii) Liquidity and financial resources

As at 31 March 2015, the Group had bank balances and cash and net current assets amounted to approximately HK$51,037,000 and HK$49,471,000 (31 March 2014: HK$33,707,000 and HK$3,876,000) respectively. Out of the Group's bank balances and cash, about 13% and 85% were denominated in Hong Kong dollars and Chinese Renminbi (31 March 2014: 35% and 65%) respectively. As at 31 March 2015, the current ratio stood at 1.76 (31 March 2014: 1.03).

The Group generally financed its operations and investing activities primarily with internally generated cash flow as well as the proceeds from fund raising activities and from the exercising by grantees of the share options granted under the share option schemes.

As at 31 March 2015, the Group had outstanding borrowings of approximately HK$50,265,000 (31 March 2014: HK$73,225,000), which primarily represents the Hong Kong dollar denominated promissory note accounted for at amortised cost using the effective interest method. As at the date of this report, the promissory note are scheduled to be repaid by instalments with accrued interests (as amended by supplemental agreements), of which approximately HK$11,207,000 was repayable within one year and HK$31,802,000 was repayable within two to five years accordingly.

The directors believe that the Group has an adequate capital structure and the Group's existing financial resources are sufficient to fulfill its commitments and working capital requirements.

(iv) Gearing ratio

As at 31 March 2015, the Group's gearing ratio was approximately 58.42% (31 March 2014: 85.13%), based on total borrowings of approximately HK$50,265,000 (31 March 2014: HK$73,225,000) and equity attributable to owners of the Company of approximately HK$86,041,000 (31 March 2014: HK$86,018,000). The decrease in the ratio was mainly due to the repayment of HK$20 million promissory note during the year ended 31 March 2015.

(v) Charge on the Group's assets

As at 31 March 2015, 102 shares of Goffers Management Limited (representing 51% of the issued share capital), an indirect wholly-owned subsidiary of the Company, was pledged to the noteholder in order to secure the payment obligations of the Group under the promissory note.

In addition, the Group had also pledged bank deposits and property, plant and equipment with carrying amounts of approximately HK$110,000 and HK$19,692,000 respectively to secure certain credit and loan facilities granted to the Group.

Business Review (Continued)

(a) Management Discussion and Analysis (Continued)

(vi) Order book and prospects for new business

There was no order book on hand as at 31 March 2015.

(vii) Material acquisitions and disposals of subsidiaries and affiliated companies

There was no material disposal or acquisition of subsidiaries and affiliated companies for the year under review.

(viii) Segmental information

The Group is currently organised into two operating segments – (i) the Computer Hardware and Software business; and (ii) the Mining business. During the year under review, revenue generated by the Group's Computer Hardware and Software Business and Mining Business accounted for 12.4% (2014: 26.2%) and 87.6% (2014: 73.8%) respectively.

(ix) Future plans for material investments

The Group does not have any plan for material investments in the near future.

(x) Exposure to exchange risks

Since the Group's borrowings and its source of income are primarily denominated in Hong Kong dollars or Renminbi and the exchange rate of Renminbi to Hong Kong dollars has been relatively stable throughout the year under review, the exposure to foreign exchange rate fluctuations is minimal.

(xi) Contingent liabilities

As at 31 March 2015, there were no material contingent liabilities incurred by the Group.

Business Review (Continued)

(b) Risks

The Group is subject to a number of risks, including those outlined below:

Computer Hardware and Software Business

(i) Business Risks

The Software Business operates in a highly competitive industry which faces rapid changes in market trends, consumer preferences and constantly evolving technological advances in hardware models, software features and functionalities. We face forever changing hardware model and feature changes in various products which have to be incorporated into our software products and/or services to cope with the evolving environment.

The Software Business mitigates the risk through continual reviews of market trends, including hardware changes, software updates and emerging technologies. We also maintain a competitive position through commitments to innovate and build a broad coverage on various operating environment; and execution of clear strategy to emphasise on software development as our key competitiveness.

Mining Business

(i) Metal Prices

The profitability of the Group may be significantly affected by changes in the market price of metals. Metal prices fluctuate on a daily basis and are affected by numerous factors beyond the control of the Group. Interest rates, inflation, exchange rates and world supply of mineral commodities can all cause fluctuations in the market prices for these metals. Such external economic factors are in turn influenced by changes in international economic growth patterns and political developments.

(ii) Currency Risks

The Group's operating expenses and revenues from the mining business are in RMB, one of the main currencies used by the Group. Currently, the RMB is linked to the US dollar by exchange rates managed through China's central bank. Accordingly, exchange rate fluctuations with the RMB may adversely affect the Group's financial position and operating results. The Group does not currently engage in foreign currency hedging activities.

Under current regulations, there is no restriction on foreign exchange conversion of the RMB on the current account, although any foreign exchange transaction on the capital account is subject to prior approval from the State Administration of Foreign Exchange ("SAFE") or review by the payment bank in accordance with regulations issued by SAFE. However, even on the current account the RMB is not a freely convertible currency. Foreign invested enterprises in China are currently allowed to repatriate profit to their foreign parents or pay outstanding current account obligations in foreign exchange but must present the proper documentation to a designated foreign exchange bank in order to do so. There is no guarantee that foreign exchange control policies will not be changed so as to require government approval to convert RMB into foreign currency on the current account or repatriate profits. These limitations could affect the ability of the Group to pay dividends, obtain foreign exchange through debt or equity financing, or to obtain foreign exchange for capital expenditures.

Business Review (Continued)

(b) Risks (Continued)

Mining Business (Continued)

(iii) Exploration, Development and Operating Risks

The exploration and development of mineral deposits involves significant risks over a significant period of time, which even with a combination of careful evaluation, experience and knowledge may not be eliminated. Few properties that are explored are ultimately developed into producing mines. Major expenditures may be required to establish mineral reserves through drilling, to develop metallurgical processes and to develop the mining and processing facilities and infrastructure at any site chosen for mining. No assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis. The economic viability of a mineral deposit depends on many factors, including size, grade, cost of operations, metal prices, cost of processing equipment, and continuing access to smelter facilities on acceptable terms, government regulations, land tenure, and environmental protection. The exact effect of these factors cannot be measured but the combinations of these factors may impact the success of the Group's mineral exploration, development and acquisition activities. Even after the commencement of mining operations, such operations may be subject to risks and hazards such as environmental hazards, industrial accidents, cave-ins, rock bursts, unusual or unexpected geological formations, ground control problems and flooding. The occurrence of any of the foregoing could result in damage to or destruction of mineral properties and production facilities, personal injuries, environmental damage, delays or interruptions of production, increases in production costs, monetary losses, legal liability and adverse government action.

It is not always possible to obtain insurance against all such risks and the Group may decide not to insure against certain risks because of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any further profitability and result in increasing costs and a decline in the value of the securities of the Group. The Group does not maintain insurance against political or environmental risks.

The Group's properties are generally located in the Xinjiang region, a sector which has in the past experienced seismic activity of six to seven on the Richter scale. Therefore, planning for mines and infrastructures must consider seismicity in the design and there exist a risk that seismic activities may cause significant damages to the Group's infrastructures and operations in the area.

The development of mining properties has inherent risks. The Group may not have sufficient technical or financial resources to complete the projects. Costs over-runs are common in mining projects and may pose a risk for the Group.

(iv) Uncertainty of Ore Reserves and Resource Estimates

There are numerous uncertainties inherent in estimating mineral resources and mineral reserves. Such estimates are a subjective process, and the accuracy of any mineral resources and mineral reserves estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation. These amounts are estimates only and the actual level of recovery of minerals from such deposits may be different. Differences between management's assumptions, including economic

Business Review (Continued)

(b) Risks (Continued)

Mining Business (Continued)

(iv) Uncertainty of Ore Reserves and Resource Estimates (Continued)

assumptions such as mineral prices, market conditions and actual events could have a material adverse effect on the Company's mineral reserve and mineral resource estimates, financial position and results of operations.

For some of its properties, the Group may prepare its own mineral reserves and resources estimate only in accordance with the former China Ministry of Geological and Mineral Resources ("CMGMR") classification system. The CMGMR classification system may not compliant with the recognised standard accpetable to the Stock Exchange. These figures are only estimates and there cannot be any assurance given that the estimated mineral reserves and resources will be recovered or that they will be recovered at the rates estimated. Mineral reserve and resource estimates are determined based upon assumed commodity prices and operating costs. These factors may in the future render certain mineral reserves and resources unproductive and may ultimately result in a significant reduction in reserves and resources.

(v) Capital Requirements

The Group does have limited financial resources. Although the Group believes it will be able to fund the development of its mineral properties through existing working capital, and a combination of debt and equity, there can be no assurance the Group will be able to raise additional funding if needed. Failure to obtain such additional funding could result in the delay or indefinite postponement of the exploration and development of some of the Group's properties.

(vi) Permits and Licences

The operations of exploration and mining require specific licences and permits e.g. mining licence for mining activities and exploration licence for exploration activities. Any changes in regulations imposed by the governments due to any reasons are beyond the control of the Group and may adversely affect its business and its ability or retain title to its property and obtain some of the necessary licences. The changes of regulations may include, but not limited to, varying degrees of those with respect to stricter restrictions on production, price controls, export controls, income taxes, and expropriation of property, employment, land use, water use, environmental legislation and mine safety.

The Group's exploration and mining licences are subject to annual audit by the Department of Land and Resources of Xinjiang, China. In their annual audit, the authorities may consider whether the Group's mining activities have been in compliance with the relevant laws and regulations. If the Group fails to meet the relevant requirements or materially breaches any laws or regulations, it may not pass such audit, in which case it may be subject to penalties in accordance with applicable laws, or be given a deadline to rectify deficiencies, or, in serious cases, have its permits and licences revoked. While the Group has never encountered such problems in the past, there can be no assurance that it will pass future audits. Should permits or licences be suspended or revoked, the Group's mining business and results of operations could be materially affected.

Business Review (Continued)

(b) Risks (Continued)

Mining Business (Continued)

(vii) Environmental Regulation

The mining operations of the Group are subject to environmental regulations promulgated by relevant governments. The relevant environmental regulations impose restrictions and prohibitions on spills, or handling of various substances produced during mining or processing operations. In addition, approval of environmental impact assessment for certain types of the mining operations are required. In breach of such regulations or failure of the governmental approval may result in the imposition of fines and penalties. The costs of compliance with environmental regulations, such as advanced equipment which is environmental friendly, has the potential to reduce the profitability of future operations.

(viii) Competition

There is significant and increasing competition within the mining industry for the discovery and acquisition of properties considered having commercial potential. The Group competes with other mining companies, some of which have greater financial resources, and as a result, the Group may not be able to acquire mineral interests on terms it considers acceptable. As well, the Group competes for the recruitment and retention of qualified employees and other personnel. The current economic growth in China and the corresponding creation of a more liquid market for skilled employees may lead to future problems in retaining local Chinese management. As a result of this competition, the Group may not be able to acquire additional mineral interests and hire or retain qualified personnel for its projects.

(c) Events after reporting period

Completion of placing of existing shares and subscription of new shares

On 30 March 2015, Starmax Holdings Limited entered into (i) the placing agreement (the "Placing Agreement") with the placing agent; and (ii) the subscription agreement (the "Subscription Agreement") with the Company. Pursuant to the Placing Agreement, the placing agent has agreed to place, on best efforts basis, to not less than six independent placees for up to an aggregate of 125,000,000 shares at a price of HK$0.145 per placing share, for and on behalf of Starmax Holdings Limited. Pursuant to the Subscription Agreement, Starmax Holdings Limited has conditionally agreed to subscribe for such number of new shares as is equal to the number of placing shares successfully placed by the placing agent at a price of HK$0.145 per subscription share. The completion of the placing took place on 2 April 2015 and all conditions of the subscription had been fulfilled and completion of the subscription took place on 9 April 2015. Details of the placing and subscription were disclosed in the announcements of the Company dated 30 March 2015 and 9 April 2015.

(d) Financial Key Performance Indicators

We assess our performance against the following financial key performance indicators ("KPIs"), each of which is linked to our long-term strategy. The Directors think it is appropriate to use the following KPIs to monitor progress in the delivery of the Group's strategic objectives, to assess actual performance and to provide aid for business management. The underlying data are sourced from internal company records.

Business Review (Continued)

(d) Financial Key Performance Indicators (Continued)

KPIs		For the year ended 31 March 2015	2014
The Group			
1. EBITDA (LBITDA)	HK$'000	10,215	(22,273)
2. Operating cash flow per share	HK cents	0.91	1.06
3. Losses per share – basic and diluted	HK cents	(1.97)	(3.56)
4. Current ratio	times	1.76	1.03
5. Gearing ratio	%	58.42	85.13
Computer Hardware and Software Business			
6. Service revenue per staff	HK$'000	260	77
Mining Business			
7. Gold production	ounces	9,637	9,445
8. Cash cost per tonne of gold ores extracted	HK$	1,174	1,293
9. Cash production cost per ounce of gold dores sold	HK$	6,426	6,546

1. EBITDA (LBITDA)

   The EBITDA of the Group has been improved by HK$32.5 million from LBITDA of approximately HK$22.3 million for the year ended 31 March 2014 to EBITDA of approximately HK$10.2 million for the year ended 31 March 2015. The increase is mainly attributed by the decrease in staff cost of approximately HK$6.1 million, increase in gross profit from mining business of approximately HK$9.5 million and also the gain on investment held for trading of approximately HK$0.2 million (31 March 2014: loss of approximately HK$3.1 million).

   Relevance to Strategy: It stands for earnings (losses) before interest income and expense, income taxes, depreciation, amortization and impairment loss on other intangible assets. It is a valuable indicator of the ability to generate operating cash flow to fund working capital and capital expenditures and to service debt obligations.

2. Operating cash flow per share

   The operating cash inflow per share remain stable at HK cents 0.91 for the year ended 31 March 2015 (31 March 2014: HK cents 1.06)

   Relevance to Strategy: It is the cash generated from or utilised in operating activities, divided by the weighted average of the number of shares in issue. It helps measure the ability to generate cash from the whole business.

Business Review (Continued)

(d) Financial Key Performance Indicators (Continued)

3. Losses per share – basic and diluted

   The basic and diluted losses per share has been decreased by 44.7% to HK cents 1.97 for the year ended 31 March 2015. The decrease is mainly due to the decrease in losses for the year where there is impairment of intangible assets of approximately HK$62.1 million for the year ended 31 March 2014 and HK$55.8 million for the year ended 31 March 2015.

   Relevance to Strategy: It is calculated by dividing the net earnings (losses) by the weighted average of the number of shares in issue. It indicates the profitability and is often used as an indicator to determine share price and value.

4. Current ratio

   The current ratio has been improved from 1.03 as at 31 March 2014 to 1.76 as at 31 March 2015. The increase in current ratio is mainly due to the settlement of trade and other payable of HK$12.6 million.

   Relevance to Strategy: It is calculated by dividing the current assets by the current liabilities of the Group. It measures the financial strength of the Group and the ability whether the Group has enough resources to pay its debts over the next 12 months.

5. Gearing ratio

   The gearing ratio has been improved from 85.13% as at 31 March 2014 to 58.42% as at 31 March 2015. The decrease in gearing ratio is mainly due to the repayment of principal amounting to HK$20 million of the promissory note during the year ended 31 March 2015.

   Relevance to Strategy: It is calculated by dividing the total interest bearing borrowing of the Group by the equity attributable to owners of the Company. It measures the financial risk to which the Group is subjected.

6. Service revenue per staff

   The service revenue per staff for the Computer Hardware and Software Business increased to HK$260,000 for the year ended 31 March 2015 (2014: HK$76,670), a 339% increment over previous year, as various new projects were secured while the number of staff has been decreased.

   Relevance to Strategy: It is defined as service revenue, excluding hardware sales, divided by number of staff. It is a key indicator to measure the ability of the Group to achieve the objective to develop business through software expertise and excellence.

7. Gold production

   The gold production remains stable at 9,637 ounces for the year ended 31 March 2015 (31 March 2014: 9,445 ounces).

   Relevance to Strategy: It is the aggregate quantity of the gold produced from our processing plant owned by a non-wholly owned subsidiary. It is one of the key measures used to track the efficiency of utilising our processing plant.

Business Review (Continued)

(d) Financial Key Performance Indicators (Continued)

8. Cash cost per tonne of gold ores extracted

The cash cost per tonne of gold ores extracted has been decreased by 9.2% to HK$1,174 per tonne. The gold mine being extracted during the year ended 31 March 2015 mainly represented Hongshannan which are equipped with much well developed tunnels and roads compared to the Heishiliang gold mine, being extracted during the year ended 31 March 2014.

Relevance to Strategy: It is calculated by dividing the aggregate cash costs by gold ores quantity extracted. It is used to monitor the unit cash costs of extraction and is used as a reference in designing the mining plan.

9. Cash production cost per ounce of gold dores sold

The cash production cost per ounce of gold dores sold remain stable at HK$6,426 for the year ended 31 March 2015 (31 March 2014: HK$6,546).

Relevance to Strategy: It is calculated by dividing the aggregate cash costs by gold quantity sold. It is used to monitor the efficiency of the production.

(e) Key relationships with employees, customers and suppliers and others

(i) Major Customers and Suppliers

During the year, the aggregate sales attributable to the Group's five largest customers comprised approximately 83% (2014: 91%) of the Group's total sales while the sales attributable to the Group's largest customer was approximately 46% (2014: 55%) of the Group's total sales.

The aggregate purchases during the year attributable to the Group's five largest suppliers comprised approximately 55% (2014: 67%) of the Group's total purchases while the purchases attributable to the Group's largest supplier was approximately 37% (2014: 44%) of the Group's total purchases.

Save as disclosed above, none of the directors, their associates or any shareholder, which to the knowledge of the directors owned more than 5% of the Company's total issued share, had any interest in the share capital of any of the five largest customers or suppliers of the Group.

(ii) Emolument Policy

The emolument policy of the employees of the Group is set up on the basis of their merit, qualifications and competence.

The emoluments of the directors of the Company are decided by the remuneration committee, having regard to the Company's operating results, individual performance and comparable market statistics.

The Company has adopted a share option scheme as an incentive to directors and eligible employees, details of the share option scheme are set out in note 31 to the financial statements.

Business Review (Continued)

(e) Key relationships with employees, customers and suppliers and others (Continued)

(iii) Competing Interest

Mr. Felipe Tan and Mr. Zhang Ming hold shareholdings and directorships in GobiMin Inc., the shares of which are listed on the TSX Venture Exchange in Canada (stock code: GMN). Its subsidiaries and associate companies are principally engaged in exploration of a gold mine and prospecting exploration projects of gold, copper and nickel in Xinjiang, PRC. All of them are in exploration or prospecting stage and are not yet in production, whereas the mining business of the Group are in production stage. In this regard, Mr. Felipe Tan and Mr. Zhang Ming are considered to have interests in businesses which might compete, either directly or indirectly with the businesses of the Group.

The abovementioned competing businesses are operated and managed by companies with independent management and administration. In addition, the Board is independent from the boards of the abovementioned companies. Accordingly, the Group is therefore capable of carrying on business independently, and at arm's length from the said competing business.

(iv) Management Contract

No management contract in force during the year for the management and administration of the whole or any substantial part of the Group's business subsisted at the end of the year or at any time during the year.

(v) Employee information

As at 31 March 2015, the Group employed a total staff of 166. Staff remuneration is reviewed by the Group from time to time and increases are granted normally annually or by special adjustment depending on length of service and performance when warranted. In addition to salaries, the Group provides staff benefits including medical insurance and provident fund. Share options and bonuses are also available to employees of the Group at the discretion of the directors and depending upon the financial performance of the Group.

General Information

(a) Results and Appropriations

The results of the Group for the year are set out in the consolidated statement of profit or loss and other comprehensive income on page 45.

The directors do not recommend the payment of dividend nor transfer of any amount to reserves (2014: nil).

(b) Share Capital

Details of the movement in share capital of the Company during the year are set out in note 30 to the financial statements.

(c) Reserves

Details of the movements in reserves of the Group and the Company during the year are set out on page 47 and note 40 to the consolidated financial statements, respectively.

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

(d) Investment Properties and Property, Plant and Equipment

Details of the movements in investment properties and property, plant and equipment of the Group and the Company during the year are set out in notes 13 and 14 to the consolidated financial statements, respectively.

Directors and Directors' Service Contracts

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

Executive directors:

Cheng Kin Kwan (Chairman and CEO)
Lau Yun Fong Carman (appointed on 17 November 2014)
Law Kwai Lam
Leung Mei Sheung Eliza
Liao Yun
Felipe Tan
Zhang Ming
Zheng Ying Yu (resigned on 16 September 2014)
Fung Chun Pong Louis (resigned on 27 May 2015)

Non-executive director:

Lam Kai Ling Vincent (appointed on 27 May 2015)

Independent non-executive directors:

Chan Choi Ling
Chan Mei Ying Spencer
Lam Kwai Yan
Tsang Wai Chun Marianna

Each of the executive directors has entered into a service contract with the Company when he or she is appointed as a director of the Company. These service contracts will continue thereafter until terminated by either party giving to the other party not less than three months' notice in writing.

Each of the non-executive director and independent non-executive directors was appointed for a term of one year.

Save as disclosed above, none of the directors proposed for re-election at the forthcoming AGM has any service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

Directors of the Group

Other than the existing and former Directors named above, the following persons were the directors of the subsidiaries undertakings during the financial year ended 31 March 2015 or during the period beginning on 1 April 2015 and ending on the date of this report:

1	Chen Guimin
2	Chu Jason Kong
3	Deng Gang
4	Gao Jinxia
5	Han Zhaoju
6	Ho Pik Har Agnes
7	Ho Wing Hang
8	Hu Caixia
9	Ko Yuen Kwan
10	Lau Yuk King
11	Lau Yun Mui Sandy
12	Lee Chi Kong Frank
13	Li Jin
14	Li Yan (resigned on 17 November 2014)
15	Lu Linjiang
16	Ma Deyi (resigned on 26 June 2014)
17	Peng Fanghong (resigned on 26 June 2014)
18	Wang Ling
19	Wang Yongchun
20	Wong Tai Wai David
21	Yang Jingui
22	Yang Wenping
23	Yu Yan Li
24	Zhang Yunlong (resigned on 21 August 2014)

Directors' and Chief Executive's Interests and Short Positions in Shares and Underlying Shares of the Company

At 31 March 2015, the interests and short positions of the directors and the chief executive of the Company and their associates in the shares, underlying shares or debentures of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance ("SFO"), or otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules, were as follows:

Long positions

(a) Interests in the shares of the Company

	Number of ordinary shares held in the capacity of			
Name of director	Beneficial owner	Controlled corporation	Total number of shares	Percentage of shareholding
Cheng Kin Kwan	123,800,000	-	123,800,000	6.71%
Fung Chun Pong, Louis**	488,000	-	488,000	0.03%
Law Kwai Lam	11,000,000	28,325,000*	39,325,000	2.13%
Leung Mei Sheung, Eliza	26,592,000	-	26,592,000	1.44%
Liao Yun	11,800,000	-	11,800,000	0.64%
Felipe Tan	113,090,000	404,912,000*	518,002,000	28.06%
Zhang Ming	75,500,000	-	75,500,000	4.09%
Zheng Ying Yu**	16,450,000	-	16,450,000	0.89%

* These shares were held by private companies which are wholly-owned by Mr. Law Kwai Lam or owned as to 90.01% by Mr. Felipe Tan respectively.

** Ms. Zheng Ying Yu and Mr. Fung Chun Pong Louis resigned as directors of the Company with effect from 16 September 2014 and 27 May 2015 respectively.

Directors' and Chief Executive's Interests and Short Positions in Shares and Underlying Shares of the Company (Continued)

Long positions (Continued)

(b) Interests in shares of associated corporation of the Company

Name of director	Name of associated corporation	Capacity	Number of shares/ registered capital	Percentage of interest in the registered capital of the associated corporation
Felipe Tan	Goffers Management Limited	Interest of controlled corporation	200*	100%
	Goffers Resources Limited	Interest of controlled corporation	1,000	100%
	Kangshun HK Limited	Interest of controlled corporation	1,000	100%
	Kangshun Investments Limited	Interest of controlled corporation	1,000	100%
	Xinjiang Tianmu Mineral Resources Development Co. Ltd	Interest of controlled corporation	RMB36,000,000	51%

* 98 shares (representing 49%) are held by Mr. Felipe Tan through Starmax Holdings Limited whereas 102 shares (representing 51%) are pledged to Starmax Holdings Limited as security of the payment obligations of the Group under the promissory note.

(c) Interests in debentures of associated corporation of the Company

Name of director	Name of associated corporation	Capacity	Amount of debentures
Felipe Tan	Time Kingdom Limited	Interest of controlled corporation	HK$40,000,000*

* The outstanding balance of the promissory note as at 31 March 2015 issued to Starmax Holdings Limited which is owned as to 90.01% by Mr. Felipe Tan. On 11 May 2015, HK$10,000,000 has been repaid and the balance of the promissory note is HK$30,000,000.

Directors' and Chief Executive's Interests and Short Positions in Shares and Underlying Shares of the Company (Continued)

Long positions (Continued)

(d) Options to subscribe for ordinary shares of the Company

Particulars of the directors' interests in share options to subscribe for shares in the Company pursuant to the Company's 2003 and 2013 share option schemes were as follows:

				Number of share options and number of underlying shares				
Name of directors	Date of grant	Exercisable period	Exercise price per share HK$	Outstanding at 1.4.2014	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding at 31.3.2015
2003 share option scheme								
Law Kwai Lam	28.2.2005	28.2.2005 - 27.2.2015	0.0722	1,000,000	-	(1,000,000)	-	-
	26.9.2006	26.9.2006 - 25.9.2016	0.0772	3,500,000	-	-	-	3,500,000
	18.6.2007	18.6.2007 - 17.6.2017	0.2980	800,000	-	-	-	800,000
Fung Chun Pong, Louis	19.4.2004	19.4.2004-18.4.2014	0.2096	300,000	-	-	(300,000)	-
	24.3.2006	24.3.2006-23.3.2016	0.1530	300,000	-	-	-	300,000
	18.6.2007	18.6.2007-17.6.2017	0.2980	300,000	-	-	-	300,000
Tsang Wai Chun, Marianna	24.3.2006	24.3.2006 - 23.3.2016	0.1530	500,000	-	-	-	500,000
	26.9.2006	26.9.2006 - 25.9.2016	0.0772	1,500,000	-	-	-	1,500,000
Chan Mei Ying, Spencer	24.3.2006	24.3.2006 - 23.3.2016	0.1530	500,000	-	-	-	500,000
				8,700,000	-	(1,000,000)	(300,000)	7,400,000
2013 share option scheme								
Fung Chun Pong, Louis	3.10.2013	3.10.2013 – 2.10.2023	0.1490	1,000,000	-	-	-	1,000,000
Liao Yun	3.10.2013	3.10.2013 – 2.10.2023	0.1490	3,000,000	-	(3,000,000)	-	-
Zhang Ming	3.10.2013	3.10.2013 – 2.10.2023	0.1490	3,000,000	-	-	-	3,000,000
Chan Mei Ying, Spencer	3.10.2013	3.10.2013 – 2.10.2023	0.1490	1,000,000	-	-	-	1,000,000
Lam Kwai Yan	3.10.2013	3.10.2013 – 2.10.2023	0.1490	1,000,000	-	-	-	1,000,000
Chan Choi Ling	3.10.2013	3.10.2013 – 2.10.2023	0.1490	1,000,000	-	-	-	1,000,000
Lau Yun Fong Carman	3.10.2013	3.10.2013 – 2.10.2023	0.1490	2,000,000	-	-	-	2,000,000
	17.2.2014	17.2.2014– 16.2.2024	0.1380	400,000	-	-	-	400,000
				12,400,000	-	(3,000,000)	-	9,400,000

Directors' and Chief Executive's Interests and Short Positions in Shares and Underlying Shares of the Company (Continued)

Long positions (Continued)

Save as disclosed above and other than nominee shares in certain wholly-owned subsidiaries held by certain directors in trust for the Group, at 31 March 2015, none of the directors or chief executive or any of their respective associates had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations which fall to be notified to the Company and the Stock Exchange pursuant to Part XV of the SFO, or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which were required to be notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules.

Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares

As at 31 March 2015, the register maintained by the Company pursuant to Section 336 of the SFO shows that other than the interests disclosed above in respect of certain directors and the chief executive, the following shareholders had notified the Company of relevant interest in the issued share capital of the Company.

Name of substantial shareholder	Number of ordinary shares held	Number of share options and underlying shares held	Aggregate long position	Percentage of the issued share capital as at 31 March 2015
Educational Information Technology (HK) Company Limited [1]	108,057,374	-	108,057,374	5.85%
Starmax Holdings Limited [2]	404,912,000	-	404,912,000	21.93%

Notes:

(1) These shares were held in trust for 寧夏教育信息技術股份有限公司 (Ningxia Educational Information Technology Company Limited), a company which is owned as to 25.035% by the Group.

(2) Starmax Holdings Limited is beneficially owned as to 90.01% by Mr. Felipe Tan who also directly holds 113,090,000 shares.

Save as disclosed in the section "Directors' and chief executive's interests and short positions in shares and underlying shares of the Company", at 31 March 2015, the Company has not been notified of any other interests or short positions in the issued share capital as at 31 March 2015.

Share Options

Details of the Company's share option schemes adopted on 28 April 2003 and 25 September 2013 are set out in note 31 to the financial statements.

Directors' Interests in Contracts

There were no contracts of significance to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Independence of Independent Non-Executive Directors

The Company has received written confirmation from each of its independent non-executive directors in respect of their independence during the year and all independent non-executive directors are still being considered to be independent.

Connected Transaction

None of the "Related party transactions" as disclosed in the note 38 to the financial statements for the year ended 31 March 2015 constituted discloseable non-exempted connected transaction or non-exempted continuing connected transaction under the GEM Listing Rules.

To the extent of the above "Related party transactions" constituted connected transactions as defined in the GEM Listing Rules, the Company had complied with the relevant requirements under Chapter 20 of the GEM Listing Rules during the year.

Purchase, Sale or Redemption of the Company's Listed Securities

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

Corporate Governance

Principal corporate governance policies adopted by the Company are set out in the Corporate Governance Report on pages 7 to 15.

Competing Interest

Mr. Felipe Tan and Mr. Zhang Ming hold shareholdings and directorships in GobiMin Inc., the shares of which are listed on the TSX Venture Exchange in Canada (stock code: GMN). Its subsidiaries and associate companies are principally engaged in exploration of a gold mine and prospecting exploration projects of gold, copper and nickel in Xinjiang, PRC. All of them are in exploration or prospecting stage and are not yet in production, whereas the mining business of the Group are in production stage. In this regard, Mr. Felipe Tan and Mr. Zhang Ming are considered to have interests in businesses which might compete, either directly or indirectly with the businesses of the Group.

The abovementioned competing businesses are operated and managed by companies with independent management and administration. In addition, the Board is independent from the boards of the abovementioned companies. Accordingly, the Group is therefore capable of carrying on business independently, and at arm's length from the said competing business.

Sufficiency of Public Float

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

Auditors

HLB Hodgson Impey Cheng Limited, the auditors of the Company, will retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming AGM.

On behalf of the Board
Cheng Kin Kwan
Chairman and Chief Executive Officer

Hong Kong, 24 June 2015

Independent Auditors' Report

国衛會計師事務所有限公司
Hodgson Impey Cheng Limited

31/F Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

TO THE SHAREHOLDERS OF TIMELESS SOFTWARE LIMITED

(Incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of Timeless Software Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 45 to 124, 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 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.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, 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 auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 March 2015, and of the Group's financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Jonathan T. S. Lai
Practising Certificate Number: P04165

Hong Kong, 24 June 2015

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2015

	Notes	2015 HK$'000	2014 HK$'000
Turnover	7	**142,986**	127,981
Other income and gains		**2,265**	1,641
Purchase and production costs		**(82,781)**	(90,308)
Staff costs		**(28,219)**	(34,337)
Depreciation and amortisation		**(14,844)**	(5,650)
Other expenses		**(23,047)**	(21,808)
Fair value gains/(losses) on investment properties	13	**200**	(1,782)
Impairment loss on other intangible assets	16	**(55,834)**	(62,134)
Net gains/(losses) on investments held for trading		**226**	(3,123)
Gain on disposals of subsidiaries	36	**138**	-
Finance costs	8	**(2,384)**	(2,504)
Share of losses of associates	17	**(610)**	(322)
Loss before tax		**(61,904)**	(92,346)
Income tax credit	11	**4,086**	2,471
Loss for the year	9	**(57,818)**	(89,875)
Other comprehensive income/(loss), net of income tax			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**579**	(1,036)
Reclassification adjustment on exchange differences released upon disposals of subsidiaries	36	**1,503**	-
Share of other comprehensive income/(loss) of associates	17	**710**	(632)
Other comprehensive income/(loss) for the year, net of income tax		**2,792**	(1,668)
Total comprehensive loss for the year		**(55,026)**	(91,543)
Loss attributable to:			
Owners of the Company		**(33,443)**	(56,903)
Non-controlling interests		**(24,375)**	(32,972)
		(57,818)	(89,875)
Total comprehensive loss attributable to:			
Owners of the Company		**(31,073)**	(57,919)
Non-controlling interests		**(23,953)**	(33,624)
		(55,026)	(91,543)
		HK cents	HK cents
Loss per share			
– Basic and diluted	12	**(1.97)**	(3.56)

Consolidated Statement of Financial Position

At 31 March 2015

	Notes	2015 HK$'000	2014 HK$'000
Non-current assets			
Investment properties	13	-	19,600
Property, plant and equipment	14	70,978	49,785
Goodwill	15	-	510
Other intangible assets	16	244,162	316,157
Interests in associates	17	6,717	6,617
Prepaid lease payments	18	7,019	7,192
Deposits		25,608	21,461
Land rehabilitation costs	19	6,158	6,946
		360,642	428,268
Current assets			
Inventories	20	45,157	40,752
Prepaid lease payments	18	185	186
Trade and other receivables	21	18,601	38,173
Investments held for trading	22	-	4,192
Bank balances and cash	23	51,037	33,707
		114,980	117,010
Current liabilities			
Trade and other payables	24	21,523	34,320
Amount due to a related company	25	700	700
Dividends payable to non-controlling interests		20,557	42,244
Bank borrowing	26	9,192	9,786
Promissory note	27	11,169	23,560
Current tax liabilities		2,368	2,524
		65,509	113,134
Net current assets		49,471	3,876
Total assets less current liabilities		410,113	432,144
Non-current liabilities			
Promissory note	27	29,904	39,879
Provision for land rehabilitation	28	9,866	9,849
Deferred tax liabilities	29	33,782	41,824
		73,552	91,552
Net assets		336,561	340,592
Capital and reserves			
Share capital	30	806,049	773,715
Reserves		(720,008)	(687,697)
Equity attributable to owners of the Company		86,041	86,018
Non-controlling interests		250,520	254,574
Total equity		336,561	340,592

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 24 June 2015 and are signed on its behalf by:

CHENG KIN KWAN
Chairman and Chief Executive Officer

FELIPE TAN
Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2015

	Share capital	Share premium	Share options reserve	Investment revaluation reserve	Translation reserve	Accumulated deficit	Attributable to owners of the Company	Non-controlling interests	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Balance at 1 April 2013	79,013	685,806	4,161	2,527	9,581	(647,864)	133,224	294,090	427,314
Loss for the year	-	-	-	-	-	(56,903)	(56,903)	(32,972)	(89,875)
Other comprehensive loss for the year	-	-	-	(613)	(403)	-	(1,016)	(652)	(1,668)
Total comprehensive loss for the year	-	-	-	(613)	(403)	(56,903)	(57,919)	(33,624)	(91,543)
Recognition of equity-settled share-based payments	-	-	3,372	-	-	-	3,372	-	3,372
Issue of ordinary shares under employee share option plan	2,215	6,733	(1,555)	-	-	-	7,393	-	7,393
Non-controlling interests arising on business combination (note 35)	-	-	-	-	-	-	-	1,307	1,307
Transaction costs attributable to issue of new ordinary shares	-	(52)	-	-	-	-	(52)	-	(52)
Release of reserve upon share options lapsed	-	-	(218)	-	-	218	-	-	-
Dividends payable to non-controlling interests	-	-	-	-	-	-	-	(7,199)	(7,199)
Transfer to share capital (note 30)	692,487	(692,487)	-	-	-	-	-	-	-
Balance at 31 March 2014 and 1 April 2014	773,715	-	5,760	1,914	9,178	(704,549)	86,018	254,574	340,592
Loss for the year	-	-	-	-	-	(33,443)	(33,443)	(24,375)	(57,818)
Other comprehensive income for the year	-	-	-	698	1,672	-	2,370	422	2,792
Total comprehensive loss for the year	-	-	-	698	1,672	(33,443)	(31,073)	(23,953)	(55,026)
Issue of ordinary shares under employee share option plan	3,467	-	(1,238)	-	-	-	2,229	-	2,229
Issue of ordinary shares by way of placing	29,246	-	-	-	-	-	29,246	-	29,246
Transaction costs attributable to issue of new ordinary shares	(379)	-	-	-	-	-	(379)	-	(379)
Release of reserve upon share options lapsed	-	-	(412)	-	-	412	-	-	-
Capital injection from non-controlling interests	-	-	-	-	-	-	-	21,751	21,751
Disposals of subsidiaries (note 36)	-	-	-	-	-	-	-	(1,852)	(1,852)
Balance at 31 March 2015	**806,049**	**-**	**4,110**	**2,612**	**10,850**	**(737,580)**	**86,041**	**250,520**	**336,561**

Consolidated Statement of Cash Flows
For the year ended 31 March 2015

	Notes	2015 HK$'000	2014 HK$'000
Cash flows from operating activities			
Loss before tax		**(61,904)**	(92,346)
Adjustments for:			
Interest income		**(943)**	(215)
Interest expense		**2,384**	2,504
Share of losses of associates		**610**	322
Depreciation and amortisation		**14,844**	5,650
Loss on disposal of property, plant and equipment		**4**	3
Fair value (gains)/losses on investment properties	13	**(200)**	1,782
Impairment loss on other intangible assets	16	**55,834**	62,134
Impairment loss on trade receivables	21	**1,137**	1,578
Provision for slow-moving inventories		**5,534**	2,130
Gain on disposals of subsidiaries	36	**(138)**	-
Net (gains)/losses on investments held for trading		**(226)**	3,123
Share-based payment expense		**-**	3,372
		16,936	(9,963)
Movements in working capital:			
Increase in inventories		**(760)**	(7,941)
Decrease in trade and other receivables		**12,997**	27,219
Decrease in investments held for trading		**4,334**	10,342
(Decrease)/increase in trade and other payables		**(12,587)**	5,900
Cash generated from operations		**20,920**	25,557
Income taxes paid		**(4,183)**	(8,383)
Net cash generated by operating activities		**16,737**	17,174
Cash flows from investing activities			
Interest received		**943**	215
Dividends received		**84**	328
Payments for property, plant and equipment		**(7,801)**	(6,885)
Additions to mining rights		**-**	(10,914)
Additions to exploration rights and assets		**(85)**	(5,825)
Additions to investment properties		**-**	(21,382)
Proceeds from disposal of property, plant and equipment		**-**	28
Net cash inflows on acquisition of a subsidiary	35	**-**	664
Net cash inflow on disposals of subsidiaries	36	**1,616**	-
Net cash used in investing activities		**(5,243)**	(43,771)

Consolidated Statement of Cash Flows (Continued)

For the year ended 31 March 2015

	Notes	2015 HK$'000	2014 HK$'000
Cash flows from financing activities			
Proceeds from issue of equity shares		**31,475**	7,393
Payment for transaction costs attributable to issue of new ordinary shares		**(379)**	(52)
Proceeds from bank borrowing		**-**	10,270
Repayments of bank borrowing		**(594)**	(484)
Repayment of promissory note		**(20,000)**	-
Interest paid		**(4,750)**	(191)
Dividends paid to non-controlling interests		**-**	(11,700)
Net cash generated by financing activities		**5,752**	5,236
Net increase /(decrease) in cash and cash equivalents		**17,246**	(21,361)
Cash and cash equivalents at the beginning of year		**33,583**	55,118
Effect of foreign exchange rate changes		**84**	(174)
Cash and cash equivalents at the end of year		**50,913**	33,583
Analysis of the balances of cash and cash equivalents			
Bank balances and cash	23	**51,037**	33,707
Time deposit with original maturity of three months or more and pledged bank deposits	23	**(124)**	(124)
		50,913	33,583

1. General

Timeless Software Limited (the "Company") is a public limited company incorporated in Hong Kong and its shares are listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the registered office and principal place of business of the Company are disclosed in the corporate information section of the annual report.

The Company acts as an investment holding company and is principally engaged in the provision of computer consultancy and software maintenance services, software development and sales of computer hardware and software.

The principal activities of the Company's principal subsidiaries are set out in note 37.

These financial statements are presented in Hong Kong dollars ("HK$"), which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs")

In the current year, the Company and its subsidiaries (collectively, the "Group") has applied the following new and revised Hong Kong Accounting Standards ("HKAS(s)"), HKFRS(s), amendments and interpretations ("HK(IFRIC) – Int") (hereinafter collectively referred to as the "new and revised HKFRSs") issued by the HKICPA:

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (as revised in 2011)	*Investment Entities*
Amendments to HKAS 32	*Offsetting Financial Assets and Financial Liabilities*
Amendments to HKAS 36	*Recoverable Amount Disclosures for Non-financial Assets*
Amendments to HKAS 39	*Novation of Derivatives and Continuation of Hedge Accounting*
HK(IFRIC) – Int 21	*Levies*

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 Investment Entities

The Group has applied the amendments to HKFRS 10, HKFRS 12 and HKAS 27 Investment Entities for the first time in the current year. The amendments to HKFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements.

To qualify as an investment entity, a reporting entity is required to:

- obtain funds from one or more investors for the purpose of providing them with investment management services;
- commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- measure and evaluate performance of substantially all of its investments on a fair value basis.

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs") (Continued)

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 Investment Entities (continued)

Consequential amendments have been made to HKFRS 12 and HKAS 27 to introduce new disclosure requirements for investment entities.

As the Company is not an investment entity (assessed based on the criteria set out in HKFRS 10 as at 1 April 2014), the application of the amendments has had no impact on the disclosures or the amounts recognised in the Group's consolidated financial statements.

Amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities

The Group has applied the amendments to HKAS 32 *Offsetting Financial Assets and Financial Liabilities* for the first time in the current year. The amendments to HKAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realization and settlement'.

The amendments have been applied retrospectively. The Group has assessed whether certain of its financial assets and financial liabilities qualify for offset based on the criteria set out in the amendments and concluded that the application of the amendments has had no impact on the amounts recognised in the Group's consolidated financial statements.

Amendments to HKAS 36 Recoverable Amount Disclosures for Non-Financial Assets

The Group has applied the amendments to HKAS 36 *Recoverable Amount Disclosures for Non-Financial Assets* for the first time in the current year. The amendments to HKAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by HKFRS 13 *Fair Value Measurements*.

The application of these amendments has had no material impact on the disclosures in the Group's consolidated financial statements.

Amendments to HKAS 39 Novation of Derivatives and Continuation of Hedge Accounting

The Group has applied the amendments to HKFRS 39 *Novation of Derivatives and Continuation of Hedge Accounting* for the first time in the current year. The amendments to HKFRS 39 provide relief from the requirement to discontinue hedge accounting when a derivative designated as a hedging instrument is novated under certain circumstances. The amendments also clarify that any change to the fair value of the derivative designated as a hedging instrument arising from the novation should be included in the assessment and measurement of hedge effectiveness.

The amendments have been applied retrospectively. As the Group does not have any derivatives that are subject to novation, the application of these amendments has had no impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs") (Continued)

HK(IFRIC)–Int 21 Levies

The Group has applied HK(IFRIC) – Int 21 *Levies* for the first time in the current year. HK(IFRIC) – Int 21 addresses the issue as to when to recognise a liability to pay a levy imposed by a government. The interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The Interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period.

HK(IFRIC) – Int 21 has been applied retrospectively. The application of this Interpretation has had no material impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9	*Financial Instruments*[1]
HKFRS 14	*Regulatory Deferral Accounts*[2]
HKFRS 15	*Revenue from Contracts with Customers*[3]
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*[5]
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*[4]
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*[5]
Amendments to HKAS 1	*Disclosure Initiative*[5]
Amendments to HKAS 19	*Defined Benefit Plans: Employee Contributions*[4]
Amendments to HKAS 27	*Equity Method in Separate Financial Statements*[5]
Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[5]
Amendments to HKFRS	*Annual Improvements 2010 – 2012 Cycle*[6]
Amendments to HKFRS	*Annual Improvements 2011 – 2013 Cycle*[4]
Amendments to HKFRS	*Annual Improvements 2012 – 2014 Cycle*[5]

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

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs") (Continued)

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of HKFRS 9 are described below:

- All recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs") (Continued)

HKFRS 9 Financial Instruments (continued)

The directors anticipate that the application of HKFRS 9 may have significant impact on amounts reported in respect of the Group's financial assets and financial liabilities. Regarding the Group's financial assets and financial liabilities, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

Annual Improvements to HKFRSs 2010-2012 Cycle

The Annual Improvements to HKFRSs 2010-2012 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 2 (i) change the definitions of 'vesting condition' and 'market condition'; and (ii) add definitions for 'performance condition' and 'service condition' which were previously included within the definition of 'vesting condition'. The amendments to HKFRS 2 are effective for share-based payment transactions for which the grant date is on or after 1 July 2014.

The amendments to HKFRS 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of HKFRS 9 or HKAS 39 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit and loss. The amendments to HKFRS 3 are effective for business combinations for which the acquisition date is on or after 1 July 2014.

The amendments to HKFRS 8 (i) require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have 'similar economic characteristics'; and (ii) clarify that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.

The amendments to the basis for conclusions of HKFRS 13 clarify that the issue of HKFRS 13 and consequential amendments to HKAS 39 and HKFRS 9 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial. As the amendments do not contain any effective date, they are considered to be immediately effective.

The amendments to HKAS 16 and HKAS 38 remove perceived inconsistencies in the accounting for accumulated depreciation/amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs") (Continued)

Annual Improvements to HKFRSs 2010-2012 Cycle (continued)

The amendments to HKAS 24 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

The directors of the Company do not anticipate that the application of these amendments will have a material effect on the Group's consolidated financial statements.

Annual Improvements to HKFRSs 2011-2013 Cycle

The Annual Improvements to HKFRSs 2011-2013 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 3 clarify that the standard does not apply to the accounting for the formation of all types of joint arrangement in the financial statements of the joint arrangement itself.

The amendments to HKFRS 13 clarify that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, HKAS 39 or HKFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within HKAS 32.

The amendments to HKAS 40 clarify that HKAS 40 and HKFRS 3 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring investment property must determine whether:

(a) the property meets the definition of investment property in terms of HKAS 40; and

(b) the transaction meets the definition of a business combination under HKFRS 3.

The directors of the Company do not anticipate that the application of these amendments will have a material effect on the Group's consolidated financial statements.

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs") (Continued)

Annual Improvements to HKFRSs 2012-2014 Cycle

The Annual Improvements to HKFRSs 2012-2014 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 5 introduce specific guidance in HKFRS 5 for when an entity reclassifies an asset (or disposal group) from held for sale to held for distribution to owners (or vice versa), or when held-for-distribution accounting is discontinued. The amendments apply prospectively.

The amendments to HKFRS 7 provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of the disclosures required in relation to transferred assets and clarify that the offsetting disclosures (introduced in the amendments to HKFRS 7 *Disclosure – Offsetting Financial Assets and Financial Liabilities* issued in December 2011 and effective for periods beginning on or after 1 January 2013) are not explicitly required for all interim periods. However, the disclosures may need to be included in condensed interim financial statements to comply with HKAS 34 *Interim Financial Reporting*.

The amendments to HKAS 19 clarify that the high quality corporate bonds used to estimate the discount rate for post-employment benefits should be issued in the same currency as the benefits to be paid. These amendments would result in the depth of the market for high quality corporate bonds being assessed at currency level. The amendments apply from the beginning of the earliest comparative period presented in the financial statements in which the amendments are first applied. Any initial adjustment arising should be recognised in retained earnings at the beginning of that period.

The amendments to HKAS 34 clarify the requirements relating to information required by HKAS 34 that is presented elsewhere within the interim financial report but outside the interim financial statements. The amendments require that such information be incorporated by way of a cross-reference from the interim financial statements to the other part of the interim financial report that is available to users on the same terms and at the same time as the interim financial statements.

The directors of the Company do not anticipate that the application of these will have a material effect on the Group's consolidated financial statements.

The Group is in the process of making an assessment of what the impact of the other new or revised HKFRS is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's results of operations and financial position.

3. Significant Accounting Policies

Statement of compliance

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards, the collective term which includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the HKICPA and accounting principles generally accepted in Hong Kong. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange and by the Hong Kong Companies Ordinance.

Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured by fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

3. Significant Accounting Policies (Continued)

Basis of consolidation

The consolidation financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved where the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

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

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

In the company statement of financial position, investments in subsidiaries are stated at cost less any impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

3. Significant Accounting Policies (Continued)

Basis of consolidation (Continued)

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. 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 owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Business combinations

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

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

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 Income Taxes and HKAS 19 Employee Benefits respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 Share-based Payment at the acquisition date (see the accounting policy below); and

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

3. Significant Accounting Policies (Continued)

Business combinations (Continued)

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

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

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

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with HKAS 39, or HKAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

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

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

3. Significant Accounting Policies (Continued)

Goodwill

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

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

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

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

The Group's policy for goodwill arising on the acquisition of an associate is described below.

Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with HKFRS 5. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

3. Significant Accounting Policies (Continued)

Investments in associates (Continued)

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate, or when the investment (or a portion thereof) is classified as held for sale. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with HKAS 39. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate of the Group (such as a sale or contribution of assets), profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;

- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

3. Significant Accounting Policies (Continued)

Revenue recognition (Continued)

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from rendering of services is recognised when the relevant services have been rendered.

When the outcome of software development services can be measured reliably, revenue is recognised on the percentage of completion method, measured by reference to the proportion that costs incurred to date bear to estimated total costs for each contract. When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

The Group's accounting policy for recognition of revenue from operating leases is described in the accounting policy below.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

3. Significant Accounting Policies (Continued)

Leasing (Continued)

The Group as lessee

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see the accounting policy below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Leasehold land for own use

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

3. Significant Accounting Policies (Continued)

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;

- exchange differences on transactions entered into in order to hedge certain foreign currency risks; and

- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

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

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

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

3. Significant Accounting Policies (Continued)

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 added to 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.

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

Retirement benefit costs

Payments to defined contribution retirement benefit schemes (Mandatory Provident Fund scheme and state-managed retirement benefit schemes) are recognised as an expense when employees have rendered services entitling them to the contributions.

Share-based payment arrangements

Equity-settled share-based payment transactions

Share options granted to employees of the Company after 7 November 2002 and vested on or after 1 April 2005

For grants of share options that are conditional upon satisfying specified vesting conditions, the fair value of services received is determined by reference to the fair value of share options granted at the grant date and is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share options reserve).

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share options reserve.

For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium (transferred to share capital on or after the commencement date of the New CO on 3 March 2014). When share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to accumulated deficit.

3. Significant Accounting Policies (Continued)

Share-based payment arrangements (Continued)

Equity-settled share-based payment transactions (Continued)

Share options granted to employees of the Company on or before 7 November 2002, or granted after 7 November 2002 and vested before 1 April 2005

The financial impact of share options granted is not recorded in the financial statements until such time as the options are exercised, and no charge is recognised in profit or loss in respect of the value of options granted. Upon the exercise of the share options, the resulting shares issued are recorded as additional share capital at the nominal value of the shares, and the excess of the exercise price per share over the nominal value of the shares is recorded as share premium (recorded as share capital on or after the commencement date of the New CO on 3 March 2014). Options which lapse or are cancelled prior to their exercise date are deleted from the register of outstanding options.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "(loss)/profit before tax" as reported in the consolidated statement of profit or loss and other comprehensive income 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

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated 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. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax 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 associated with investments in subsidiaries and associates, and interests in joint ventures, 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. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to 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.

3. Significant Accounting Policies (Continued)

Taxation (Continued)

Deferred tax (Continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets 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 liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Property, plant and equipment

Property, plant and equipment including buildings and leasehold land (classified as finance leases) held for use in the production or supply of goods or services, or for administrative purposes (other than construction in progress as described below), are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Properties in the course of construction for production, supply or administrative purposes (construction in progress) are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of assets (other than construction in progress) less their residual values over their useful lives, using the straight-line method as follows:

Land and buildings	20 years
Leasehold improvements	Over the shorter of the term of lease, and 8 to 20 years
Plant and machinery	8 years
Computer equipment	3 to 5 years
Furniture and fixtures	5 years
Office equipment	3 to 5 years
Motor vehicles	5 to 8 years

3. Significant Accounting Policies (Continued)

Property, plant and equipment (Continued)

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Intangible assets acquired in a business combination

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

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

3. Significant Accounting Policies (Continued)

Intangible assets (Continued)

Exploration rights and assets

Exploration rights and assets are stated at cost less impairment losses. Exploration rights and assets include the cost of acquiring exploration rights, topographical and geological surveys, exploratory drilling, sampling and trenching and activities in relation to commercial and technical feasibility studies, and expenditure incurred to secure further mineralisation in existing ore bodies as well as in new areas of interest. Expenditure incurred prior to acquiring legal rights to explore an area is written off as incurred.

When it can be reasonably ascertained that an exploration property is capable of commercial production, exploration and evaluation costs capitalised are transferred to mining rights. The Group assesses exploration rights and assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs of disposal and value in use. Those exploration and evaluation expenditure costs, in excess of the estimated recoverable amount, are written off to profit or loss.

Mining rights

Mining rights are stated at cost less accumulated amortisation and any impairment losses. Mining rights include the cost of acquiring mining licences, exploration and evaluation costs, and the cost of acquiring interests in the mining reserves of existing mining properties. The mining rights are amortised using the units of production method based on the proven and probable mineral reserves.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

3. Significant Accounting Policies (Continued)

Impairment of tangible and intangible assets other than goodwill (Continued)

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs are determined on a first-in-first-out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts (if any).

Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3. Significant Accounting Policies (Continued)

Provisions (Continued)

Provision for land rehabilitation

The Group is required to incur costs for restoration of the land after the underground sites have been mined. Provision for land rehabilitation is recognised when the Group has a present obligation as a result of past event, and it is probable that the Group will be required to settle that obligation. Provision is measured by reference to relevant rules and regulations applicable in the People's Republic of China ("PRC") at the end of the reporting period, and is discounted to their present value where the effect is material.

Land rehabilitation costs are provided in the period in which the obligation is identified and is capitalised to the land rehabilitation costs. The costs are amortised on the straight-line basis over their estimate useful lives.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Financial assets are classified into the following specified categories: financial assets "at fair value through profit or loss" (FVTPL), "held-to-maturity investments", "available-for-sale" (AFS) financial assets and "loans and receivables". The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

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

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

3. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or

- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

it is a derivative that is not designated and effective as a hedging instrument.A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the statement of profit or loss and other comprehensive income. Fair value is determined in the manner as described in note 4.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Group has the positive intention and ability to hold to maturity other than:

a) those that the entity upon initial recognition designates as at fair value through profit or loss;

b) those that the entity designates as available for sale; and

c) those that meet the definition of loans and receivables.

3. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Held-to-maturity investments

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment (see the accounting policy in respect of impairment losses on financial assets below).

AFS financial assets

AFS financial assets are non-derivatives that are either designated as available-for-sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at FVTPL.

Equity and debt securities held by the Group that are classified as AFS financial assets and are traded in an active market are measured at fair value at the end of each reporting period. Changes in the carrying amount of AFS monetary financial assets relating to interest income calculated using the effective interest method and dividends on AFS equity investments are recognised in profit or loss. Other changes in the carrying amount of AFS financial assets are recognised in other comprehensive income and accumulated under the heading of investment revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss (see the accounting policy in respect of impairment loss on financial assets below).

Dividends on AFS equity investments are recognised in profit or loss when the Group's right to receive the dividends is established.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period (see the accounting policy in respect of impairment loss on financial assets below).

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including deposits, trade and other receivables and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

3. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods (see the accounting policy below).

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. 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.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

3. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity investments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investment revaluation reserve. In respect of AFS debt investments, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL on initial recognition.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

3. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Financial liabilities at FVTPL (Continued)

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the consolidated statement of profit or loss and other comprehensive income. Fair value is determined in the manner as described in note 4.

Other financial liabilities

Other financial liabilities (including trade and other payables, amount due to a related company, dividends payable to non-controlling interests, bank borrowing and promissory note) are subsequently measured at amortised cost using the effective interest method.

Effective interest method

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

Interest expense is recognised on an effective interest basis other than financial liabilities classified as at FVTPL.

3. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety, the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person,

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

or

(b) the party is an entity where any of the following conditions applies:

- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

3. Significant Accounting Policies (Continued)

Related parties (Continued)

(b) the party is an entity where any of the following conditions applies: (continued)

(iii) the entity and the Group 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); and

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

4. Financial Instruments

(a) Categories of financial instruments

	2015 HK$'000	2014 HK$'000
Financial assets		
Fair value through profit or loss Investments held for trading	-	4,192
Loans and receivables (including cash and cash equivalents)	**88,694**	74,756
Financial liabilities		
Amortised cost	**91,204**	148,528

(b) Financial risk management objectives and policies

The Group's major financial instruments include deposits, trade and other receivables, investments held for trading, bank balances and cash, trade and other payables, amount due to a related company, dividends payable to non-controlling interests, bank borrowing and promissory note. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

There has been no change to the types of the Group's exposure in respect of financial instruments or the manner in which it manages and measures the risks.

4. Financial Instruments (Continued)

(b) Financial risk management objectives and policies (Continued)

Market risk

Foreign currency risk management

Foreign currency risk refers to the risk that movement in foreign currency exchange rate will affect the Group's financial results and its cash flows. The management considers that the Group is not exposed to significant foreign currency risk as majority of its transactions are denominated in Hong Kong dollars and Renminbi (functional currencies of the major group entities).

The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign currency exposure and will consider hedging significant foreign currency exposure should the need arise.

At the end of the reporting period, the carrying amounts of the Group's major monetary assets denominated in currencies other than the functional currencies of the relevant group entities are as follows:

	2015 **HK$'000**	2014 HK$'000
Assets		
US$	**476**	40
Renminbi ("RMB")	**301**	297
HK$	**834**	842

Foreign currency sensitivity analysis

Since HK$ is pegged to US$, relevant foreign currency risk is minimal. Accordingly, their fluctuation is excluded from the sensitivity analysis. The following table details the Group's sensitivity to a 5% increase and decrease in the RMB against HK$ and HK$ against RMB. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rate. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rate. A positive number below indicates a decrease in loss where RMB strengthens against HK$ and HK$ strengthens against RMB. For a 5% weakening of RMB against HK$ and HK$ weakening against RMB, there would be an equal and opposite impact on the loss.

	2015 **HK$'000**	2014 HK$'000
RMB	**15**	15
HK$	**41**	42

4. Financial Instruments (Continued)

(b) Financial risk management objectives and policies (Continued)

Market risk (Continued)

Foreign currency risk management (Continued)

In management's opinion, the sensitivity analysis is unrepresentative of the inherent exchange risk as the year end exposure does not reflect the exposure during the year.

Interest rate risk management

The Group's fair value interest rate risk relates to primarily to its fixed-rate borrowings. The cash flow interest rate risk of the Group relates primarily to their variable-rate bank deposits. The management considers that the exposure to interest rate risk on bank deposits is insignificant. For borrowings which are fixed-rate instruments is insensitive to any change in interest rates. A change in interest rates at the end of the reporting period would not affect profit or loss. The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

Other price risks

The Group is exposed to equity price risk through their investments in listed equity securities. The management manages this exposure by maintaining a portfolio of investments with different risks. The Group's equity price risk is mainly concentrated on the fluctuation of market price of equity securities listed on the Stock Exchange. In addition, the Group has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

Equity price sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to equity price risk at the end of the reporting period.

If the prices of the respective equity instruments had been 10% higher/lower, loss for the year ended 31 March 2015 would decrease/increase by nil (2014: decrease/increase by approximately HK$419,000). This is mainly due to the changes in fair value of investments held for trading.

The Group's sensitivity to investments held for trading increased during the year mainly due to the violent fluctuation in the stock market during the year. In management's opinion, the sensitivity analysis is unrepresentative of the inherent other price risk as the year end exposure does not reflect the exposure during the year.

Credit risk management

The Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated and company statements of financial position respectively.

4. Financial Instruments (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk management (Continued)

In order to minimise the credit risk, the management of the Group have delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors consider that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because majority of the counterparties are banks with high credit ratings assigned by international credit-rating agencies and state-owned banks with good reputation.

The Group's concentration of credit risk on trade receivables by geographical locations is in Hong Kong and in the PRC, which accounted for 6% and 94% respectively (2014: 7% and 93% respectively) of the total trade receivables as at 31 March 2015. In addition, the Group has certain concentration of credit risk by customers as 73% (2014: 41%) of the Group's trade receivables were due from the Group's five largest customers. The management closely monitors the settlement of trade receivables and reviews their recoverability to ensure that adequate impairment losses are recognised for irrecoverable amounts.

Other than concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings or good reputation and on trade receivables, the Group does not have any other significant concentration of credit risk.

The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

Liquidity risk management

In the management of liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay and include both interest and principal cash flows.

For bank borrowing with a repayment on demand clause are included in the earliest time band regardless of the probability of the bank choosing to exercise its rights within one year after the reporting date. The maturity analysis for other non-derivative financial liabilities is prepared based on the scheduled repayment dates.

4. Financial Instruments (Continued)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk management (Continued)

	Weighted average effective interest rate %	On demand HK$'000	Less than 1 year HK$'000	1-5 years HK$'000	Over 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amounts at 31 March HK$'000
2015							
Non-derivative financial liabilities							
Trade and other payables	N/A	-	19,682	-	-	19,682	19,682
Amount due to a related company	N/A	700	-	-	-	700	700
Dividends payable to non-controlling interests	N/A	20,557	-	-		20,557	20,557
Bank borrowing (note (i))	2.25	9,210	-	-	-	9,210	9,192
Promissory note	3.16	-	11,207	31,802	-	43,009	41,073
		30,467	30,889	31,802	-	93,158	91,204
2014							
Non-derivative financial liabilities							
Trade and other payables	N/A	-	32,359	-	-	32,359	32,359
Amount due to a related company	N/A	700	-	-	-	700	700
Dividends payable to non-controlling interests	N/A	42,244	-	-		42,244	42,244
Bank borrowing (note (i))	2.25	9,804	-	-	-	9,804	9,786
Promissory note	3.16	-	23,634	43,009	-	66,643	63,439
		52,748	55,993	43,009	-	151,750	148,528

Note:

(i) Bank borrowing with a repayment on demand clause are included in the "On demand" time band in the above maturity analysis. As at 31 March 2015, the aggregate undiscounted principal amounts of this bank borrowing amounted to approximately HK$9,210,000. Taking into account the Group's financial position, the directors do not believe that it is probable that the bank will exercise its discretionary rights to demand immediate repayment. The directors believe that such bank borrowing will be repaid in accordance with the scheduled repayment dates set out in the loan agreement and the aggregate principal and interest cash outflows will amount to approximately HK$10,630,000.

4. Financial Instruments (Continued)

(c) Fair value measurements

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

The carrying amount of the Promissory Note as at 31 March 2015 amounted to approximately HK$41,073,000 (2014: HK$63,439,000), whereas its fair value amounted to approximately HK$42,035,000 (2014: HK$62,806,000). The fair value of the Promissory Note has been arrived using the effective interest method by discounting future estimated repayments at discount rate of 3.63% with reference to the Hong Kong Exchange Fund Notes yields and credit spreads of comparable financial instruments with similar characteristics.

Fair value hierarchy

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
As at 31 March 2015				
Financial liabilities				
Promissory note	**-**	**42,035**	**-**	**42,035**
As at 31 March 2014				
Financial assets				
Investments held for trading	4,192	-	-	4,192
Financial liabilities				
Promissory note	-	62,806	-	62,806

5. Capital Management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of debts (which includes bank borrowing and promissory note) and equity attributable to owners of the Company (comprising issued share capital and reserves).

The Group is not subject to any externally imposed capital requirements.

5. Capital Management (Continued)

Gearing ratio

The directors review the capital structure regularly. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends, new share issues and as well as the issue of new debts.

The gearing ratio at the end of the reporting period was as follows:

	2015 HK$'000	2014 HK$'000
Debts	**50,265**	73,225
Equity attributable to owners of the Company	**86,041**	86,018
Gearing ratio	**58.42%**	85.13%

6. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, which are described in note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Deferred taxation on investment properties

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties that are measured using the fair value model, the directors have reviewed the Group's investment property portfolios and concluded that the Group's investment properties are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in measuring the Group's deferred taxation on investment properties, the directors have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is not rebutted. As a result, the Group has not recognised any deferred taxes on changes in fair value of investment properties as the Group is not subject to any income taxes on disposal of its investment properties.

6. Critical Accounting Judgements and Key Sources of Estimation Uncertainty (Continued)

Critical judgements in applying accounting policies (Continued)

Withholding taxes arising from the distributions of dividends

The Group's determination as to whether to accrue for withholding taxes from the distribution of dividends from subsidiaries in the PRC according to the relevant tax jurisdictions is subject to judgement on the timing of the payment of the dividend, where the Group considers that if it is probable that the profits of the subsidiaries in the PRC will not be distributed in the foreseeable future, then no withholding taxes are provided.

Key sources of estimation uncertainty

The following are 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.

Impairment of mining and exploration assets and property, plant and equipment

The carrying amounts of mining and exploration assets and property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amounts may not be recoverable in accordance with the accounting policy as disclosed in note 3. The recoverable amount of these assets, or, where appropriate, the cash-generating unit to which they belong, is calculated as the higher of its fair value less costs of disposal and value in use. Estimating the value in use requires the Group to estimate the expected future cash flows from the cash-generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

Estimated net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and costs necessary to make the sale. These estimates are based on the current market condition and the historical experience of selling products of similar nature. It could change significantly as a result of changes in customer taste and competitor actions in response to changes to economic conditions.

6. Critical Accounting Judgements and Key Sources of Estimation Uncertainty (Continued)

Key sources of estimation uncertainty (Continued)

Estimated impairment of trade and other receivables

The Group estimates the provisions for impairment of trade and other receivables by assessing their recoverability based on credit history and prevailing marking conditions. Provisions are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. Where the expectation is different from the original estimate, such difference will affect the carrying amount of trade and other receivables and thus the impairment loss in the period in which such estimate is changed. The Group reassesses the provisions at the end of each reporting period.

Provision for land rehabilitation

Provision for land rehabilitation has been estimated by reference to the current regulatory requirements and the area affected estimated by the management. Significant changes in the regulatory requirements in relation to such costs will result in changes to the provision amounts from period to period. In addition, the expected timing of cash outflows of such rehabilitation costs are estimated based on the expected completion date of the closure of the mines and is subject to any significant changes to the production plan.

Mine reserves

Engineering estimates of the Group's mine reserves are inherently imprecise and represent only approximate amounts because of the significant judgements involved in developing such information. Mine reserves estimates can fluctuate from initial estimates when there are significant changes in any of the factors or assumptions used in estimating mine reserves, notably changes in the geology of the reserves and assumptions used in determining the economic feasibility of the reserves. This change is considered a change in estimates for accounting purposes and is reflected on a prospective basis at related amortisation rates.

7. Segment Information

The Group's operating segments are determined based on information reported to the chief operating decision maker (the "CODM"), being the board of directors, for the purpose of resources allocation and performance assessment. The CODM reviews the Group's internal reporting for the purposes of resource allocation and performance assessment based on two operating segments as (i) the provision of computer consultancy and software maintenance services, software development, sales of computer hardware and software and e-Commerce services ("Computer hardware and software business"); and (ii) the exploration and exploitation of mines ("Mining business").

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable segments:

	2015 **HK$'000**	2014 HK$'000
Segment revenue		
Computer hardware and software business	**17,727**	33,520
Mining business	**125,259**	94,461
	142,986	127,981
Segment results		
Computer hardware and software business	**(17,551)**	(31,930)
Mining business	**(41,779)**	(51,037)
	(59,330)	(82,967)
Interest income	**943**	215
Other income and gains	**1,322**	1,426
Unallocated corporate expenses	**(2,409)**	(3,289)
Fair value gains/(losses) on investment properties	**200**	(1,782)
Net gains/(losses) on investments held for trading	**226**	(3,123)
Gain on disposals of subsidiaries	**138**	-
Finance costs	**(2,384)**	(2,504)
Share of losses of associates	**(610)**	(322)
Loss before tax	**(61,904)**	(92,346)

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year (2014: nil).

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3. Segment results represent the loss from each segment without allocation of interest income, other income and gains, unallocated corporate expenses, fair value gains/(losses) on investment properties, net gains/(losses) on investments held for trading, gain on disposals of subsidiaries, finance costs and share of losses of associates. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

7. Segment Information (Continued)

Segment assets and liabilities

	2015 HK$'000	2014 HK$'000
Segment assets		
Computer hardware and software business	**31,558**	23,161
Mining business	**384,505**	456,203
Total segment assets	**416,063**	479,364
Unallocated	**59,559**	65,914
Consolidated assets	**475,622**	545,278
Segment liabilities		
Computer hardware and software business	**5,176**	10,954
Mining business	**83,620**	120,507
Total segment liabilities	**88,796**	131,461
Unallocated	**50,265**	73,225
Consolidated liabilities	**139,061**	204,686

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to reportable segments other than interests in associates, investment properties, amount and loan due from an associate, investments held for trading and bank balances and cash. Goodwill is allocated to segments as described in note 15; and

- all liabilities are allocated to reportable segments other than bank borrowing and promissory note.

7. Segment Information (Continued)

Other segment information

	2015 HK$'000	2014 HK$'000
Additions to non-current assets*		
Computer hardware and software business	**1,106**	1,602
Mining business	**6,780**	22,723
	7,886	24,325
Depreciation and amortisation		
Computer hardware and software business	**1,083**	816
Mining business	**13,761**	4,834
	14,844	5,650
Impairment loss recognised on trade receivables		
Computer hardware and software business	**1,137**	1,578
Provision for slow-moving inventories		
Computer hardware and software business	**408**	2,130
Mining business	**5,126**	-
	5,534	2,130
Impairment loss on other intangible assets		
Mining business	**55,834**	62,134

* Additions to non-current assets include additions to property, plant and equipment, goodwill, other intangible assets, prepaid lease payments and land rehabilitation costs (including assets from the acquisition through business combination).

Revenue from major products and services

The Group's revenue from its major products and services were as follows:

	2015 HK$'000	2014 HK$'000
Computer hardware	**6,770**	7,315
Computer software	**2,062**	1,812
Software development	**8,877**	19,414
e-Commerce services	**18**	4,979
Gold dores	**94,557**	94,461
Nickel-copper ores	**30,702**	-
	142,986	127,981

7. Segment Information (Continued)

Geographical information

The Group's operations are mainly situated in Hong Kong and the PRC.

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:

	2015 HK$'000	2014 HK$'000
Turnover from external customers		
Hong Kong	**6,105**	5,814
PRC	**136,881**	122,167
	142,986	127,981
Non-current assets*		
Hong Kong	**21,233**	20,633
PRC	**313,801**	386,174
	335,034	406,807

* Non-current assets excluding financial instruments

Information about major customers

Revenues from customers of the corresponding years contributing over 10% of total revenue of the Group are as follows:

	2015 HK$'000	2014 HK$'000
Customer A[2]	**66,379**	23,952
Customer B[2]	**28,388**	N/A[3]
Customer C[2]	**14,396**	N/A[3]
Customer D[2]	**N/A[3]**	70,236
Customer E[1]	**N/A[3]**	17,173

1 Revenue from computer hardware and software business
2 Revenue from mining business
3 The corresponding revenue did not contribute over 10% of the total revenue of the Group

8. Finance Costs

	2015 HK$'000	2014 HK$'000
Interest on bank borrowing	**214**	191
Effective interest on promissory note	**2,170**	2,313
Total borrowing costs	**2,384**	2,504

9. Loss for the Year

	2015 HK$'000	2014 HK$'000
Loss for the year has been arrived at after charging/(crediting):		
Directors' and chief executive's emoluments (note 10)	**7,107**	7,579
Other staff's retirement benefits scheme contributions	**1,763**	2,618
Other staff's equity-settled share-based payments	**-**	2,275
Other staff costs	**19,349**	21,865
Total employee benefits expenses	**28,219**	34,337
Depreciation of property, plant and equipment	**3,113**	3,155
Amortisation of:		
– prepaid lease payments	**186**	186
– land rehabilitation costs	**801**	799
– other intangible assets	**10,744**	1,510
Total depreciation and amortisation	**14,844**	5,650
Auditors' remuneration		
– audit services	**880**	950
– non-audit services	**359**	357
Cost of inventories recognised as an expense	**81,596**	83,804
Loss on disposal of property, plant and equipment	**4**	3
Impairment loss recognised on trade receivables (included in other expenses)	**1,137**	1,578
Impairment loss on other intangible assets	**55,834**	62,134
Operating lease rentals in respect of rented premises	**2,058**	2,496
Provision for slow-moving inventories (included in other expenses)	**5,534**	2,130
Net foreign exchange gains	**(56)**	(216)
Dividends from equity securities	**(84)**	(328)
Interest income	**(943)**	(215)
Gross rental income from investment properties	**-**	-
Less: direct operating expenses from investment properties that did not generate rental income during the year	**115**	113
	115	113

10. Directors', Chief Executive's and Employees' Emoluments

Directors' and chief executive's emoluments

The emoluments paid or payable to each of the directors and the chief executive were as follows:

For the year ended 31 March 2015

	Fees HK$'000	Salaries and other benefits HK$'000	Retirement benefits scheme contributions HK$'000	Share-based payments HK$'000	Total emoluments HK$'000
Executive directors					
Cheng Kin Kwan	-	2,452	-	-	2,452
Law Kwai Lam	-	422	-	-	422
Leung Mei Sheung Eliza	-	691	21	-	712
Zheng Ying Yu (resigned on 16 September 2014)	-	176	9	-	185
Fung Chun Pong Louis (resigned on 27 May 2015)	-	588	20	-	608
Liao Yun	-	574	20	-	594
Felipe Tan	150	515	18	-	683
Zhang Ming	150	535	18	-	703
Lau Yun Fong Carman (appointed on 17 November 2014)	45	218	7	-	270
Independent non-executive directors					
Tsang Wai Chun Marianna	126	-	-	-	126
Chan Mei Ying Spencer	126	-	-	-	126
Lam Kwai Yan	126	-	-	-	126
Chan Choi Ling	100	-	-	-	100
	823	6,171	113	-	7,107

10. Directors', Chief Executive's and Employees' Emoluments (Continued)

Directors' and chief executive's emoluments (Continued)

For the year ended 31 March 2014

	Fees HK$'000	Salaries and other benefits HK$'000	Retirement benefits scheme contributions HK$'000	Share-based payments HK$'000	Total emoluments HK$'000
Executive directors					
Cheng Kin Kwan	-	2,136	-	-	2,136
Law Kwai Lam	-	422	-	-	422
Leung Mei Sheung Eliza	-	680	18	-	698
Zheng Ying Yu (resigned on 16 September 2014)	-	370	17	254	641
Fung Chun Pong Louis (resigned on 27 May 2015)	-	588	18	85	691
Liao Yun	-	486	17	253	756
Felipe Tan	120	480	16	-	616
Zhang Ming	120	510	6	253	889
Independent non-executive directors					
Tsang Wai Chun Marianna	126	-	-	-	126
Chan Mei Ying Spencer	126	-	-	84	210
Lam Kwai Yan	126	-	-	84	210
Chan Choi Ling	100	-	-	84	184
	718	5,672	92	1,097	7,579

10. Directors', Chief Executive's and Employees' Emoluments (Continued)

Directors' and chief executive's emoluments (Continued)

Mr. Cheng Kin Kwan is also the chief executive and his emoluments disclosed above include those for services rendered by him as the chief executive.

During the year, no emoluments were paid by the Group to any of the directors or the chief executive as an inducement to join or upon joining the Group or as compensation for loss of office (2014: nil). None of the directors or the chief executive has waived any emoluments during the year (2014: nil).

Employees' emoluments

Of the five individuals with the highest emoluments in the Group, four (2014: three) were directors or the chief executive of the Company whose emoluments are included in the disclosures above. The emoluments of the remaining individual (2014: two individuals) were as follows:

	2015 HK$'000	2014 HK$'000
Basic salaries and allowances	**828**	1,435
Retirement benefits scheme contributions	**20**	34
Performance and discretionary bonus	**-**	98
Share-based payment expense	**-**	328
	848	1,895

The emoluments of each of these highest paid individuals were within HK$1,000,000.

During the year, no emoluments were paid by the Group to any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office (2014: nil).

11. Income Tax Credit

	2015 HK$'000	2014 HK$'000
Current tax		
- PRC Enterprise Income Tax	**4,027**	6,535
Deferred tax (note 29)	**(8,113)**	(9,006)
Total income tax recognised in profit or loss	**(4,086)**	(2,471)

Hong Kong Profits Tax is calculated at 16.5% of the estimated profit for both years. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates. No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the Group had no assessable profit arising in or derived from Hong Kong for both years.

11. Income Tax Credit (Continued)

The tax credit for the year can be reconciled to the loss before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2015 **HK$'000**	2014 HK$'000
Loss before tax	**(61,904)**	(92,346)
Tax at the Hong Kong Profits Tax rate of 16.5%	**(10,214)**	(15,237)
Tax effect of share of losses of associates	**100**	53
Tax effect of expenses not deductible for tax purposes	**6,309**	1,564
Tax effect of income not taxable for tax purposes	**(5,835)**	(3,080)
Tax effect of unrecognised tax losses	**3,950**	10,296
Effect of different tax rates for subsidiaries operating in jurisdictions other than Hong Kong	**1,271**	3,246
PRC withholding tax	**333**	687
Others	**-**	-
Income tax credit for the year	**(4,086)**	(2,471)

12. Loss Per Share

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

	2015	2014
Loss:		
Loss for the year attributable to owners of the Company for the purpose of basic and diluted loss per share	**HK$33,443,000**	HK$56,903,000
Number of ordinary shares:		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**1,693,394,133**	1,600,357,805

The computation of diluted loss per share did not assume the exercise of the Company's outstanding share options existed during the years ended 31 March 2015 and 2014 since their exercise would result in a decrease in loss per share.

13. Investment Properties

	2015 HK$'000	2014 HK$'000
At fair value		
Balance at beginning of year	**19,600**	-
Additions	**-**	21,382
Net gains/(loss) from fair value adjustment	**200**	(1,782)
Transfer to property, plant and equipment (note 14)	**(19,800)**	-
Balance at end of year	**-**	19,600

As at 31 March 2014, the Group's property interests were held under medium-term operating lease and situated in Hong Kong. As at 31 March 2014, all of the Group's investment properties have been pledged to secure mortgages granted to the Group. Further details of the borrowing are set out in note 26 to these consolidated financial statements.

Fair value measurement of the Group's investment properties

The fair value of the Group's investment properties as at 31 March 2014 has been arrived at on the basis of a valuation carried out by LCH (Asia-Pacific) Surveyors Limited, independent qualified professional valuers not connected to the Group.

The fair value was determined based on sale comparison approach by direct comparison method that reflects recent transaction prices for similar properties, adjusted for differences in nature, location and condition of the properties under review.

The Group has determined that the highest and best use of investment properties at the measurement date would be to convert those properties for commercial purpose either or capital appreciation or for earning rentals.

Details of the Group's investment properties and information about the fair value hierarchy as at 31 March 2014 are as follows:

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Commercial property units located in Hong Kong	**-**	**19,600**	**-**	**19,600**

During the year, there were no transfers of fair value measurements between Level 1 and 2 and no transfers into or out of Level 3.

14. Property, Plant and Equipment

	Land and buildings HK$'000	Leasehold improvements HK$'000	Plant and machinery HK$'000	Computer equipment HK$'000	Furniture and fixtures HK$'000	Office equipment HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
Cost									
Balance at 31 March 2013	21,586	1,373	4,043	13,922	982	6,041	3,519	18,106	69,572
Exchange adjustments	(50)	-	(9)	(14)	(1)	(4)	(6)	(42)	(126)
Acquisition through business combination (note 35)	-	-	-	191	-	-	-	-	191
Transfer	48		-	-	-	-		(48)	-
Additions	1,011	-	4,883	216	1	317	425	32	6,885
Disposals/write-off	-	-	(717)	(1,577)	-	(5)	-	-	(2,299)
Balance at 31 March 2014	22,595	1,373	8,200	12,738	982	6,349	3,938	18,048	74,223
Exchange adjustments	38	-	14	14	1	4	5	31	107
Transfer	18,079	-	800	-	-	-	-	(18,879)	-
Transfer from investment properties (note 13)	19,800	-	-	-	-	-	-	-	19,800
Derecognised on disposals of subsidiaries (note 36)	-	-	-	(307)	-	-	-	-	(307)
Additions	770	724	4,842	395	161	100	9	800	7,801
Disposals/write-off	-	(1,373)	-	(5,390)	(517)	(3,649)	-	-	(10,929)
Balance at 31 March 2015	61,282	724	13,856	7,450	627	2,804	3,952	-	90,695
Accumulated depreciation and impairment									
Balance at 31 March 2013	2,248	1,373	416	12,106	853	4,262	923	-	22,181
Exchange adjustments	(5)	-	(1)	(12)	(1)	(1)	(1)	-	(21)
Provided for the year	2,310	-	652	517	28	377	662	-	4,546
Eliminated on disposals/write-off	-	-	(689)	(1,577)	-	(2)	-	-	(2,268)
Balance at 31 March 2014	4,553	1,373	378	11,034	880	4,636	1,584	-	24,438
Exchange adjustments	8	-	1	9	1	1	2	-	22
Provided for the year	3,241	36	1,322	414	35	521	684	-	6,253
Eliminated on disposals of subsidaries (note 36)	-	-	-	(71)	-	-	-	-	(71)
Eliminated on disposals/write-off	-	(1,373)	-	(5,390)	(513)	(3,649)	-	-	(10,925)
Balance at 31 March 2015	7,802	36	1,701	5,996	403	1,509	2,270	-	19,717
Carrying amounts									
Balance at 31 March 2015	**53,480**	**688**	**12,155**	**1,454**	**224**	**1,295**	**1,682**	**-**	**70,978**
Balance at 31 March 2014	18,042	-	7,822	1,704	102	1,713	2,354	18,048	49,785

Depreciation expenses of approximately HK$3,113,000 (2014: HK$3,155,000) have been included in profit or loss in the depreciation and amortisation line item and HK$3,140,000 (2014: HK$1,391,000) have been capitalised in the cost of inventories for the year ended 31 March 2015.

At 31 March 2015, land and buildings with carrying amount of approximately HK$19,692,000 (2014: nil) have been pledged to secure mortgages granted to the Group. Further details of the borrowing are set out in note 26 to these consolidated financial statements.

15. Goodwill

	2015 HK$'000	2014 HK$'000
Cost		
Balance at beginning of year	**7,244**	6,734
Additional amounts recognised from business combination occurring during the year (note 35)	**-**	510
Derecognised on disposals of subsidiaries (note 36)	**(510)**	-
Balance at end of year	**6,734**	7,244
Accumulated impairment losses		
Balance at beginning of year	**6,734**	6,734
Write off/impairment recognised in the year	**-**	-
Balance at end of year	**6,734**	6,734
Carrying amounts		
Balance at 31 March	**-**	510

Impairment testing on goodwill

As at 31 March 2014, goodwill to the extent of approximately HK$510,000 has been allocated for impairment testing purposes to the computer hardware and software business unit.

The recoverable amount of this cash-generating unit ("CGU") was determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by the directors covering a five-year period, and a discount rate of 23% which reflects current market assessments of the time value of money and the risks specific to the CGU. The directors were of the opinion that based on value in use calculation, there was no impairment of goodwill during the year ended 31 March 2014. The directors believe that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the carrying amount of the CGU to exceed its recoverable amount.

16. Other Intangible Assets

	Mining rights HK$'000	Exploration rights and assets HK$'000	Total HK$'000
Cost			
Balance at 1 April 2013	138,918	248,628	387,546
Effect of foreign currency exchange differences	(322)	(576)	(898)
Additions	10,914	5,825	16,739
Balance at 31 March 2014	149,510	253,877	403,387
Effect of foreign currency exchange differences	252	432	684
Additions	-	85	85
Transfer to mining rights	223,446	(254,394)	(30,948)
Balance at 31 March 2015	**373,208**	**-**	**373,208**
Accumulated amortisation and impairment			
Balance at 1 April 2013	23,642	-	23,642
Effect of foreign currency exchange differences	(56)	-	(56)
Provided for the year	1,510	-	1,510
Impairment loss recognised	31,238	30,896	62,134
Balance at 31 March 2014	56,334	30,896	87,230
Effect of foreign currency exchange differences	95	52	147
Provided for the year	16,783	-	16,783
Eliminated upon transfer to mining rights	-	(30,948)	(30,948)
Impairment loss recognised	55,834	-	55,834
Balance at 31 March 2015	**129,046**	**-**	**129,046**
Carrying amounts			
Balance at 31 March 2015	**244,162**	**-**	**244,162**
Balance at 31 March 2014	93,176	222,981	316,157

The effective amortisation rate of mining rights for the year approximates to 4% (2014: 1%).

Amortisation expenses of approximately HK$10,744,000 (2014: HK$1,510,000) have been included in profit or loss in the depreciation and amortisation line item and HK$6,039,000 (2014: nil) have been capitalised in the cost of inventories for the year ended 31 March 2015.

During the year ended 31 March 2015, due to decline in market price of gold and iron which results in decrease in operating results by a PRC subsidiary which is engaging in mining and processing of gold, iron and nickel-copper and located in Xinjiang of the PRC, the Group carried out a review on the recoverable amounts of the relevant mines.

Gold mining

For the year ended 31 March 2015, the recoverable amount of the gold mine is determined based on a value in use calculation and discount rate of 9% (2014: 8%) which reflects current market assessments of the time value of money and the risks specifics to the gold mining. Other key assumptions for the value in use relate to the estimation of cash inflows/outflows which include level of production, mining costs and gold prices. Based on the value in use calculation, the recoverable amount of the gold mining cash-generating unit was found to be less than its carrying amount. The review led to the recognition of an impairment loss on the mining rights of approximately HK$18,216,000 (2014: HK$31,238,000), which has been recognised in profit or loss and included in "impairment loss on other intangible assets" during the year ended 31 March 2015.

16. Other Intangible Assets (Continued)

Iron mining

For the year ended 31 March 2015, the iron price has further dropped by approximately 46% to US$60 per tonne. The management considered under such circumstances, the mine has no resources feasible for economical production and determined to be fully impaired. The review led to the recognition of an impairment loss on the mining rights of approximately HK$37,618,000 (2014: nil), which has been recognised in profit or loss and included in "impairment loss on other intangible assets" during the year ended 31 March 2015.

Nickel-copper mining

For the year ended 31 March 2014, the recoverable amount of the nickel-copper mine was determined based on a value in use calculation, and discount rate of 8% which reflects then market assessments of the time value of money and the risks specifics to the mine. Other key assumptions for the value in use relate to the estimation of cash inflows/outflows which include level of production, mining costs and nickel prices. Based on the value in use calculation, the recoverable amount of the mine was found to be less than its carrying amount. The review led to the recognition of an impairment loss on the explorations right and assets of approximately HK$30,896,000, which was recognised in profit or loss and included in "impairment loss on other intangible assets" during the year ended 31 March 2014.

17. Interests in Associates

	2015 **HK$'000**	2014 HK$'000
Unlisted investments, at cost	**95,150**	95,150
Share of post-acquisition results and other comprehensive income	**(88,433)**	(88,533)
	6,717	6,617

The principal investment in an associate at 31 March 2015 and 2014 represents the Group's 25.035% equity interest in 寧夏教育信息技術股份有限公司 (Ningxia Educational Information & Technology Co., Ltd.) ("Ningxia Educational"), a Sino-foreign joint stock limited company established in the PRC and engaged in the development of education informatisation programmes in Ningxia Hui Autonomous Region of the PRC.

The summarised financial information in respect of the Group's material associate is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with HKFRSs.

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

17. Interests in Associates (Continued)

	2015 HK$'000	2014 HK$'000
Current assets	**21,941**	22,344
Non-current assets	**16,773**	13,970
Current liabilities	**(3,141)**	(1,152)
Non-current liabilities	**(8,744)**	(8,730)
Revenue	**-**	-
Loss for the year	**(2,437)**	(1,286)
Other comprehensive income/(loss) for the year	**2,832**	(2,524)
Total comprehensive income/(loss) for the year	**395**	(3,810)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

	2015 HK$'000	2014 HK$'000
Net assets of the associate	**26,829**	26,432
Proportion of the Group's ownership interest	**25.035%**	25.035%
Carrying amount of the Group's interest	**6,717**	6,617

18. Prepaid Lease Payments

	2015 HK$'000	2014 HK$'000
Balance at beginning of year	**7,378**	7,580
Amortisation expense	**(186)**	(186)
Effect of foreign currency exchange differences	**12**	(16)
Balance at end of year	**7,204**	7,378
Analysis of the carrying amounts of prepaid lease payments is as follows:		
Prepaid lease payments	**7,204**	7,378
Less: portion to be charged to profit or loss in the coming twelve months and shown as current assets	**(185)**	(186)
Balance at end of year	**7,019**	7,192

The Group's prepaid lease payments comprised a land use right situated in the PRC under medium term lease with lease term of 50 years.

19. Land Rehabilitation Costs

	2015 HK$'000	2014 HK$'000
Balance at beginning of year	**6,946**	7,763
Amortisation expense	**(801)**	(799)
Effect of foreign currency exchange differences	**13**	(18)
Balance at end of year	**6,158**	6,946

The land rehabilitation costs relate to the restoration costs for the occupation of lands at mining sites. The amortisation period ranges from approximately 1 to 13 years.

20. Inventories

	2015 HK$'000	2014 HK$'000
Raw materials	**44,450**	38,312
Finished goods	**707**	2,440
	45,157	40,752

21. Trade and Other Receivables

	2015 HK$'000	2014 HK$'000
Trade receivables	**8,453**	12,815
Allowance for doubtful debts	**(1,790)**	(1,578)
Trade receivables, net of allowance	**6,663**	11,237
Prepayments	**6,552**	18,585
Deposits	**27,939**	23,643
Other receivables	**3,055**	6,169
	44,209	59,634
Less: deposits classified as non-current assets	**(25,608)**	(21,461)
	18,601	38,173

Long-term deposits of the Group represent the land restoration and environmental recoverability guarantee deposits in certain specified bank accounts. The amounts are restricted and not expected to be refunded within the next 12 months as at 31 March 2015.

As at 31 March 2015, included in the Group's trade receivables are amount due from a related company amounted to approximately HK$78,000 (2014: nil) which is beneficially owned as to 26.75% by Mr. Felipe Tan, a director and shareholder of the Company. The maximum outstanding balance of the amount due was approximately HK$78,000 for the year ended 31 March 2015 (2014: nil). In addition, included in the Group's other receivables are non-interest bearing amount due from an associate and interest-bearing loan to an associate amounting to approximately HK$431,000 and HK$1,374,000 (2014: HK$440,000 and HK$1,358,000) respectively. The loan carries interest at the best-lending rate with similar maturity of the banks in PRC. These amounts are unsecured and repayable within one year.

The following is an analysis of trade receivables by age, presented based on the invoice date and net of allowance for doubtful debts:

	2015 HK$'000	2014 HK$'000
0 to 30 days	**4,288**	1,015
31 to 60 days	**710**	4,629
61 to 90 days	**-**	9
More than 90 days	**1,665**	5,584
	6,663	11,237

The credit terms granted to customers are varied and are generally the result of negotiations between individual customers and the Group. No interest is charged on overdue trade receivables. The management closely monitors the credit quality of trade and other receivables and considers the trade and other receivables that are neither past due nor impaired to be of a good credit quality.

21. Trade and Other Receivables (Continued)

As at 31 March 2015, 54% (2014: 7%) of the trade receivables that are neither past due nor impaired relate to a number of independent customers that have a good track record with the Group. Of the trade receivables balance at the end of the reporting period, approximately 73% (2014: 41%) were due from the Group's five largest customers.

Trade receivables disclosed above include amounts (see below for aged analysis) which are past due at the end of the reporting period for which the Group considers no provision for impairment is required because they were either subsequently settled or with no historical default of payments by the respective customers that the amounts are still considered recoverable.

Age of trade receivables that are past due but not impaired

	2015 HK$'000	2014 HK$'000
Overdue by:		
1 to 30 days	**492**	4,699
31 to 60 days	**-**	-
61 to 90 days	**-**	-
More than 90 days	**1,597**	5,584
	2,089	10,283

Movement in the allowance for doubtful debts

	2015 HK$'000	2014 HK$'000
Balance at beginning of the year	**1,578**	-
Impairment losses recognised on trade receivables	**1,137**	1,578
Amounts written off during the year as uncollectible	**(925)**	-
Balance at the end of year	**1,790**	1,578

Age of impaired trade receivables

	2015 HK$'000	2014 HK$'000
Overdue by:		
More than 90 days	**1,790**	1,578

At 31 March 2015, the Group's trade receivables of approximately HK$1,790,000 (2014: HK$1,578,000) were determined to be impaired. The impaired receivables related to customers that were in financial difficulties and management assessed that the receivables were not recoverable. Consequently, allowance for doubtful debts of HK$1,790,000 (2014: HK$1,578,000) were recognised. The Group does not hold any collateral over these balances.

22. Investments Held for Trading

Investments held for trading represent Hong Kong listed equity securities. The fair values of these investments are determined with reference to quoted market bid prices.

23. Bank Balances and Cash/Pledged Bank Deposits

Bank balances and cash comprise cash held by the Group and short-term bank deposits with effective interest rates ranging between 0.01% and 1.620% (2014: between 0.01% and 0.385%) per annum.

Pledged bank deposits represent deposits pledged to a bank to secure short-term credit facilities granted to the Group to the extent of HK$110,000 (2014: HK$110,000) respectively and are therefore classified as current assets. The pledged bank deposits will be released upon the expiry of relevant banking facilities.

At 31 March 2015, the Group had bank balances and cash of approximately HK$43,517,000 (2014: HK$21,662,000) which are denominated in Renminbi and placed with banks in the PRC. The remittance of these funds out of the PRC is subject to the exchange control restrictions imposed by the PRC government.

24. Trade and Other Payables

	2015 **HK$'000**	2014 HK$'000
Trade payables	**2,625**	11,616
Customers' deposits received	**1,841**	1,961
Other payables	**17,057**	20,743
	21,523	34,320

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

	2015 **HK$'000**	2014 HK$'000
0 to 30 days	**1,481**	7,491
31 to 60 days	**-**	-
61 to 90 days	**-**	-
More than 90 days	**1,144**	4,125
	2,625	11,616

25. Amount Due to a Related Company

The amount due to a related company beneficially owned by a director of the Company is unsecured, interest-free and repayable on demand.

26. Bank Borrowing

	2015 HK$'000	2014 HK$'000
Secured bank loan	**9,192**	9,786
Carrying amount repayable:		
Within one year	**607**	593
More than one year but contain a repayment on demand clause (shown under current liabilities)	**8,585**	9,193
	9,192	9,786

The bank loan is secured by a mortgage over the Group's investment properties (note 13) or fixed assets (note 14) and bear interest at 3% per annum below the HK$ best lending rate. The effective interest rate is 2.25% per annum.

27. Promissory Note

On 11 May 2012, the Group issued promissory note to Starmax Holdings Limited as part of the purchase consideration of a 51% equity interest of Goffers Management Limited in the principal amount of HK$63,000,000 (the "PN"). The PN bears interest at 3% per annum payable on each anniversary date of issue and is secured by a charge over a 51% of the issued share capital of Goffers Management Limited, a non-wholly owned subsidiary of the Company.

Pursuant to the terms of the PN, the first instalment in the principal amount of HK$10,000,000 ("First Instalment") would be due on 11 May 2013. On 10 May 2013, Starmax Holdings Limited and the Group entered a supplemental agreement to extend the repayment date of the First Instalment to 11 May 2014, and that interest shall continue to accrue on the overdue First Instalment at 7% per annum according to the terms of the PN until the First Instalment is fully paid by the Group. All other terms of the PN remain the same and valid.

Pursuant to the terms of the PN and the supplemental agreement dated 10 May 2013, the repayment of the first and second instalments in the principal sum of HK$20,000,000 (the "First and Second Instalment") falls due on 11 May 2014. As repayment of the outstanding principal sum would affect cash flow of the Group, on 9 May 2014, Starmax Holdings Limited and the Group mutually agreed to extend the repayment date of the First and Second Instalment to 11 May 2015. The interest shall continue to accrue on the overdue instalments at 7% per annum according to the terms of the PN until the abovementioned instalments are fully paid by the Group. All other terms of the PN remain the same and valid.

On 30 December 2014, the Group agreed with Starmax Holdings Limited to repay on 30 December 2014 the First and Second instalments and the accrued default interests of approximately HK$901,000 (at the default rate of 7% per annum) accumulated from 9 May 2014 to 30 December 2014. All other terms of the PN remain the same and valid.

28. Provision for Land Rehabilitation

	2015 HK$'000
Balance at beginning of year	**9,849**
Effect of foreign currency exchange differences	**17**
Balance at end of year	**9,866**

In accordance with relevant PRC rules and regulations, the Group is obliged to accrue the cost for land reclamation and mine closures for the Group's existing mines. The provision for land rehabilitation has been determined by the directors based on their best estimates with reference to relevant PRC rules and regulations.

29. Deferred Taxation

The following are the major deferred tax liabilities recognised and movements thereon during the current and prior years:

	Withholding tax on undistributed profits HK$'000	Fair value adjustments arising from business combination HK$'000	Total HK$'000
Balance at 1 April 2013	1,334	49,613	50,947
Effect of foreign currency exchange differences	(3)	(114)	(117)
Charge/(credit) to profit or loss	276	(9,282)	(9,006)
Balance at 31 March 2014	1,607	40,217	41,824
Effect of foreign currency exchange differences	3	68	71
Charge/(credit) to profit or loss	1,016	(9,129)	(8,113)
Balance at 31 March 2015	**2,626**	**31,156**	**33,782**

29. Deferred Taxation (Continued)

Under the Enterprise Income Tax Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has been provided in full in the consolidated financial statements in respect of temporary differences attributable to the profits earned by certain PRC subsidiaries (2014: approximately HK$229,000 has not been provided for in the consolidated financial statements as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future).

The investment properties are held with objective to consume substantially all of their economic benefits through sale. Therefore the Group has not recognised any deferred taxes on changes in fair value of the investment properties as gain or loss on disposal of its investment properties is not subject to any income taxes.

At the end of the reporting period, the Group has estimated unused tax losses of approximately HK$424,000,000 (2014: HK$384,000,000) available for offsetting against future profits of the group entities in which the losses arose. These estimated unused tax losses of the Group may be carried forward indefinitely except for an amount of approximately HK$39,680,000 (2014: HK$35,000,000) which is due to expire within one to five years. No deferred tax asset has been recognised in respect of these estimated unused tax losses due to unpredictability of future profit streams.

30. Share Capital

	Number of ordinary shares		Amount	
	2015	2014	2015 HK$'000	2014 HK$'000
Ordinary shares, authorised:				
At beginning of year	-	2,500,000,000	125,000	125,000
Increase in authorised share capital	-	2,500,000,000	125,000	125,000
Transition to new CO	-	(5,000,000,000)	(250,000)	(250,000)
At end of year	-	-	-	-
Ordinary shares, issued and fully paid:				
At beginning of year	1,624,551,503	1,580,261,503	773,715	79,013
Issue of shares by way of placing	201,700,000	-	29,246	-
Exercise of share options	20,040,000	44,290,000	3,467	2,215
Transaction costs attributable to issue of new ordinary shares	-	-	(379)	-
Transfer from share premium	-	-	-	692,487
At end of year	1,846,291,503	1,624,551,503	806,049	773,715

During the year ended 31 March 2014, the authorised share capital was increased from HK$125,000,000 divided into 2,500,000,000 shares at HK$0.05 each to HK$250,000,000 divided into 5,000,000,000 shares at HK$0.05 each. The increase in authorised share capital was duly passed by the shareholders by way of poll at the annual general meeting held on 25 September 2013.

On 9 December 2014, an aggregate of 201,700,000 ordinary shares were issued to not less than six placees, who are independent third parties, at a price of HK$0.145 per share. The net proceeds were used to provide additional working capital of the Group.

Share options were exercised by option holders during the year ended 31 March 2015 to subscribe for a total of 20,040,000 (2014: 44,290,000) ordinary shares by payment of subscription monies of approximately HK$3,467,000 (2014: HK$2,215,000) which was credited to share capital and the balance of nil (2014: approximately HK$6,733,000) was credited to the share premium account.

An entirely new Company Ordinance (Cap.622) ("new CO") came into effect on 3 March 2014. The new CO abolishes authorised share capital, par value, share premium and capital redemption reserve, in respect of the share capital of Hong Kong companies. As a result, the amounts of share premium of the Company are transferred to the share capital.

All the shares issued during the years ended 31 March 2015 and 2014 rank pari passu with the then existing shares in all respects.

31. Share Options

Share option scheme prior to 28 April 2013 ("2003 Share Option Scheme")

The options of the 2003 Share Option Scheme may be granted to any director, employee, consultant, customer, supplier, agent, partner, provider of financial assistance, shareholder or adviser of or contractor to the Group or a company in which the Group holds an interest or a subsidiary of such company ("Eligible Participants"), the trustee of the Eligible Participants or a company beneficially owned by the Eligible Participants. The purpose of the 2003 Share Option Scheme is to recognise and acknowledge the contributions that the Eligible Participants had made or may make to the Group.

The maximum number of shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the 2003 Share Option Scheme and other share option schemes of the Company shall not, in aggregate, exceed 30% of the shares of the Company in issue from time to time. No options may be granted to any Eligible Participants which if exercised in full would result in the total number of shares issued and to be issued upon exercise of the share options already granted to such Eligible Participants in the 12-month period up to and including the date of such new grant exceeding 1% of the issued share capital of the Company as at the date of grant unless approval is obtained from the shareholders of the Company. The exercisable period is determined by the board of directors in its absolute discretion, save that such period shall not be more than ten years from the date of grant. There is no generally applicable minimum period for which the options must be held before it can be exercised.

An offer of the grant of an option shall be accepted when the Company receives in writing the acceptance of the offer from the grantee together with a remittance in favor of the Company of HK$1 by way of consideration for the grant thereof. The option shall remain open for acceptance by the Eligible Participants concerned for a period of 28 days from the date of offer. The exercise price shall be determined by the board of directors at the time of grant of the relevant option and notified to each grantee and shall not be less than the highest of: (i) the closing price of a share as stated in the Stock Exchange's daily quotation sheet on the date of grant of the relevant option, which must be a business day; (ii) an amount equivalent to the average closing price of shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant of the relevant option; and (iii) the nominal value of a share.

The 2003 Share Option Scheme is valid for a period of ten years commencing on the adoption date of 28 April 2003 and was expired during the current financial period. Thereafter, no further options would be granted under the 2003 Share Option Scheme but the subsisting options granted thereunder prior to the expiry date will continue to be valid and exercisable in accordance with the terms of the 2003 Share Option Scheme.

At 31 March 2015, the total number of shares available for issue under the 2003 Share Option Scheme is 26,700,000 (2014: 45,300,000) shares, representing 1.45% (2014: 2.79%) of the issued share capital of the Company at that date.

31. Share Options (Continued)

Share option scheme on or after 25 September 2013 ("2013 Share Option Scheme")

On 25 September 2013, an ordinary resolution approving the adoption of a new share option scheme was passed by shareholders at the annual general meeting of the Company. Under the 2013 Share Option Scheme, directors of the Company may grant options to eligible persons to subscribe for the Company's shares subject to the terms and conditions as stipulated therein. Unless otherwise cancelled or amended, the 2013 Share Option Scheme will remain valid for a period of 10 years from the adoption date.

The purpose of the 2013 Share Option Scheme is to provide incentives to the eligible participants to contribute to the Group and to enable the Group to recruit high-caliber employees and attract resources that are valuable to the Group. Under the 2013 Share Option Scheme, the board of directors of the Company may grant options to any person being full time or part time employees of the Group (including any directors, whether executive or non-executive and whether independent or not, of the Company or any subsidiary), any suppliers, consultants, agents and advisers or any person who, in the sole discretion of the board of directors of the Company, has contributed or may contribute to the Group eligible for options under this share option scheme ("Eligible Participants") at a price to be determined by the board of directors being the highest of (a) the closing price of the shares on the Stock Exchange on the date of grant of the option, which must be a trading day and (b) the average closing price of the shares of the Stock Exchange for the five trading days immediately preceding the date of grant of the option.

The maximum number of shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the 2013 Share Option Scheme and other share option schemes of the Company shall not, in aggregate, exceed 30% of the shares of the Company in issue from time to time. No options may be granted to any Eligible Participants which if exercised in full would result in the total number of shares issued and to be issued upon exercise of the share options already granted to such Eligible Participants in the 12-month period up to and including the date of such new grant exceeding 1% of the issued share capital of the Company as at the date of grant unless approval is obtained from the shareholders of the Company. The exercisable period is determined by the board of directors in its absolute discretion, save that such period shall not be more than ten years from the date of grant. There is no generally applicable minimum period for which the options must be held before it can be exercised.

The 2013 Share Option Scheme shall be valid and effective for a period of 10 years commencing 25 September 2013.

An offer of the grant of an option shall be accepted when the Company receives in writing the acceptance of the offer from the grantee together with a remittance in favor of the Company of HK$1 by way of consideration for the grant thereof. The option shall remain open for acceptance by the Eligible Participants concerned for a period of 28 days from the date of offer.

At 31 March 2015, the total number of shares available for issue under the 2013 Share Option Scheme is 147,630,150 (2014: 153,820,150) shares, representing 8.00% (2014: 9.47%) of the issued share capital of the Company at that date.

Options granted are fully vested at the date of grant. All equity-settled share-based payments will be settled in equity. The Group has no legal and constructive obligation to repurchase or settle the options.

31. Share Options (Continued)

Details of the movements in the number of share options granted during the year under the 2003 Share Option Scheme are as follows:

				Number of share options								
Type of Particulars	Date of grant	Exercisable period	Exercise price per share HK$	Outstanding at 1.4.2013	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding at 31.3.2014	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding at 31.3.2015
Directors	5.9.2003	5.9.2003 – 4.9.2013	0.2280	19,260,000	-	(8,300,000)	(10,960,000)	-	-	-	-	-
	26.11.2003	26.11.2003 – 25.11.2013	0.2300	400,000	-	(400,000)	-	-	-	-	-	-
	8.12.2003	8.12.2003 – 7.12.2013	0.2130	5,500,000	-	(400,000)	(5,100,000)	-	-	-	-	-
	9.1.2004	9.1.2004 – 8.1.2014	0.1900	8,890,000	-	(6,890,000)	(2,000,000)	-	-	-	-	-
	25.2.2004	25.2.2004 – 24.2.2014	0.1900	13,500,000	-	(5,800,000)	(7,700,000)	-	-	-	-	-
	19.4.2004	19.4.2004 – 18.4.2014	0.2096	600,000	-	(300,000)	-	300,000	-	-	(300,000)	-
	16.9.2004	16.9.2004 – 15.9.2014	0.0870	500,000	-	(500,000)	-	-	-	-	-	-
	30.9.2004	30.9.2004 – 29.9.2014	0.0900	500,000	-	(500,000)	-	-	-	-	-	-
	13.12.2004	13.12.2004 – 12.12.2014	0.0982	350,000	-	(350,000)	-	-	-	-	-	-
	28.2.2005	28.2.2005 – 27.2.2015	0.0722	1,000,000	-	-	-	1,000,000	-	(1,000,000)	-	-
	22.9.2005	22.9.2005 – 21.9.2015	0.0920	400,000	-	(400,000)	-	-	-	-	-	-
	24.3.2006	24.3.2006 – 23.3.2016	0.1530	1,600,000	-	(300,000)	-	1,300,000	-	-	-	1,300,000
	26.9.2006	26.9.2006 – 25.9.2016	0.0772	5,000,000	-	-	-	5,000,000	-	-	-	5,000,000
	18.6.2007	18.6.2007 – 17.6.2017	0.2980	1,100,000	-	-	-	1,100,000	-	-	-	1,100,000
				58,600,000	-	(24,140,000)	(25,760,000)	8,700,000	-	(1,000,000)	(300,000)	7,400,000
Employees	5.9.2003	5.9.2003 – 4.9.2013	0.2280	22,900,000	-	-	(22,900,000)	-	-	-	-	-
	15.9.2003	15.9.2003 – 14.9.2013	0.2550	7,700,000	-	-	(7,700,000)	-	-	-	-	-
	26.11.2003	26.11.2003 – 25.11.2013	0.2300	2,000,000	-	-	(2,000,000)	-	-	-	-	-
	8.12.2003	8.12.2003 – 7.12.2013	0.2130	800,000	-	-	(800,000)	-	-	-	-	-
	9.1.2004	9.1.2004 – 8.1.2014	0.1900	3,898,000	-	-	(3,898,000)	-	-	-	-	-
	25.2.2004	25.2.2004 – 24.2.2014	0.1900	20,000,000	-	-	(20,000,000)	-	-	-	-	-
	19.4.2004	19.4.2004 – 18.4.2014	0.2096	600,000	-	-	-	600,000	-	-	(600,000)	-
	16.9.2004	16.9.2004 – 15.9.2014	0.0870	1,750,000	-	-	-	1,750,000	-	-	(1,750,000)	-
	30.9.2004	30.9.2004 – 29.9.2014	0.0900	500,000	-	-	-	500,000	-	(500,000)	-	-
	13.12.2004	13.12.2004 – 12.12.2014	0.0982	1,600,000	-	-	-	1,600,000	-	(800,000)	(800,000)	-
	22.9.2005	22.9.2005 – 21.9.2015	0.0920	4,800,000	-	-	-	4,800,000	-	(4,800,000)	-	-
	24.3.2006	24.3.2006 – 23.3.2016	0.1530	900,000	-	-	-	900,000	-	-	(600,000)	300,000
	26.9.2006	26.9.2006 – 25.9.2016	0.0772	5,700,000	-	(1,950,000)	-	3,750,000	-	(3,750,000)	-	-
	18.6.2007	18.6.2007 – 17.6.2017	0.2980	1,700,000	-	-	-	1,700,000	-	-	-	1,700,000
	14.2.2011	14.2.2011 – 13.2.2021	0.0882	1,200,000	-	(1,000,000)	(200,000)	-	-	-	-	-
	9.9.2011	9.9.2011 – 8.9.2021	0.1500	2,400,000	-	(300,000)	(200,000)	1,900,000	-	-	-	1,900,000
	20.11.2012	20.11.2012 – 19.11.2022	0.1330	29,800,000	-	(9,900,000)	(800,000)	19,100,000	-	(3,000,000)	(700,000)	15,400,000
				108,248,000	-	(13,150,000)	(58,498,000)	36,600,000	-	(12,850,000)	(4,450,000)	19,300,000
				166,848,000	-	(37,290,000)	(84,258,000)	45,300,000	-	(13,850,000)	(4,750,000)	26,700,000
Weighted average exercise price				HK$0.1800	N/A	HK$0.1703	HK$0.2129	HK$0.1265	N/A	HK$0.0957	HK$0.1272	HK$0.1423

31. Share Options (Continued)

Details of the movements in the number of share options granted during the year under the 2013 Share Option Scheme are as follows:

				Number of share options								
Type of Particulars	Date of grant	Exercisable period	Exercise price per share HK$	Outstanding at 1.4.2013	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding at 31.3.2014	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding at 31.3.2015
Directors	3.10.2013	3.10.2013 – 2.10.2023	0.1490	-	13,000,000	(3,000,000)	-	10,000,000	-	(3,000,000)	-	7,000,000
				-	13,000,000	(3,000,000)	-	10,000,000	-	(3,000,000)	-	7,000,000
Employees	3.10.2013	3.10.2013 – 2.10.2023	0.1490	-	21,800,000	(4,000,000)	(1,400,000)	16,400,000	-	(1,590,000)	(3,100,000)	11,710,000
	17.2.2014	17.2.2014 – 16.2.2024	0.1380	-	5,400,000	-	(200,000)	5,200,000	-	(1,600,000)	(300,000)	3,300,000
				-	27,200,000	(4,000,000)	(1,600,000)	21,600,000	-	(3,190,000)	(3,400,000)	15,010,000
				-	40,200,000	(7,000,000)	(1,600,000)	31,600,000	-	(6,190,000)	(3,400,000)	22,010,000
Weighted average exercise price				N/A	HK$0.1475	HK$0.1490	HK$0.1476	HK$0.1472	N/A	HK$0.1462	HK$0.1480	HK$0.1474

31. Share Options (Continued)

No options have been granted to eligible participants under the share option schemes during the year ended 31 March 2015.

During the year ended 31 March 2014, options were granted on 3 October 2013 and 17 February 2014. The estimated fair value of the options granted on that date was approximately HK$0.085 and HK$0.08 per option respectively.

The Company used the Binomial Option Pricing Model (the "Model") to value the share options granted during the year. The Model is one of the commonly used models to estimate the fair value of share options. The value of an option varies with different variables of certain subjective assumptions. Any change in the variables so adopted may materially affect the estimation of the fair value of an option. In performing the valuations, the directors have made reference to valuations performed by an independent qualified valuer.

Details of the fair values of share options determined at the date of grant using the Model with the inputs are as follows:

	17 February 2014	3 October 2013
Closing share price	HK$0.1380	HK$0.1470
Exercise price	HK$0.1380	HK$0.1490
Expected volatility	91%	91%
Expected life	10 years	10 years
Risk-free rate	2.22%	2.07%
Expected dividend yield	0%	0%

Expected volatility was determined by using the historical volatility of the Company's share price over the previous years. The expected life used in the Model has been adjusted, based on the management's best estimate, for the effects of non-transferability, exercise restrictions and behavioral considerations.

The Group recognised the total expense of approximately HK$3,372,000 for the year ended 31 March 2014 in relation to share options granted by the Company.

The weighted average share price at the date of exercise for share options exercised during the year was HK$0.1469 (2014: HK$0.1416) per share.

32. Operating Lease Commitments

The Group as lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2015 HK$'000	2014 HK$'000
Within one year	**156**	1,300
In the second to fifth year inclusive	**-**	112
	156	1,412

Operating lease payments represent rentals payable by the Group for certain of its office premises. Leases are negotiated for terms up to three years and rentals are fixed over the lease periods. The Group does not have an option to purchase the leased asset at the expiry of the lease period.

33. Capital Commitments

	2015 HK$'000	2014 HK$'000
Contracted but not provided for:		
– acquisition of property, plant and equipment	**8,274**	1,545

34. Retirement Benefits Schemes

The Group operates a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. The assets of the plans are held separately from those of the Group in funds under the control of trustees.

The employees of the Group's subsidiary in the PRC are members of a state-managed retirement benefits plan operated by the government of the PRC. The subsidiary is required to contribute a certain percentage of their payroll to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits plan is to make the specified contributions.

During the year ended 31 March 2015, the total amount contributed by the Group to the schemes and charged to the consolidated statement of profit or loss and other comprehensive income amounted to approximately HK$1,876,000 (2014: HK$2,710,000).

35. Business Combinations

On 5 August 2013, the Group completed the acquisition of the 51% equity interest in 廣州市靈雲信息科技有限公司 ("Lingyun") at a cash consideration of RMB1,500,000 (equivalent to approximately HK$1,870,000). Lingyun is principally engaged in furniture software design.

Assets acquired and liabilities recognised at the date of acquisition

	HK$'000
Non-current assets	
Property, plant and equipment	**191**
Current assets	
Trade and other receivables	**13**
Bank balances and cash	**2,534**
Current liabilities	
Trade and other payables	**(71)**
Total	**2,667**

Non-controlling interests

The non-controlling interests in Lingyun recognised at the acquisition date was measured at the non-controlling interests' proportionate share of the acquiree's fair value of net assets of Lingyun and amounted to approximately HK$1,307,000.

Goodwill arising on acquisition

	HK$'000
Consideration transferred	**1,870**
Plus: non-controlling interests	**1,307**
Less: fair value of identifiable net assets acquired	**(2,667)**
Total	**510**

The goodwill is attributable to the profitability and future market development expected to arise from the acquired business. None of the goodwill arising on this acquisition is expected to be deductible for tax purposes.

Net cash inflow on acquisition

	HK$'000
Consideration paid in cash	(1,870)
Plus: cash and cash equivalent balances acquired	2,534
Total	664

36. Disposals of Subsidiaries

On 28 September 2014, the Group disposed of its entire equity interest in Lingyun to an independent third party at a cash consideration of RMB1,500,000 (equivalent to approximately HK$1,871,000).

In addition, certain inactive subsidiaries of the Group applied for deregistration during the year ended 31 March 2015 and accordingly these subsidiaries have been deconsolidated from the consolidated financial statements. These subsidiaries were inactive companies with no assets and liabilities on the date of deconsolidation.

Analysis of assets and liabilities over which control was lost

	HK$'000
Non-current assets	
Property, plant and equipment	236
Goodwill	510
Current assets	
Trade and other receivables	1,291
Bank balances and cash	255
Current liabilities	
Trade and other payables	(210)
Total	2,082

Gain on disposals of subsidiaries

	HK$'000
Consideration received	1,871
Net assets disposed of	(2,082)
Non-controlling interests	1,852
Cumulative exchange gain in respect of the net assets of the subsidiaries reclassified from equity to profit or loss	(1,503)
Gain on disposal	138

Net cash inflow on disposals of subsidiaries

	HK$'000
Consideration received in cash and cash equivalents	1,871
Less: cash and cash equivalent balances disposed of	(255)
Total	1,616

37. Principal Subsidiaries

General information of principal subsidiaries

Details of the Company's principal subsidiaries, all of which, excluding those explained below, are limited liability companies, at 31 March 2015 and 2014 are as follows:

Name of subsidiary	Place of incorporation/ registration/ operations	Nominal value of issued and fully paid share capital/ registered capital		Attributable proportion of nominal value of issued capital/ registered capital held by the Company		Principal activities
		2015	2014	Directly	Indirectly	
Three Principles Computer Service Company Limited	Hong Kong	**HK$5,000,000**	HK$5,000,000	100%	-	Provision of computer consultancy services, and development and sales of computer software
Encore Trading Limited	Hong Kong	**HK$6**	HK$6	100%	-	Trading of computer software and hardware and provision of information technology consultancy services in Hong Kong
廣州市新信薈智信息產業有限公司 ("Talent Valley Company Limited")	PRC	**RMB16,000,000**	RMB16,000,000	-	100%	Provision of computer consultancy services
廣東厚德寶供應鏈網絡科技有限公司	PRC	**RMB12,000,000**	RMB12,000,000	-	92%	Provision of e-commerce software development and information technology services as well as retail and wholesale of computer software, hardware and ironware
廣東厚德寶供應鏈服務有限公司	PRC	**RMB10,100,000**	RMB10,100,000	-	92%	Provision of supply chain management, storage and corporate management consultancy services
新疆天目礦業資源開發有限公司 ("Xinjiang Tianmu")	PRC	**RMB36,000,000**	RMB20,000,000	-	26%	Exploration and exploitation of certain gold, iron and nickel-copper mines in Xinjiang of the PRC and processing and sale of the outputs from the mines

37. Principal Subsidiaries (Continued)

Each of Talent Valley Company Limited, 廣東厚德寶供應鏈網絡科技有限公司 and 廣東厚德寶供應鏈服務有限公司 is a wholly foreign owned enterprise established in the PRC. Xinjiang Tianmu is a Sino-foreign equity joint venture company established in the PRC and owned as to 51% by Goffers Management Limited, a 51% owned subsidiary of the Group.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

None of the subsidiaries had issued any debt securities during the year and at the end of the reporting period.

At the end of the reporting period, the Company has other subsidiaries that are not material to the Group. A majority of these subsidiaries operate in Hong Kong. The principal activities of these subsidiaries are summarised as follows:

Principal activities	Principal place of business	Number of subsidiaries 2015	2014
Furniture software design	PRC	-	1
Investment holding	Hong Kong	7	7
Dormant	Hong Kong	13	15
Dormant	PRC	3	3
		23	26

Details of non-wholly-owned subsidiaries that have material non-controlling interests

The table below shows details of non-wholly-owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiary	Place of incorporation/ registration and principal place of business	Proportion of ownership interests held by the non-controlling interests 2015	2014	Loss allocated to non-controlling interests 2015 HK$'000	2014 HK$'000	Accumulated non-controlling interests 2015 HK$'000	2014 HK$'000
Xinjiang Tianmu	PRC	74%	74%	(24,645)	(32,000)	246,785	238,181
Individually immaterial subsidiaries with non-controlling interests						3,735	16,393
						250,520	254,574

37. Principal Subsidiaries (Continued)

Details of non-wholly-owned subsidiaries that have material non-controlling interests (Continued)

Summarised financial information in respect of the Group's subsidiary that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

Xinjiang Tianmu

	2015 HK$'000	2014 HK$'000
Current assets	**93,395**	74,360
Non-current assets	**330,890**	398,096
Current liabilities	**(49,725)**	(100,480)
Non-current liabilities	**(41,022)**	(50,066)
Equity attributable to owners of the Company	**86,753**	83,729
Non-controlling interests	**246,785**	238,181
Revenue	**125,259**	94,461
Other income and gains	**2,126**	1,230
Expenses	**(160,694)**	(138,940)
Loss for the year	**(33,309)**	(43,249)
Loss attributable to owners of the Company	**(8,664)**	(11,249)
Loss attributable to the non-controlling interests	**(24,645)**	(32,000)
Loss for the year	**(33,309)**	(43,249)
Other comprehensive income/(loss) attributable to owners of the Company	**142**	(229)
Other comprehensive income/(loss) attributable to non-controlling interest	**405**	(654)
Other comprehensive income/(loss) for the year	**547**	(883)
Total comprehensive loss attributable to owners of the Company	**(8,522)**	(11,478)
Total comprehensive loss attributable to non-controlling interests	**(24,240)**	(32,654)
Total comprehensive loss for the year	**(32,762)**	(44,132)
Net cash inflow from operating activities	**30,313**	27,111
Net cash outflow from investing activities	**(6,782)**	(22,695)
Net cash outflow from financing activities	**-**	-
Effect of foreign exchange rate changes	**(4)**	-
Net increase in cash and cash equivalents	**23,527**	4,416

38. Related Party Transactions

Details of balances with related parties are set out in the consolidated statement of financial position and respective notes.

Saved as disclosed elsewhere in the financial statement, the Group had the following significant transactions with related parties during the year:

	2015 HK$'000	2014 HK$'000
Rental expenses paid to a related company (i)	**200**	200
Interest expenses paid to a related company (ii)	**2,170**	2,313
Service income received from a related company (iii)	**343**	-

Notes:

(i) Rental expenses in respect of the leasing of an office premise were paid to a related company which is beneficially owned by Mr. Felipe Tan, a director and shareholder of the Company, at normal commercial terms mutually agreed by both parties.

(ii) Effective interest expenses on Promissory Note is charged at 3.16% (2013: 2.93%) per annum and payable to a related company which is beneficially owned as to 90.01% by Mr. Felipe Tan, a director and shareholder of the Company, at terms mutually agreed by both parties. Further details of the Promissory Note are set out in note 27.

(iii) Service income in respect of the provision of trading platform design and building services were received from a related company which is beneficially owned as to 26.75% by Mr. Felipe Tan, a director and shareholder of the Company, at normal commercial terms mutually agreed by both parties.

Compensation of key management personnel

The key management personnel are the directors of the Company. The details of the remuneration paid to them are set out in note 10.

39. Events After The Reporting Period

Completion of placing of existing shares and subscription of new shares

On 30 March 2015, Starmax Holdings Limited entered into (i) the placing agreement (the "Placing Agreement") with the placing agent; and (ii) the subscription agreement (the "Subscription Agreement") with the Company. Pursuant to the Placing Agreement, the placing agent has agreed to place, on best efforts basis, to not less than six independent placees for up to an aggregate of 125,000,000 shares at a price of HK$0.145 per placing share, for and on behalf of Starmax Holdings Limited. Pursuant to the Subscription Agreement, Starmax Holdings Limited has conditionally agreed to subscribe for such number of new shares as is equal to the number of placing shares successfully placed by the placing agent at a price of HK$0.145 per subscription share. The completion of the placing took place on 2 April 2015 and all conditions of the subscription had been fulfilled and completion of the subscription took place on 9 April 2015. Details of the placing and subscription were disclosed in the announcements of the Company dated 30 March 2015 and 9 April 2015.

40. Information About Statement Of Financial Position Of The Company

	2015 HK$'000	2014 HK$'000
Non-current assets		
Investment properties	-	19,600
Property, plant and equipment	**20,937**	538
Investments in subsidiaries	**66,628**	8,100
Interests in associates	**7,214**	6,617
	94,779	34,855
Current assets		
Trade and other receivables	**1,552**	3,353
Amounts due from subsidiaries	**22,911**	58,578
Investments held for trading	-	4,192
Bank balances and cash	**1,801**	3,673
	26,264	69,796
Current liabilities		
Trade and other payables	**2,096**	2,376
Amounts due to subsidiaries	**9,232**	42,790
Bank borrowing	**9,192**	9,786
	20,520	54,952
Net current assets	**5,744**	14,844
Total assets less current liabilities	**100,523**	49,699
Net assets	**100,523**	49,699
Capital and reserves		
Share capital	**806,049**	773,715
Reserves (note)	**(705,526)**	(724,016)
Total equity	**100,523**	49,699

40. Information About Statement Of Financial Position Of The Company (Continued)

Note:

Reserves movements of the Company

	Share premium HK$'000	Share options reserve HK$'000	Accumulated deficit HK$'000	Total HK$'000
Balance at 1 April 2013	685,806	4,161	(687,804)	2,163
Total comprehensive loss for the year	-	-	(42,190)	(42,190)
Recognition of equity-settled share-based payments	-	3,372	-	3,372
Issue of ordinary shares under employee share option plan	6,733	(1,555)	-	5,178
Release of reserve upon share options lapsed	-	(218)	218	-
Transaction costs attributable to issue of new ordinary shares	(52)	-	-	(52)
Transfer to share capital (note 30)	(692,487)	-	-	(692,487)
Balance at 31 March 2014	-	5,760	(729,776)	(724,016)
Total comprehensive loss for the year	-	-	19,728	19,728
Issue of ordinary shares under employee share option plan	-	(1,238)	-	(1,238)
Release of reserve upon share options lapsed	-	(412)	412	-
Balance at 31 March 2015	**-**	**4,110**	**(709,636)**	**(705,526)**

Major Properties Information

The Group's property portfolio summary – major properties held for investment:

Location	Existing use	Tenure	Group's interest (%)	
			2015	2014
Unit 6-7 on 11th Floor of Tower 2, Ever Gain Plaza, No. 88 Container Port Road, Kwai Chung, New Territories	Office	Medium term lease	100%	100%

Financial Summary

	Year ended 31 March				
	2011 HK$'000	2012 HK$'000	2013 HK$'000	2014 HK$'000	**2015** **HK$'000**
RESULTS					
Turnover	25,091	25,785	204,866	127,981	**142,986**
Profit/(loss) before tax	(11,538)	(11,070)	20,521	(92,346)	**(61,904)**
Income tax (expense)/credit	–	–	(22,371)	2,471	**4,086**
Loss for the year	(11,538)	(11,070)	(1,850)	(89,875)	**(57,818)**
Attributable to:					
Owners of the Company	(11,520)	(11,050)	(27,611)	(56,903)	**(33,443)**
Non-controlling interests	(18)	(20)	25,761	(32,972)	**(24,375)**
	(11,538)	(11,070)	(1,850)	(89,875)	**(57,818)**

	At 31 March				
	2011 HK$'000	2012 HK$'000	2013 HK$'000	2014 HK$'000	**2015** **HK$'000**
ASSETS AND LIABILITIES					
Total assets	115,025	116,690	629,450	545,278	**475,622**
Total liabilities	(18,713)	(6,181)	(202,136)	(204,686)	**(139,061)**
	96,312	110,509	427,314	340,592	**336,561**
Attributable to:					
Owners of the Company	93,656	110,310	133,224	86,018	**86,041**
Non-controlling interests	2,656	199	294,090	254,574	**250,520**
	96,312	110,509	427,314	340,592	**336,561**