Great World Company Holdings Ltd

世大控股有限公司

2015 ANNUAL REPORT

(incorporated in the Cayman Islands with limited liability)

Stock Code: 8003

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

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

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Ms. Ng Mui King, Joky
Mr. Tong Wang Shun (resigned on 30 April 2015)
Ms. Zeng Jieping (resigned on 9 April 2015)
Mr. Zhang Yanqiang (appointed on 6 October 2014)

Independent non-executive Directors

Mr. Chung Koon Yan
Mr. Chan Ying Cheong
Mr. Lau Ching Wai, Peter
(resigned on 6 October 2014)
Ms. Zhao Yongmei (appointed on 20 October 2014)

COMPANY SECRETARY

Ms. Kwong May Wah, Eva

AUTHORISED REPRESENTATIVES

Ms. Ng Mui King, Joky
(Mr. Li Tak Lai as her alternate)
Ms. Kwong May Wah, Eva
(replaced Mr. Tong Wang Shun on 30 April 2015)

COMPLIANCE OFFICER

Mr. Zhang Yanqiang
(replaced Mr. Tong Wang Shun on 30 April 2015)

AUDIT COMMITTEE

Mr. Chung Koon Yan *(Chairman)*
Mr. Chan Ying Cheong
Mr. Lau Ching Wai, Peter
(resigned on 6 October 2014)
Ms. Zhao Yongmei (appointed on 20 October 2014)

REMUNERATION COMMITTEE

Mr. Chan Ying Cheong *(Chairman)*
Ms. Ng Mui King, Joky
Mr. Lau Ching Wai, Peter (resigned on 6 October 2014)
Ms. Zhao Yongmei (appointed on 20 October 2014)

NOMINATION COMMITTEE

Ms. Ng Mui King, Joky *(Chairman)*
Mr. Chung Koon Yan
Mr. Chan Ying Cheong

REGISTERED OFFICE

P.O. Box 309
Ugland House
Grand Cayman KY1-1104
Cayman Islands, British West Indies

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

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Great Eagle Centre
23 Harbour Road
Wanchai
Hong Kong

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Royal Bank of Canada Trust Company (Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road, George Town
Grand Cayman KY1-1110
Cayman Islands

HONG KONG BRANCH SHARE REGISTRARS AND TRANSFER OFFICE

Hong Kong Registrars Limited
17M/F, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

AUDITORS

HLB Hodgson Impey Cheng Limited
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The Landmark
11 Pedder Street
Central
Hong Kong

LEGAL ADVISERS

As to Cayman Islands Law:

Maples and Calder
53rd Floor, The Center
99 Queen's Road Central
Hong Kong

As to Hong Kong Law:

Reed Smith Richards Butler
20th Floor, Alexandra House
18 Chater Road
Central, Hong Kong

WEBSITE

http://www.gwchl.com

Chairman's Statement

Dear Shareholders,

On behalf of the board of directors (the "Board") of Great World Company Holdings Ltd (the "Company") and its subsidiaries (collectively referred to as the "Group"), I am pleased to present the annual results of the Group for the year ended 31 March 2015.

FINANCIAL PERFORMANCE

For the year ended 31 March 2015, the Group recorded a turnover of approximately HK$1,502,000, representing a decrease of approximately 3.66% as compared to the turnover of approximately HK$1,559,000 for last year. Loss for the year was approximately HK$15,511,000 (2014: HK$15,243,000). The Board did not recommend the payment of any dividend for the year (2014: Nil).

BUSINESS REVIEW

The Group is principally engaged in (i) iron mine business; (ii) property business; and (iii) growing forestry products, all of which are operated in the People's Republic of China (the "PRC").

Iron Mine Business

The Group's iron mine business comprises the exploration, mining and processing of iron ores.

The Group holds a mining right in respect of an iron mine for a term up to 25 October 2017 and owns a processing factory located at Guangxi Province, the PRC through an indirect wholly-owned subsidiary, 鳳山縣黔興礦業有限責任公司. The iron mine consists of numerous small iron ore mountains and open mining method is employed on exploitation of iron ores.

Revenue from the iron mine business is below expectation due to the decline in iron ore price. The Group is planning to reorganize its iron mine business to save the operating and development costs.

Property Business

The Group owns a property which comprises a residential and commercial development site with a site area of approximately 3,111.96 square meters ("sq.m.") located at Leshan City, Sichuan Province, the PRC. The property has a gross floor area of approximately 27,213.33 sq.m. (inclusive of a basement floor) and comprises 4 portions with different functions, namely residential, commercial, basement car park and facilities.

The Board expects to commence the property selling and leasing programme when the property market appears to revive.

Forestry Business

The Group has acquired 36.36% equity interest of Yenbo Gain Limited and its subsidiaries ("Yenbo Gain") on 22 October 2014. Yenbo Gain are principally engaged in cultivation and research of the fine and new varieties forest products together with the research and promotion of product cultivation technology for producing clean energy purposes.

The Board believes that the acquisition of Yenbo Gain will allow the Group to participate in the business of bio-technology in the PRC and in the new energy sector. The acquisition is expected to diversify the Group's investment portfolio and sources of earnings. The Board is optimistic about the long term prospects of Yenbo Gain.

Chairman's Statement

PROSPECT

Even the property market in the PRC showed signs of recovery from the tightened control, 2014 was still a difficult year for many businesses with PRC based projects.

With improvement on global financial environment and the continuous growing per capita wealth of Chinese citizen, the Board expects an increase in iron ore consumption, a steady growth on demand in real estate market and the producing of newly developing forestry products will strengthen the Group's financial performance for the benefit of the Company and shareholders.

In addition to the existing projects, the Group is also committed to seeking other business opportunities. The Group will acquire high quality investment projects with good potential in order to enhance its investment return.

APPRECIATION

On behalf of the Board, I would like to express my sincere gratitude to our staff members for their contribution in this year, and extend my appreciation to the shareholders and investors for their support.

Ng Mui King, Joky
Chairman

Hong Kong, 29 June 2015

Biographical Details of Directors

EXECUTIVE DIRECTORS

Ms. NG Mui King, Joky, aged 53, has been an executive director of the Company since 2 October 2007. She is the chairman of the Board, the chairman of the nomination committee and a member of the remuneration committee of the Company. Ms. Ng is responsible for the overall strategic direction of the Group. She has over 22 years of experience in telecommunication, import and export trading, accounting, finance and corporate management.

Mr. TONG Wang Shun, aged 73, was appointed as an executive director of the Company on 4 December 2009 and resigned on 30 April 2015. Mr. Tong has over 32 years of experience in shipping, property investment and corporate management.

Ms. ZENG Jieping, aged 38, was appointed as an executive director of the Company on 10 May 2010 and resigned on 9 April 2015. Ms. Zeng holds a bachelor's degree of arts from Jinan University of the People's Republic of China and a master's degree of management studies from the University of Waikato, Hamilton of New Zealand. She has over 8 years of experience in marketing, finance and corporate management.

Mr. Zhang Yanqiang, aged 33, was appointed as an executive director of the Company on 6 October 2014. He has 8 years of experience in forestry, finance and corporate management. He holds a bachelor's degree and a master's degree in materials chemistry from the Central South University of Forestry and Technology (中南林業科技大學).

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. CHUNG Koon Yan, aged 51, has been an independent non-executive director of the Company since 9 May 2008 and is the chairman of the audit committee and a member of the nomination committee of the Company. Mr. Chung holds a Master's degree in Professional Accounting from the Hong Kong Polytechnic University. He is a practicing member of the Hong Kong Institute of Certified Public Accountants, a fellow member of The Association of Chartered Certified Accountants and an associate member of The Institute of Chartered Accountants in England and Wales. Mr. Chung is a director of Chiu, Choy & Chung CPA Ltd. He has over 22 years of experience in accounting, auditing and taxation. Currently, Mr. Chung is an independent non-executive director of Asian Citrus Holdings Limited (stock code: 73), a company whose shares are listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") and AIM market of the London Stock Exchange. Mr. Chung was appointed as an independent non-executive director of Synergy Group Holdings International Limited (stock code: 8105) on 5 March 2015, a company listed on the Growth Enterprise Market of the Stock Exchange ("GEM") since 24 March 2015. He was an independent non-executive director of China Financial Leasing Group Limited (stock code: 2312) from September 2004 to January 2013 and Landsea Green Properties Co., Ltd. (stock code: 106) from June 2009 to July 2013, all of which are listed on the Stock Exchange. He was also an independent non-executive director of Well Way Group Limited (stock code: 8063) from January 2006 to April 2014, a company listed on GEM.

Mr. CHAN Ying Cheong, aged 53, has been an independent non-executive director of the Company since 30 September 2010 and is the chairman the remuneration committee, a member of the audit committee and the nomination committee of the Company. Mr. Chan has over 27 years of experience in banking industry.

Ms. Zhao Yongmei, aged 47, was appointed as an independent non-executive director on 20 October 2014. She has over 18 years of experience in banking, finance and corporate management.

Management Discussion and Analysis

RESULTS OF OPERATIONS

BUSINESS REVIEW

Iron mine business

For the year ended 31 March 2015, a turnover of approximately HK$1,502,000 was generated from the processing of iron ores. The construction of the processing factory was completed and the iron mine commenced trial commercial production in August 2011. Revenue from the iron mine business is below expectation due to the decline in iron ore price. The Group is planning to reorganize its iron mine business to save the operating cost and the development cost of the iron mine in respect of which the mining right will expire on 25 October 2017. There was no material change in mineral resources and/or reserves of the iron mine for the year.

Property business

The Group owns a property which comprises a residential and commercial development site with a site area of approximately 3,111.96 square meters ("sq. m.") located at Leshan City, Sichuan Province, the PRC. The property has a gross floor area of approximately 27,213.33 sq. m. (inclusive of a basement floor) and comprises 4 portions with different functions, namely residential, commercial, basement car park and facilities.

Revenues are expected to be derived from (i) leasing of the commercial portion of the property; (ii) leasing of certain residential portion of the property and/or basement car park area; and (iii) selling part of the residential portion of the property. The Board expects to commence the property selling and leasing programme when the property market appears to revive.

Forestry Business

The Group has acquired 36.36% equity interest of Yenbo Gain Limited and its subsidiaries ("Yenbo Gain") since 22 October 2014. Yenbo Gain are principally engaged in cultivation and research of the fine and new varieties forest products together with the research and promotion of product cultivation technology for producing clean energy purposes.

Yenbo Gain is expected to generate its revenue from sale of well-grown plants to end-customers in the coming two years. The current costs are mainly incurred in research and development, purchasing of seeds and sub-contracting fees to breeding research bases.

The Board believes that this business will provide a valuable opportunity for growth of the Company. In order to enable the Group to exercise more effective control over the business and operations of Yenbo Gain, the Group has increased its equity interest in Yenbo Gain by 45.46% to 81.82% on 8 April 2015, Yenbo Gain become subsidiaries of the Group after that date.

FINANCIAL REVIEW

Liquidity and financial resources

The Group's operations and investments were financed principally by cash generated from its business operations, borrowings and shares issued. As at 31 March 2015, cash and bank deposits of the Group amounted to approximately HK$69,377,000, representing an increase of 119.41 times comparing with the cash and bank deposits of approximately HK$581,000 as at 31 March 2014. The Group's net current assets, which comprised properties held for sale, trade and other receivables, cash and bank deposits, trade and other payables, amounts due to directors and amounts due to related companies, amounted to approximately HK$90,012,000 as at 31 March 2015 (31 March 2014: HK$26,461,000).

The Group's gearing ratio, which was defined as the ratio of net debt to equity, was 68% as at 31 March 2015 (31 March 2014: 343.0%).

The decrease in gearing ratio as at 31 March 2015 as compared to that of 31 March 2014 is mainly attributable to the increase in cash from net proceeds of placing convertible notes greater than the increase in equity.

Capital structure

Details of the movements in the Company's share capital are set out in note 28 to the financial statements.

Fund raising activities

On 22 October 2014, the Company issued 225,500,000 new shares under a placing agreement and generated a net proceeds of approximately HK$27.9 million which was fully utilized to settle the first instalment of consideration for the acquisition of 36.36% of the issued share capital of Yenbo Gain Limited. Details of the placing of the 225,500,000 new shares and the acquisition of 36.36% of the issued share capital of Yenbo Gain Limited were disclosed in the announcements of the Company dated 10 October 2014 and 22 October 2014.

On 30 March 2015, the Company issued convertible notes in an aggregate principal of HK$110 million under a placing agreement and generated a net proceeds of approximately HK$109.2 million of which (i) HK$37.5 million would be used to settle the consideration for the acquisition of a further 45.46% of the issued share capital of Yenbo Gain Limited, (ii) approximately HK$2.1 million would be used to settle the second instalment of consideration for the acquisition of 36.36% of the issued share capital of Yenbo Gain Limited and (iii) approximately HK$69.6 million would be used for working capital of the Group. Details of the placing of the convertible notes and the acquisition of the further 45.46% of the issued share capital of Yenbo Gain Limited were disclosed in the announcements of the Company dated 9 January 2015 and 8 April 2015.

Save as disclosed above, the Group had no material fund raising activities during the year ended 31 March 2015.

Treasury policies

The Group adopted a conservative treasury policy with almost all bank deposits being kept in Hong Kong dollars, or in the local currencies of the operating subsidiaries to minimise exposure to foreign exchange risk. Since most of the trading transactions, assets and liabilities of the Group were denominated in Hong Kong dollars and Renminbi, the Group did not experience any material difficulties or effects on its operations or liquidity as a result of fluctuations in currency exchange rates during the year under review. As at 31 March 2015, the Group had no foreign exchange contracts, interest or currency swaps or other financial derivatives for hedging purpose.

Capital commitments

As at 31 March 2015, the Group had outstanding commitments in respect of capital expenditure for (i) the construction of a property in Leshan City of approximately HK$134,000 (31 March 2014: HK$42,000); (ii) the acquisition of subsidiaries of approximately HK$37.5 million (31 March 2014: Nil).

Charges on assets and contingent liabilities

As at 31 March 2015, the Group did not have charges on assets (31 March 2014: Nil) and did not have any material contingent liabilities (31 March 2014: Nil).

Employees and remuneration policy

As at 31 March 2015, the Group had approximately 21 employees (31 March 2014: 17 employees). The Group reviewed employees' remuneration from time to time and salary adjustment was normally made on an annual basis. Special adjustment based on length of service and good performance could be made at any time when warranted. In addition to salaries, the Group provided employees' benefits such as medical insurance and provident fund. Share options and bonuses were also available to employees of the Group at the discretion of the directors and depending upon the financial performance of the Group.

MATERIAL ACQUISITION

On 22 October 2014, the Group completed the acquisition of 36.36% of the issued share capital of Yenbo Gain Limited at a consideration of HK$30 million pursuant to a conditional sale and purchase agreement entered into on 10 October 2014. Yenbo Gain Limited and its subsidiaries ("Yenbo Gain") are principally engaged in cultivation and research of the fine and new varieties forest products together with the research and promotion of product cultivation technology for producing clean energy purposes. Yenbo Gain were then becoming associates of the Group. The acquisition of the 36.36% of the issued share capital of Yenbo Gain Limited was principally financed by funds generated from the issue of 225,500,000 new shares by the Company on 22 October 2014 under a placing agreement. Details of the acquisition of the 36.36% of the issued share capital of Yenbo Gain Limited and the placing of the 225,500,000 new shares were disclosed in the announcements of the Company dated 10 October 2014 and 22 October 2014.

Save as disclosed above, the Group had no material acquisitions completed during the year ended 31 March 2015.

EVENTS AFTER THE REPORTING PERIOD

Details of the events after the reporting period are set out in note 40 to the financial statements.

FUTURE PROSPECTS

The Group intends to continuously strive to create value for its shareholders. In addition to the existing projects, the Group is also committed to seeking other business opportunities and will acquire high quality investment projects with good potential in order to enhance its investment return.

CORPORATE GOVERNANCE PRACTICES

The board of directors (the "Board") of Great World Company Holdings Ltd (the "Company") has been committed to maintaining a high standard of corporate governance within the Company and its subsidiaries (the "Group") in order to enhance the transparency in disclosure of material information. The Board considers such commitment is essential for internal management, financial management and protection of shareholders' interest and believes that maintaining a high standard of corporate governance benefits all shareholders, investors and the business of the Company as a whole. The Company has applied the principles in and complied with the requirements of the Corporate Governance Code ("CG Code") as set out in Appendix 15 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules") throughout the year ended 31 March 2015.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding the Director's transactions in securities of the Company. Having made specific enquiry of all Directors, each of the Directors has confirmed that he/she has complied with the required standard of dealings as set out in the adopted code of conduct regarding Directors' securities transaction throughout the year ended 31 March 2015.

BOARD OF DIRECTORS

The Board is responsible for reviewing, evaluating and finalising the Company's strategies and policies, annual budgets, business plans and performance, and has full access to adequate, reliable and timely information on the Group so as to enable them to make a timely decision. The Board also has the collective responsibility for leadership and control of, and for promoting the success of, the Group by directing and supervising the Group's affairs.

One of the roles of the Board is to protect and enhance shareholders' interests. The Board acts with integrity and due care for the best interests of the Company and its shareholders. Leading the Group in a responsible and effective manner, the Board adopts terms of reference which detail its functions and responsibilities, including, but not limited to, ensuring competent management, approving objectives, strategies and business plans and monitoring integrity in the Company's conduct of affairs. The management is obliged to supply the Board with adequate information in a timely manner to enable the members to make informed decisions and to discharge their duties and responsibilities. Each Director has separate and independent access to the Group's senior management to acquire more information and to make further enquiries if necessary.

The Board is also responsible for performing the corporate governance duties of the Company. The duties of the Board on corporate governance functions include developing and reviewing the Group's policies and practices on corporate governance, reviewing and monitoring the training and continuous professional development of the Directors and senior management and reviewing the Group's compliance with the CG Code and disclosure in this Corporate Governance Report.

The Board currently comprises two executive Directors, namely Ms. Ng Mui King, Joky (chairman of the Board) and Mr. Zhang Yanqiang, and three independent non-executive Directors, namely Mr. Chung Koon Yan, Mr. Chan Ying Cheong and Ms. Zhao Yongmei.

Each Director has different professional and industrial experience, which enable them to make valuable and diversified advice and guidance to the Group's activities and development. Details of the background and qualifications of the Directors are set out on page 5 of this annual report. The Company has received, from each of the independent non-executive Directors, an annual confirmation of his/her independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company considers all of the independent non-executive Directors are independent.

Candidates to be nominated as directors of the Company are experienced, high calibre individuals. Under the Articles of Association of the Company, any Director appointed by the Board shall hold office until the first annual general meeting after his/her appointment and shall then be subject to re-election by the shareholders. Apart from this, every Director is subject to retirement by rotation in accordance with the Articles of Association of the Company.

During the year ended 31 March 2015, the Board held a total of nine board meetings, inclusive of the quarterly regular meetings according to the CG Code. The attendance of each Director is set out on page 12.

CHAIRMAN

Ms. Ng Mui King, Joky was appointed as the Chairman of the Board in 2007. The primary role of the Chairman is to provide leadership for the Board and to ensure that the Board works effectively in the discharge of its responsibilities. The Chief Executive Officer is responsible for the day-to-day management of the Group's business. The Company is currently seeking a right candidate for Chief Executive Officer so as to achieve a balance composition.

BOARD COMMITTEES

The Board has established three committees in accordance with the CG Code, namely the Audit Committee, the Remuneration Committee and the Nomination Committee. These committees are provided with sufficient resources to discharge their duties and are able to seek independent professional advice when appropriate and upon request. Details of these committees, including their compositions, major responsibilities and functions, and work performed during the year ended 31 March 2015 are set out below:

Audit Committee

The Audit Committee currently comprises three independent non-executive Directors, namely Mr. Chung Koon Yan (chairman of the audit committee), Mr. Chan Ying Cheong and Ms. Zhao Yongmei (appointed on 20 October 2014 after Mr. Lau Ching Wai, Peter resigned on 6 October 2014). The Audit Committee meets with the Group's senior management regularly to review the effectiveness of the internal control systems and the quarterly, interim and annual reports of the Group.

The primary responsibilities of the Audit Committee are:

(i) making recommendation to the Board on the appointment, re-appointment and removal of the external auditor and to approve the remuneration and terms of engagement of the external auditor and any resignation and dismissal of that auditor;

(ii) reviewing and monitoring the independence and objectivity of the external auditor and the effectiveness of the audit process in accordance with applicable standard;

(iii) liaising with the Board, senior management and the auditors to monitor the integrity of financial statements, the quarterly, interim and annual reports in particular on accounting policies and practices and compliance with accounting standards, the GEM Listing Rules and other legal requirements in relation to financial reporting;

(iv) reviewing the financial control, internal control and risk management system to ensure the management of the Company discharges its duty under an effective internal control system; and

(v) reviewing the report and management letter submitted by external auditor; and considering any findings of major investigations of internal control matters as delegated by the Board or on its own initiative and management's response.

For the year ended 31 March 2015, the audit committee reviewed the financial results, the accounting policies and practices adopted, the report issued by an independent professional firm on reviewing the financial system and internal control procedures of the Group and five audit committee meetings were held. The attendance of each committee member is set out on page 12.

Remuneration Committee

The Remuneration Committee currently comprises one executive Director, namely Ms. Ng Mui King, Joky, and two independent non-executive Directors, namely Chan Ying Cheong (chairman of the Remuneration Committee) and Ms. Zhao Yongmei (appointed on 20 October 2014 after Mr. Lau Ching Wai, Peter resigned on 6 October 2014). It reviews and determines the policy for the remuneration of directors and senior management of the Group.

The primary responsibilities of the Remuneration Committee are:

(i) conducting regular review of the remuneration policy of Group's directors and senior management;

(ii) making 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 such remuneration policy;

(iii) making recommendation to the Board on remuneration packages of the Directors;

(iv) determining remuneration packages of senior management proposed by the Directors that will attract, motivate and retain the competent staff;

(v) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time;

(vi) reviewing and approving compensation payable to executive Directors and senior management in connection with any loss or termination of their office or appointment or any compensation arrangements relating to dismissal or removal of director for misconduct; and

(vii) recommending the Board of the structure of long-term incentive plans for executive Directors and certain senior management.

During the year ended 31 March 2015, two remuneration committee meetings were held to review the remuneration package of the Directors and the senior management of the Company. The attendance of each committee member is set out on page 12.

Nomination Committee

The Nomination Committee comprises one executive Director, namely Ms. Ng Mui King, Joky (chairman of the nomination committee) and two independent non-executive Directors, namely Mr. Chung Koon Yan and Mr. Chan Ying Cheong.

The primary responsibilities of the Nomination Committee are:

(a) reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

(b) identifying and nominating for approval of the Board suitably qualified candidates as additional Directors or to fill Board vacancies as they arise;

(c) making recommendations to the Board with respect to the re-election by shareholders of any Director under the relevant provisions in the Company's Articles of Association;

(d) assessing the independence of the candidates in the case of appointment and re-appointment of independent non-executive Directors having regard to relevant guidelines or requirements of the GEM Listing Rules in place from time to time; and

(e) assessing the independence of independent non-executive Directors on an annual basis having regard to relevant guidelines or requirements of the GEM Listing Rules in place from time to time.

Two meetings were held by the Nomination Committee during the year ended 31 March 2015 to review the composition of the Board. The attendance of each committee member is set out below.

DIRECTORS' ATTENDANCE AT GENERAL MEETINGS AND BOARD AND COMMITTEE MEETINGS

The following table shows the attendance of Directors at general meetings and meetings of the Board and Board Committees during the year ended 31 March 2015:

	General Meetings	Board Meetings	Meetings of Audit Committee	Meetings of Remuneration Committee	Meetings of Nomination Committee
Executive Directors:					
Ms. Ng Mui King, Joky	1/2	9/9	–	2/2	2/2
Mr. Tong Wang Shun	2/2	9/9	–	–	–
Ms. Zeng Jieping	1/2	8/9	–	–	–
Mr. Zhang Yanqiang	1/1	5/5	–	–	–
Independent Non-executive Directors:					
Mr. Chung Koon Yan	2/2	9/9	6/6	–	2/2
Mr. Chan Ying Cheong	2/2	9/9	6/6	2/2	2/2
Mr. Lau Ching Wai, Peter	1/1	3/4	2/3	2/2	–
Ms. Zhao Yongmei	1/1	4/4	3/3	–	–

Notes:

1. Mr. Zhang Yanqiang was appointed as an executive director on 6 October 2014.

2. Ms. Zhao Yongmei was appointed as an independent non-executive Director, a member of the audit committee and remuneration committee of the Company on 20 October 2014 after Mr. Lau Ching Wai, Peter resigned on 6 October 2014.

DELEGATION BY THE BOARD

The Board is responsible for determining the overall strategy and corporate development and ensuring the business operations are properly monitored. The Board reserves the right to decide all policy matters of the Group and material transactions. The Board delegates the day-to-day operations to senior staff who are responsible for different aspects of the operations of the Group.

Directors' and Officers' Liabilities

The Company has arranged for appropriate insurance coverage in respect of legal action against the Directors in compliance with the CG Code. The insurance coverage is reviewed on an annual basis.

Training and Support for Directors

Each newly appointed Director shall receive induction on the first occasion of his/her appointment, so as to ensure that he/she has appropriate understanding of the business and operations of the Company. The Company will also arrange and provide support for suitable training, placing an appropriate emphasis on the roles, functions and duties of its Directors. All Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. A form has been provided to the Directors to assist them to record training information for reporting to the Company as confirmation of training undertaken. The training information indicate that the Directors have received training and/or materials on corporate governance and other relevant topics.

ACCOUNTABILITY AND AUDIT

The Board is responsible to ensure the preparation of the financial statements of the Company and the Group in accordance with the relevant statutory requirements and applicable accounting standards and to ensure the published financial statements should be issued in a timely manner and can provide a true and fair view of the business and financial information of the Group. In preparing the financial statements, the Board has adopted Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants and accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinances that are relevant to its operations.

The Board is not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern, the Board has prepared the financial statements on a going concern basis.

The responsibilities of the external auditors on financial reporting are set out in the Independent Auditors' Report on the Group's consolidated financial statements for the year ended 31 March 2015.

The Board has conducted a review of the effectiveness of the Group's internal control system for the purpose of compliance with the provision of the CG Code with an aim to provide reasonable, but not absolute, assurance against material misstatements, errors, losses or fraud, and to manage rather than eliminate risks of failure in achieving the Group's business objectives.

AUDITORS' REMUNERATION

Remuneration paid and payable to the auditors of the Company in respect of their services for the year ended 31 March 2015 are as follows:

Services rendered	HK$'000
Audit services	360
Non-audit and other related services	320

INTERNAL CONTROL AND RISK MANAGEMENT

Internal control is fundamental to the Group's daily operations. Internal control is useful to Directors, senior management and other key personnel who are accountable for control in the Group as well as acting as a tool in providing Directors and senior management with information of sufficient quality to make business decisions and meet their regulatory obligations.

In this connection, Internal Control Policy and Procedures have been formulated and implemented within the Group with the primary objective of providing general guidance and recommendations on a basic framework of internal control and risk management. The key objectives of the internal control include:

– Safeguarding assets
– Ensuring completeness, accuracy and validity of financial records and reports
– Promoting adherence to policies, procedures, regulations and laws
– Promoting effectiveness and efficiency of operations

The Internal Control Policy and Procedures cover, amongst others, the following material activities – finance, operational and compliance controls:

Finance

Effective financial control is essential in identifying and managing liabilities to ensure that the Group is not unnecessarily exposed to avoidable financial risks as well as safeguarding of assets from inappropriate use or loss, including the prevention and detention of fraud and errors. A set of measures has been formulated and implemented to tighten the control on cash flow. All payments should be properly checked and approved. Proper accounting and financial records shall be maintained in supporting financial budgets, periodic management accounts and reports.

Operational

With regard to the Group's businesses, different sets of principles and procedures have been set up for different management teams to follow. Through the implementation of those principles and procedures, the operation process became more accountable, transparent and efficient.

Compliance

The Company has fully complied with the requirements of the GEM Listing Rules. Financial reports, announcements and circulars have been prepared and published in accordance with the requirements of the GEM Listing Rules.

The Company has engaged an independent professional firm to undertake the role of reviewing and assessing the Group's internal control and risk management systems to evaluate their effectiveness and efficiency on the internal control. A report was prepared to the Board on the findings of the internal control and risk management systems implemented by the Company and helped to identify any significant areas of concern and made recommendations to the Board accordingly.

SHAREHOLDERS' RIGHTS

Procedures for Shareholders to convene an extraordinary general meeting and to put forward proposals at Shareholders' meeting

Any one or more Shareholder(s) holding at the date of deposit of the requisition not less than one-twentieth of the paid up capital 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 by mail at Room 1202, 12/F., Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting on a date not more than 28 days after the date on which the notice convening the meeting is given, the requisitionist(s) him/herself (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.

Procedures by which enquiries may be put to the Board

Shareholders may send their enquiries and concerns to the Board by addressing them to the company secretary of the Company by mail at Room 1202, 12/F., Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong. The company secretary of the Company is responsible for forwarding communications relating to matters within the Board's direct responsibilities to the Board and communications relating to ordinary business matters, such as suggestions and inquiries, to the relevant executive officer of the Company.

INVESTOR RELATIONS

Communication with Shareholders

The Company believes in regular and timely communication with shareholders as part of its efforts to help shareholders understand its business better and the way the Company operates. To promote effective communication with the public at large, the Company maintains a website (www.gwchl.com) on which comprehensive information about the Company's major businesses, financial information and announcements, annual, quarterly and interim reports and shareholders circulars are being made available.

The Board is endeavour to maintain an on-going dialogue with shareholders. The chairman of the Board and members of the Board Committees will attend the annual general meeting to answer questions.

Report of the Directors

The directors of Great World Company Holdings Ltd (the "Company") submit their report together with the audited financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 March 2015.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Its subsidiaries are engaged in (i) property investment and (ii) operation of iron mines in the People's Republic of China ("PRC").

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 March 2015 are set out in the Consolidated Statement of Profit or Loss on page 25.

The Directors do not recommend the payment of a final dividend.

RESERVES

Movements in the reserves of the Company and the Group during the year are set out in note 29 to the financial statements and in the Consolidated Statement of Changes in Equity on page 29.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the year are set out in note 14 to the financial statements.

INVESTMENT PROPERTY

Details of the movements in investment property of the Group during the year are set out in note 15 to the financial statements.

FIVE-YEAR FINANCIAL SUMMARY

Results, assets and liabilities of the Group for each of the last five financial years are summarised on page 99.

SHARE CAPITAL

Details of the movements in the share capital of the Company are set out in note 28 to the financial statements.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company did not redeem any of its shares during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of its shares during the year.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's memorandum and articles of association and there is no restriction against such rights under the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

SUFFICIENCY OF PUBLIC FLOAT

Based on information publicly available to the Company and within the knowledge of the Directors as at the date of this annual report, the Company has maintained a sufficient public float of not less than 25% of the Company's total issued shares as required under the GEM Listing Rules.

USE OF PROCEEDS FROM THE COMPANY'S PLACING OF NEW SHARES AND NEW CONVERTIBLE NOTES

Placing of 225,500,000 new shares on 22 October 2014

Net proceeds from the Company's placing of 225,500,000 new shares at the placing price of HK$0.125 per share, after deducting the placing commission and other related expenses, were approximately HK$27.9 million,

Intended use of proceeds

To be used for settlement of part of the consideration of HK$30 million in connection with the acquisition of shares in Yenbo Gain Limited.

Actual use of proceeds up to 31 March 2015

Settlement of the first instalment of approximately HK$27.9 million in connection with the acquisition of shares in Yenbo Gain Limited

Placing of new convertible notes in an aggregate principal of HK$110 million on 30 March 2015

Net proceeds from the Company's placing of new convertible notes in an aggregate principal of HK$110 million, after deduction the placing commission and other related expenses, were approximately HK$109.2 million.

Intended use of proceeds

As to (i) HK$37.5 million to be used for settlement of the consideration of HK$37.5 million in connection with the acquisition of shares in Yenbo Gain Limited; (ii) approximately HK$2.1 million to be used for settlement of the balance of the consideration of approximately HK$2.1 million in connection with the acquisition of shares in Yenbo Gain Limited; and (iii) approximately HK$69.6 million to be used for working capital of the Group (including but not limited to the repayment of borrowings of the Group and/or future investments and/or developments of the Group).

Actual use of proceeds up to 31 March 2015

The net proceeds in the amount of (i) HK$37.5 million was used for payment of the consideration of HK$37.5 million in connection with the acquisition of shares in Yenbo Gain Limited; and (ii) approximately HK$2.1 million was used for payment of the second instalment of approximately HK$2.1 million in connection with the acquisition of shares in Yenbo Gain Limited.

The remaining net proceeds of approximately HK$69.6 million has not been utilised as at 31 March 2015. The Directors intend to use the amount for working capital of the Group (including but not limited to the repayment of borrowings of the Group and/or future investments and/or developments of the Group).

At the date of this annual report, the Directors do not anticipate any change to the plan as to use of proceeds. The unused net proceeds were placed with banks in Hong Kong.

EMOLUMENT POLICY

The emolument policy for the employees of the Group is set up on the basis of their merit, qualifications and competence and has been reviewed by the remuneration committee.

The emoluments of the directors of the Company are determined by the remuneration committee, having regard to the Group'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 scheme is set out below and in note 33 to the financial statements.

SHARE OPTIONS

Adoption of new share option scheme

The Company has adopted a new share option scheme at the annual general meeting of the Company held on 3 August 2012 (the "2012 Share Option Scheme"), which is valid and effective for a period of 10 years commencing on 3 August 2012, upon the termination of the share option scheme adopted at the annual general meeting of the Company held on 2 August 2002.

The 2012 Share Option Scheme enables the Company to grant options to selected persons to subscribe for shares in the Company as incentives or rewards for their contributions or potential contributions to the Group. The Board may, at its discretion, invite (i) any director or any employee of the Company, any of its subsidiaries or any invested entity; (ii) any holder of legal or beneficial title of any securities issued by any member of the Group or any invested entity; (iii) any business or joint venture partner, contractor, subcontractor, agent, sub-agent of the Group or any invested entity; (iv) any person or entity that provides research, development or other technological support or any advisory, consultancy, professional services to any member of the Group or any invested entity; and (v) any supplier of goods or services, customer or distributor of the Group or any invested entity, to take up options to subscribe for the shares in the Company for a consideration of HK$10 per each lot of share options granted.

The option period shall not exceed 10 years from the date of grant of option. There is no minimum period for which an option must be held before it can be exercised. HK$10 is payable on acceptance of an option within 28 days from the date of grant.

The total number of shares in respect of which options may be granted under the 2012 Share Option Scheme must not in aggregate exceed 10% of the shares in issue as at the date of adoption of the 2012 Share Option Scheme or the date of approval by the shareholders in general meeting where the limit is refreshed. The total number of shares issued and to be issued upon exercise of the options granted and to be granted to each individual in any twelve-month period up to and including the date of grant shall not exceed 1% of the shares in issue at the date of grant unless approval from Company's shareholders has been obtained. Options granted to a substantial shareholder or an independent non-executive director of the Company or any of their respective associates in excess of 0.1% of the total number of shares in issue or with a value in excess of HK$5 million must be approved in advance by the Company's shareholders.

Options may be exercised at any time during the specified option period. The exercise price shall be determined by the Directors, and shall be at least the highest of (i) the closing price of the Company's shares on the date of grant; (ii) the average closing price of the Company's shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's shares. The maximum number of shares which may be issued upon exercise of all options granted and yet to be exercised under the 2012 Share Option Scheme and any other share option schemes of the Company must not exceed 30% of the Company's shares in issue from time to time.

As at 31 March 2015, no option had been granted under the 2012 Share Option Scheme.

DIRECTORS

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

Executive Directors

Ms. Ng Mui King, Joky
Mr. Tong Wang Shun (resigned on 30 April 2015)
Ms. Zeng Jieping (resigned on 9 April 2015)
Mr. Zhang Yanqiang (appointed on 6 October 2014)

Independent non-executive Directors

Mr. Chung Koon Yan
Mr. Chan Ying Cheong
Mr. Lau Ching Wai, Peter (resigned on 6 October 2014)
Ms. Zhao Yongmei (appointed on 20 October 2014)

Pursuant to Articles 100 and 117 of the Articles of Association of the Company. Mr. Zhang Yanqiang, Mr. Chung Koon Yan and Ms. Zhao Yongmei shall retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into an appointment letter with the Company for a term of 2 years and each of the independent non-executive Directors has entered into an appointment letter with the Company for a term of 1 year; all appointment letters are subject to renewal with early termination clause in accordance with the removal, retirement and re-election provisions of Articles of Association of the Company.

None of the Directors (including those proposed for re-election at the forthcoming annual general meeting) has a service contract with the Company and/or any of its subsidiaries which is not determinable by the employing company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

There were no contracts or arrangements subsisting which a Director was materially interested and which was significant in relation to the business of the Group at any time during the year ended 31 March 2015.

INTERESTS OF DIRECTORS

As at 31 March 2015, the interests and short positions of the Directors or chief executive of the Company in the shares, the underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which the Directors and chief executive of the Company were taken or deemed to have under such provisions of the SFO), required to be entered in the register maintained by the Company pursuant to section 352 of the SFO or which were notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules were as follows:

Long position in shares and underlying shares of the Company

	Number of ordinary shares of HK$0.1 each and the underlying shares			
Name of Directors	Personal interest	Corporate interest	Total number of shares	Approximate percentage of the issued share capital of the Company
Ms. Ng Mui King, Joky	–	337,920,000 *(Note)*	337,920,000	24.97%

Note: These shares are held by Gold City Assets Holdings Ltd. which is owned by Ms. Ng Mui King, Joky as to 51%.

Save as disclosed above, as at 31 March 2015, none of the Directors and chief executives of the Company had any interests and short positions in the shares, the underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which the Directors and chief executive of the Company were taken or deemed to have under such provisions of the SFO), required to be entered in the register maintained by the Company pursuant to section 352 of the SFO or which were notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

Save as disclosed above, at no time during the year was any of the Company or its subsidiaries a party to any arrangements to enable the Directors or chief executives (including their spouses or children under 18 years of age) of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

INTEREST OF SUBSTANTIAL SHAREHOLDERS AND OTHER SHAREHOLDERS

As at 31 March 2015, save as disclosed below, so far is known to the Directors and chief executives of the Company, no person (other than a Director or a chief executive of the Company) has an interest or short position in the shares and underlying shares of the Company which will fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO or, who is directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstance at general meetings of any member of the Group.

(a) Long positions in shares of the Company

Name of shareholder	Capacity	Nature of interest	Total number of shares	Approximate percentage of the issued share capital of the Company
Gold City Assets Holdings Ltd. *(Note 1)*	Beneficial owner	Corporate	337,920,000	24.97%
Fine Day Asset Holdings Inc. *(Note 1)*	Interest of a controlled corporation	Corporate	337,920,000	24.97%
Mr. Tong Wang Chow *(Note 2)*	Beneficial owner	Personal	72,904,000	5.39%
	Interest of spouse	Family	5,000,000	0.37%
Mr. Huang Shih Tsai *(Note 3)*	Beneficial owner	Personal	406,785,714	30.06%

Notes:

1. *Pursuant to the SFO, Fine Day Asset Holdings Inc. is deemed interested in this shareholding interest through Gold City Assets Holdings Ltd., which is a company owned by Ms. Ng Mui King, Joky as to 51% and 49% by Fine Day Asset Holdings Inc.. Ms. Ng Mui King, Joky is an executive Director and also a director of Gold City Assets Holdings Ltd..*

2. *Mr. Tong Wang Chow is the elder brother of Mr. Tong Wang Shun, an executive Director who resigned on 30 April 2015.*

3. *Mr. Huang Shih Tsai ("Mr. Huang") has a total interest in 406,785,714 shares, of which (i) 155,000,000 shares were allotted to Mr. Huang on 15 August 2011 as partial consideration for the acquisition of 100% equity interest in a company wholly-owned by Mr. Huang; and (ii) 251,785,714 shares relate to Mr. Huang's derivative interests in the convertible note, details of which are disclosed in "Convertible Note" below.*

(b) Convertible Note

Name of noteholder	Date of issue	Conversion period	Conversion price per share *HK$*	Outstanding as at 31 March 2015	Number of underlying shares	Approximate percentage of the issued share capital of the Company
Mr. Huang Shih Tsai	15 August 2011	15 August 2011– 15 August 2016	0.1344	251,785,714	251,785,714	18.61%

Note: The conversion price per share was adjusted from HK$0.2 to HK$0.1344 and the number of underlying shares was adjusted from 169,200,000 to 251,785,714 with effect from the date of issue of new convertible notes on 30 March 2015.

COMPETING INTEREST

During the year up to the date of this report, none of the Directors or their respective associates had any interests in a business which competes or may compete, either directly or indirectly, with the business of the Company or, any other conflicts of interest with the Company.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, 100% of the Group's turnover was attributable to a single customer.

The Group did not have major suppliers as defined under the GEM Listing Rules.

At no time during the year did a Director, or a shareholder of the Company (which to the knowledge of the Director owns more than 5% of the Company's share capital) have an interest in any of the Group's major customer.

AUDITORS

The consolidated financial statements of the Group for the years ended 31 March 2013, 2014 and 2015 were audited by HLB Hodgson Impey Cheng Limited.

The consolidated financial statements of the Group for the year ended 31 March 2012 were audited by HLB Hodgson Impey Cheng, which was reorganised as HLB Hodgson Impey Cheng Limited. HLB Hodgson Impey Cheng was appointed as the Company's auditors on 18 January 2012 to fill the casual vacancy arising from the resignation of Grant Thornton Jingdu Tianhua on 17 January 2012.

Save as disclosed above, there have been no other changes of auditors for the preceding three years.

The term of office of HLB Hodgson Impey Cheng Limited will expire at the forthcoming annual general meeting. A resolution for the re-appointment of HLB Hodgson Impey Cheng Limited as the auditors of the Company for the subsequent year is to be proposed at the forthcoming annual general meeting.

On behalf of the Board

Ng Mui King, Joky
Chairman

Hong Kong, 29 June 2015

Independent Auditors' Report

HLB 國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
Great World Company Holdings Ltd
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Great World Company Holdings Ltd (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 25 to 98, which comprise the consolidated and the company's statements of financial position as at 31 March 2015, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Independent Auditors' Report

OPINION

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

Certified Public Accountants

Yu Chi Fat
Practising Certificate Number: P05467

Hong Kong, 29 June 2015

Consolidated Statement of Profit or Loss

For the year ended 31 March 2015

	Notes	2015 HK$'000	2014 HK$'000
Turnover	5(a)	1,502	1,559
Costs of sales		(482)	(849)
Gross profit		1,020	710
Other revenue	5(b)	423	4
Fair value change on investment property	15	1,243	(5,152)
Selling and distribution costs		–	(57)
Administrative and other operating expenses		(13,528)	(8,973)
Finance costs	7	(2,949)	(2,623)
Loss from operations		(13,791)	(16,091)
Share of loss of associates		(357)	–
Loss before tax	8	(14,148)	(16,091)
Income tax (expense)/credit	9	(1,363)	848
Loss for the year		(15,511)	(15,243)
Loss for the year attributable to owners of the Company		(15,511)	(15,243)
Basic loss per share	12	(1.26)HK cents	(1.35)HK cents

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2015

	2015 *HK$'000*	2014 *HK$'000*
Loss for the year	**(15,511)**	(15,243)
Other comprehensive (loss)/income for the year:		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	**151**	9
Exchange differences arising on translation of associates	**(317)**	–
Other comprehensive (loss)/income for the year, net of tax	**(166)**	9
Total comprehensive loss for the year	**(15,677)**	(15,234)
Total comprehensive loss attributable to owners of the Company	**(15,677)**	(15,234)

Consolidated Statement of Financial Position

As at 31 March 2015

	Notes	2015 HK$'000	2014 HK$'000
Non-current assets			
Property, plant and equipment	14	**291**	4,555
Investment property	15	**70,027**	68,628
Goodwill	16	**–**	–
Other intangible asset	17	**–**	–
Interests in associates	19	**29,326**	–
Deferred tax assets	27	**–**	1,547
Deposit for acquisition of a subsidiary	22	**37,500**	–
		137,144	74,730
Current assets			
Properties held for sale	21	**95,512**	95,154
Trade and other receivables	22	**2,380**	1,932
Cash and bank deposits	23	**69,377**	581
		167,269	97,667
Current liabilities			
Trade and other payables	24	**(5,430)**	(13,371)
Amounts due to directors	25	**(8,106)**	(3,314)
Amounts due to related companies	25	**(63,721)**	(54,521)
		(77,257)	(71,206)
Net current assets		**90,012**	26,461
Non-current liabilities			
Amount due to a shareholder	25	**(35,574)**	(33,874)
Convertible notes	26	**(84,494)**	(26,408)
Deferred tax liabilities	27	**(32,295)**	(23,505)
		(152,363)	(83,787)
Net assets		**74,793**	17,404
Capital and reserves			
Share capital	28	**135,313**	112,763
Reserves	29(a)	**(60,520)**	(95,359)
Equity		**74,793**	17,404

The consolidated financial statements were approved and authorised for issue by the board of directors on 29 June 2015 and are signed on its behalf by:

Ng Mui King, Joky
Director

Zhang Yanqiang
Director

The accompanying notes form an integral part of these consolidated financial statements.

Statement of Financial Position

As at 31 March 2015

	Notes	2015 HK$'000	2014 HK$'000
Non-current assets			
Property, plant and equipment	14	**149**	275
Investments in subsidiaries	18	**20**	20
Amounts due from subsidiaries	20	**174,500**	52,953
Amount due from a shareholder	25	**632**	632
		175,301	53,880
Current assets			
Trade and other receivables	22	**454**	330
Amount due from a subsidiary	20	**–**	19,331
Cash and bank deposits	23	**20**	266
		474	19,927
Current liabilities			
Trade and other payables	24	**(2,389)**	(1,904)
Amounts due to directors	25	**(4,606)**	(3,314)
Amounts due to subsidiaries	20	**–**	(68)
		(6,995)	(5,286)
Net current (liabilities)/assets		**(6,521)**	14,641
Non-current liabilities			
Convertible notes	26	**(84,494)**	(26,408)
Deferred tax liabilities	27	**(9,653)**	(1,224)
		(94,147)	(27,632)
Net assets		**74,633**	40,889
Capital and reserves			
Share capital	28	**135,313**	112,763
Reserves	29(b)	**(60,680)**	(71,874)
Equity		**74,633**	40,889

The financial statements were approved and authorised for issue by the board of directors on 29 June 2015 and are signed on its behalf by:

Ng Mui King, Joky	**Zhang Yanqiang**
Director	*Director*

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 March 2015

	Attributable to owners of the Company						
	Share capital *HK'000*	Share premium *HK'000*	Convertible notes equity reserve *HK'000*	Translation reserve *HK'000*	Other reserve *HK'000*	Accumulated losses *HK'000*	Total *HK'000*
At 1 April 2013	112,763	125,624	6,430	2,907	314	(215,400)	32,638
Total comprehensive income/ (loss) for the year	–	–	–	9	–	(15,243)	(15,234)
At 31 March 2014 and 1 April 2014	**112,763**	**125,624**	**6,430**	**2,916**	**314**	**(230,643)**	**17,404**
Loss for the year	**–**	**–**	**–**	**–**	**–**	**(15,511)**	**(15,511)**
Other comprehensive loss for the year	**–**	**–**	**–**	**(166)**	**–**	**–**	**(166)**
Total comprehensive loss for the year	**–**	**–**	**–**	**(166)**	**–**	**(15,511)**	**(15,677)**
Placement of shares	**22,550**	**5,638**	**–**	**–**	**–**	**–**	**28,188**
Share issuing expenses	**–**	**(244)**	**–**	**–**	**–**	**–**	**(244)**
Issue of new convertible notes	**–**	**–**	**54,038**	**–**	**–**	**–**	**54,038**
Recognition of deferred tax upon issue of new convertible notes	**–**	**–**	**(8,916)**	**–**	**–**	**–**	**(8,916)**
At 31 March 2015	**135,313**	**131,018**	**51,552**	**2,750**	**314**	**(246,154)**	**74,793**

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		**(14,148)**	(16,091)
Adjustments for:			
Bank interest income	*5(b)*	**(1)**	(4)
Finance costs	*7*	**2,949**	2,623
Depreciation on property, plant and equipment	*14*	**585**	588
Impairment loss on property, plant and equipment	*14*	**3,694**	–
Share of loss of associates		**357**	–
Gain on disposal of property, plant and equipment	*5(b)*	**(3)**	–
Fair value change on investment property	*15*	**(1,243)**	5,152
Operating cash flows before movements in working capital		**(7,810)**	(7,732)
Payments for construction cost of investment property		**–**	(594)
Payments for construction cost of properties held for sale		**(152)**	(1,810)
Increase in trade and other receivables		**(448)**	(50)
Decrease in trade and other payables		**(8,104)**	(5,368)
Net cash used in operating activities		**(16,514)**	(15,554)
Cash flows from investing activities			
Interest received on bank		**1**	4
Payment of deposit for acquisition of a subsidiary		**(37,500)**	–
Purchases of property, plant and equipment	*14*	**(6)**	(122)
Payment for acquisition of interests in associates		**(30,000)**	–
Proceeds from disposal of property, plant and equipment		**3**	–
Net cash used in investing activities		**(67,502)**	(118)
Cash flows from financing activities			
Interest paid		**–**	(3)
Increase in amounts due to directors		**4,792**	585
Increase in amounts due to related companies		**9,200**	5,218
Increase in amount due to a shareholder		**1,700**	5,700
Proceeds from placing of shares	*28*	**28,188**	–
Proceeds from issue of new convertible notes	*26(ii)*	**110,000**	–
Expenses on issuing new convertible notes		**(825)**	–
Share issuing expenses		**(244)**	–
Net cash generated from financing activities		**152,811**	11,500

Consolidated Statement of Cash Flows

For the year ended 31 March 2015

	Notes	2015 HK$'000	2014 HK$'000
Net increase/(decrease) in cash and cash equivalents		**68,795**	(4,172)
Cash and cash equivalents at beginning of the year		**581**	4,754
Effect of foreign exchange rate changes		**1**	(1)
Cash and cash equivalents at end of the year	23	**69,377**	581
Analysis of cash and cash equivalents			
Cash and bank deposits	23	**69,377**	581

As at 31 March 2015, the Group had cash and bank deposits denominated in Renminbi of approximately HK$287,000 (2014: HK$280,000). The remittance of these funds out of the People's Republic of China (the "PRC") is subject to the exchange control restrictions imposed by the PRC government.

1. GENERAL INFORMATION

Great World Company Holdings Ltd (the "Company") is incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The registered office and principal place of business of the Company are disclosed in the section headed "Corporate Information" on page 2 of this annual report.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is the same as the functional currency of the Company and all values are rounded to the nearest thousand (HK$'000) except otherwise indicated.

The principal activity of the Company is investment holding, and the principal activities of its subsidiaries are set out in note 38.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied, for the first time, the following new and revised standards and interpretations (collectively referred to as the "new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") which are relevant to and effective for the Group's annual consolidated financial statements for the year beginning on 1 April 2014. A summary of the new and revised HKFRSs adopted by the Group is set out below:

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

HKAS 32 (Amendments) 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 existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

HKAS 36 (Amendments) 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 regarding the fair value hierarchy, key assumptions and valuation techniques used when the recoverable amount of an asset or CGU was determined based on its fair value less costs of disposal.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

HKAS 39 (Amendments) Novation of Derivatives and Continuation of Hedge Accounting

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

HKFRS 10, HKFRS 12 and HKAS 27 (Amendments) 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 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 professional 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.

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

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 *Levies* addresses the issue of when to recognise a liability to pay a levy. 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.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

The Group has not applied or early adopted the following new or revised HKFRSs (including their consequential amendments) that have been issued but not yet effective in these consolidated financial statements. The name and principal nature of pronouncements which may be relevant to the Group are set out below.

HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation[3]
HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer Plants[3]
HKAS 19 (2011) (Amendments)	Defined Benefit Plans: Employee Contributions[1]
HKAS 27 (Amendments)	Equity Method in Separate Financial Statements[3]
HKFRSs (Amendments)	Annual Improvement to HKFRSs 2010–2012 Cycle[2]
HKFRSs (Amendments)	Annual Improvement to HKFRSs 2011–2013 Cycle[1]
HKFRSs (Amendments)	Annual Improvement to HKFRSs 2012–2014 Cycle[3]
HKFRS 9 (As revised in 2014)	Financial Instruments[6]
HKFRS 9 and HKFRS 7 (Amendments)	Mandatory Effective Dates of HKFRS 9 and Transition Disclosures[6]
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
HKFRS 11 (Amendments)	Accounting for Acquisitions of Interest in Joint Operations[3]
HKFRS 14	Regulatory Deferral Accounts[4]
HKFRS 15	Revenue from Contracts with Customers[5]
HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Investment entities: Applying the consolidation exception[3]
HKAS 1 (Amendments)	Disclosure initiative[3]

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

HKAS 16 and HKAS 38 (Amendments) Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to HKAS 16 prohibit entities from using a revenue based depreciation method for items of property, plant and equipment. The amendments to HKAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortization of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

(a) when the intangible asset is expressed as a measure of revenue; or

(b) when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

HKAS 16 and HKAS 41 (Amendments) Bearer Plants

The amendments to HKAS 16 and HKAS 41 define a bearer plant and require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with HKAS 16, instead of HKAS 41. The produce growing on bearer plants continues to be accounted for in accordance with HKAS 41.

HKAS 19 (2011) (Amendments) Defined Benefit Plans: Employee Contributions

The amendments to HKAS 19 clarify how an entity should account for contributions made by employees or third parties to defined benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employee.

For contributions that are independent of the number of years of service, the entity may either recognise the contributions as a reduction in the service cost in the period in which the related service is rendered, or to attribute them to the employees' periods of service using the projected unit credit method; whereas for contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees' periods of service.

HKAS 27 (Amendments) Equity Method in Separate Financial Statements

The amendments allow an entity to account for investments in subsidiaries, joint ventures and associates in its separate financial statements

- At cost,
- In accordance with HKFRS 9 *Financial Instruments* (or HKAS 39 *Financial Instruments: Recognition and Measurement* for entities that have not yet adopted HKFRS 9), or
- Using the equity method as described in HKAS 28 *Investments in Associates and Joint Ventures*.

The accounting option must be applied by category of investments.

The amendments also clarify that when a parent ceases to be an investment entity, or becomes an investment entity, it shall account for the change from the date when the change in status occurred.

In addition to the amendments to HKAS 27, there are consequential amendments to HKAS 28 to avoid a potential conflict with HKFRS 10 Consolidated Financial Statements and to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

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 nonfinancial 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.

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.

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.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

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.

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 postemployment 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.

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 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 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 requirement of HKFRS 9 are described below:

- All recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* to be 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. All other debt investment and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under HKFRS 9, entity 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 10 and HKAS 28 (Amendments) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

Amendments to HKAS 28:

- The requirements on gains and losses resulting from transactions between an entity and its associate or joint venture have been amended to relate only to assets that do not constitute a business.

- A new requirement has been introduced that gains or losses from downstream transactions involving assets that constitute a business between an entity and its associate or joint venture must be recognised in full in the investor's financial statements.

- A requirement has been added that an entity needs to consider whether assets that are sold or contributed in separate transactions constitute a business and should be accounted for as a single transaction.

Amendments to HKFRS 10:

- An exception from the general requirement of full gain of loss recognition has been introduced into HKFRS 10 for the loss control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method.

- New guidance has been introduced requiring that gains or losses resulting from those transactions are recognised in the parent's profit or loss only to the extent of the unrelated investor' interests in that associate or joint venture. Similarly, gains and losses resulting from the measurement at fair value of investments retained in any former subsidiary that has become an associate or a joint venture that is accounted for using the equity method are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

HKFRS 11 (Amendments) Accounting for Acquisitions of Interest in Joint Operations

The amendments to HKFRS 11 provide guidance on how to account for acquisition of a joint operation that constitutes a business as defined in HKFRS 3 *Business Combinations*. Specifically, the amendments state that the relevant principles on accounting for business combinations in HKFRS 3 and other standards (e.g. HKAS 36 *Impairment of Assets* regarding impairment testing of a cash generating unit to which goodwill on acquisition of a joint operation has been allocated) should be applied. The same requirements should be applied to the formation of a joint operation if and only if an existing business is contributed to the joint operation by one of the parties that participate in the joint operation.

A joint operator is also required to disclose the relevant information required by HKFRS 3 and other standards for business combinations.

The amendments to HKFRS 11 apply prospectively for annual periods beginning on or after 1 January 2016.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

HKFRS 15 Revenue from Contracts with Customers

In July 2014, HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

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

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

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

The Group is in the process of assessing the potential impact of the above new and revised HKFRSs upon initial application but is not yet in a position to state whether the above new and revised HKFRSs will have a significant impact on the Group's and the Company's results of operations and financial position.

3. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations ("Ints") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong. In addition, the consolidated financial statements include all applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules") and the disclosure requirements of the Hong Kong Companies Ordinance.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Basis of preparation

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

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

The preparation of the consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or area where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 4 to the financial statements.

Certain comparative figures have been adjusted to conform to current year's presentation.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between 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 statement 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 12, 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Basis of consolidation

The consolidated 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 related 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 at previous shareholders' meetings.

Consolidation of 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 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 interest. 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.

Where 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) 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 acquire and the equity interests issued by the Group in exchange for control of the acquire. Acquisition-related costs are generally recognised in the 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 acquiree are measured in accordance with HKFRS 2 *Share-based Payment* at the acquisition date; and

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

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree (if any) over 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 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 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Business combinations (continued)

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 its acquisition-date fair value and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been 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), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstance that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

(e) Goodwill

Goodwill arising on an acquisition of a business is carried at cost less any accumulated impairment losses and is presented separately in the consolidated statement of financial position.

For the purposes of impairment testing, goodwill arising from acquisition is allocated to each of the relevant cash-generating units (or group of cash-generating units) that is expected to benefit from the synergies of the combination.

A CGU to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a financial year, the CGU to which goodwill has been allocated is tested for impairment before the end of the reporting period. If the recoverable amount of the CGU is less than the carrying amount of the unit, 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 pro-rata on the basis of the carrying goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in the profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant CGU, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Interests in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in joint ventures. 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 of assets and liabilities of associates is incorporated in these 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 adjustment thereafter to recognised the Group's share of 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 has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in 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 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 the profit or loss in the period in which the investment is acquired.

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 recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of 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 associate 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 associate would be reclassified to the profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to accumulated losses (as a reclassification adjustment) when the equity method is discontinued.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Interests in associates (continued)

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 interests in associates but the Group continues to use the equity method, the Group reclassifies to the 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 the profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate of the Group, 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.

(g) Intangible asset

An intangible asset with finite useful lives that are acquired separately is carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible asset with finite useful lives is recognised on a straight-line basis over their estimated useful lives. 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.

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

Mining rights

Mining rights are carried at cost less accumulated amortisation and any impairment losses. Amortisation is calculated using the straight-line method to write off the cost over the term of mining exploitation permit.

(h) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the ordinary course of business, net of discounts and sales related taxes.

- Processing income is recognised when mine processing services are rendered and completed.

- Revenue from sale of properties in the ordinary course of business is recognised when the respective properties have been completed and delivered to the purchasers. Deposits and installments received from purchasers prior to meeting the above criteria for revenue recognition are included in the consolidated statement of financial position under current liabilities.

- 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 the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Leases

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 lessee

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.

(j) 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 in the respectively functional currency on 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 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 adjustments 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Foreign currencies (continued)

For the purpose of presenting the 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 rate prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing 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.

Goodwill and fair value adjustments on identifiable assets acquired arising on the 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 equity under the heading of translation reserve.

(k) 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 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 the profit or loss in the period in which they are incurred.

(l) Retirement benefit costs

Payment to defined contribution retirement benefit scheme and/or state-sponsored pension schemes operated by the Mainland China (the "PRC") government or under the Hong Kong Mandatory Provident Fund Schemes Ordinance are recognised as expense when employees have rendered services entitling them to the contribution.

(m) 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 before tax" as reported in the consolidated statement of profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Taxation (continued)

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 base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition 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 the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period which the liability is settled or the asset is 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 meaning deferred tax liabilities and deferred tax assets for investment property that are measured using the fair value model, the carrying amount of such property is 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. If the presumption is rebutted, deferred tax liabilities and deferred tax assets for such investment property is measured in accordance with the above general principles set out in HKAS 12 *Deferred Tax: Recovery of Underlying Assets* (i.e. based on the expected manner as to how property will be recovered).

Current and deferred tax for the year

Current or deferred tax for the year is recognised in profit or loss, except when it relates 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Property, plant and equipment

Property, plant and equipment (other than construction in progress) are stated in consolidated statement of financial position at cost less accumulated depreciation and any impairment loss, except that when an item of property, plant and equipment is classified as held for sale, it is not depreciated and is measured at the lower of carrying amount and fair value less costs of disposal. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the profit or loss in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment and the cost of the item can be measured reliably, the expenditure is capitalised as an additional cost of that asset or as a replacement.

Depreciation is calculated on a straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal rates used for this purpose are as follows:

Buildings	Over the unexpired lease terms of land on which the building is erected
Leasehold improvements	10% to 25% or shorter of the lease
Furniture and equipment	5% to 25%
Motor vehicles	10% to 25%

Construction in progress includes property, plant and equipment in the course of construction for production or for own use purposes. Construction in progress is carried at cost less recognised impairment loss. Construction in progress is classified to the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other assets, commences when the assets are ready for intended use.

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 derecognition of the asset (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 item is derecognised.

(o) Investment property

Investment property is initially measured at cost, including any directly attributable expenditure, except for the properties transferred from property, plant and equipment, which are measured at fair value at date of transfer. Subsequent to initial recognition, investment property is measured at its fair values using the fair value model. Gains or losses arising from changes in the fair value of investment property is included in profit or loss of the period in which it arises.

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 its 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 of the period in which the item is derecognised.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Properties held for sale

Properties held for sale are classified as current assets. They are stated at the lower of cost and net realisable value.

The cost of properties held for sale is determined by apportionment of the total development costs which comprise all costs of purchase, costs of conversion and costs incurred in bringing the inventories to their present location attributable to unsold units.

Net realisable value is estimated by the management, based on prevailing market conditions, which represents the estimated selling price less estimated costs to be incurred in selling the property.

(q) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost which is calculated using the first-in-first-out basis, comprises materials, direct labour and an appropriate proportion of all production overhead expenditure. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sales.

(r) 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. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the CGU to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGU, or otherwise they are allocated to the smallest group of CGU 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.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or the CGU) 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 CGU) 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 CGU) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Transaction costs directly attributable to the acquisition of financial assets or financial labilities at fair value through profit or loss are recognised immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

(t) 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 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 at fair value through profit or loss are recognized immediately in the profit or loss.

Financial assets

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss 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 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 asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period.

Financial assets are considered to be impaired where 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 financial assets have been affected.

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 default or delinquency in interest and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- 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 subsequently 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 and observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, an impairment loss is recognised in profit or loss as the difference between the asset's carrying amount and the present value of the 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.

The carrying amount of financial asset is generally reduced by the impairment loss directly against the financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Financial instruments (continued)

Financial liabilities and equity

Classification as debt or equity

Financial liabilities 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 an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all its liabilities.

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

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 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 financial liabilities

Other financial liabilities including trade and other payables, amounts due to directors, amounts due to related companies and convertible notes are subsequently measured at amortised cost, using the effective interest method.

Convertible notes

Convertible notes issued by the Group that contain both financial liability and equity components is classified separately into respective liability and equity components on initial recognition in accordance with the substance of the contractual arrangements and the definitions of a financial liability and equity instrument. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's owned equity instruments is classified as an equity instrument.

On initial recognition, the fair value of the liability component is determined using the prevailing market interest rate of similar non-convertible debts. The difference between the gross proceeds of the issue of the convertible note and the fair value assigned to the liability component, representing the conversion option for the holder to convert the notes into equity, is included in equity (convertible notes equity reserve).

In subsequent periods, the liability component of the convertible notes is carried at amortised cost using the effective interest method. The equity component, representing the option to convert the liability component into ordinary shares of the Company, will remain in convertible notes equity reserve until the embedded option is exercised (in which case the balance stated in convertible notes equity reserve will be transferred to share capital and share premium). Where the option remains unexercised at the expiry date, the balance stated in convertible notes equity reserve will be released to accumulated losses. No gain or loss is recognised in profit or loss upon conversation or expiration of the option.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Financial instruments (continued)

Financial liabilities and equity (continued)

Convertible notes (continued)

Transaction costs that relate the issue of the convertible note are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible note using the effective interest method.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, 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 is recognised in profit or loss.

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

(u) 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.

Provisions are measured at 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. Where 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.

Contingent liabilities acquired in a business combination

Contingent liabilities acquired in a business combination are initially measured at fair value at the date of acquisition. At the end of the subsequent reporting periods, such contingent liabilities are measured at the higher of the amount that would be recognised in accordance with HKAS 37 and the amount initially recognised less cumulative amortisation recognised in accordance with HKAS 18.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Employee benefits

Bonuses

The Group recognises a liability for bonuses when there is a contractual obligation and the amount can be estimated reliably.

Retirement benefit obligations

Payments to Mandatory Provident Fund Scheme (the "MPF Scheme"), government-managed retirement benefits schemes and state-managed retirement benefit schemes are recognised as an expense when employees have rendered services entitling them to the contributions.

The Group operates a MPF Scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance for those employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF Scheme is a defined contribution scheme, the assets of which are held in separate trustee-administered funds.

Under the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at 5% of the employees' relevant income, with the employers' contributions subject to a cap of monthly relevant income of HK$30,000 (HK$25,000 prior to 1 June 2014). The Group's contributions to the scheme are expensed as incurred and vested in accordance with the scheme's vesting scales. Where employees leave the scheme prior to the full vesting of the employer's contributions, the amount of forfeited contributions is used to reduce the contributions payable by the Group.

The employees employed by the Group's subsidiaries in the PRC are members of state-managed retirement benefit schemes operated by the government of the PRC. The subsidiaries are required to contribute a specific percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits schemes operated by the government of the PRC is to make the specified contributions under the schemes.

Share-based payment expense

For share options granted to employees, the fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity under the heading of "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 estimates during the vesting period, 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.

When the share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When share options are forfeited or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to accumulated losses.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(w) Related parties

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

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

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent

Or

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

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

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

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

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

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

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

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

A related party transaction is a transfer of resources, services or obligations between the Group and a related party, regardless of whether a price is charged.

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

(a) that person's children and spouse or domestic partner;

(b) children of that person's spouse or domestic partner; and

(c) dependants of that person or that person's spouse or domestic partner.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(x) Segment reporting

Operating segments information are reported in a manner consistent with the internal reporting provided to the chief operating decision maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Group's executive officer who makes strategic decisions.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

(y) Contingent liabilities and assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably. When a change in the probability of an outflow occurs so that outflow is probable, they will then be recognised as a provision.

4. CRITICAL ACCOUNTING JUDGMENTS 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 judgments, 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 when the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(a) Critical accounting judgements

The followings are the critical judgments, apart from those involving estimations, 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.

(i) Income tax

Determining income tax provision requires the Group to make judgements on the future tax treatment of certain transactions. The Group carefully evaluates tax implications of transactions in accordance with prevailing tax regulations and makes tax provisions accordingly.

In addition, deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised. This requires significant judgement on the tax treatments of certain transactions and also assessment on the probability that adequate future taxable profits will be available for the deferred tax assets to be recovered.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

(b) 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.

(i) ***Estimated impairment of goodwill***

Determining whether goodwill is impaired requires an estimation of the value in use of the CGU to which goodwill has been allocated. The value in use calculation requires the management to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

(ii) ***Estimated impairment of intangible asset***

Determining whether intangible asset is impaired requires an estimation of the value in use of the CGUs to which intangible asset has been allocated. The value in use calculation requires the management to estimate the future cash flows expected to arise from the cash-generating units and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

(iii) ***Estimation of fair value of investment property***

Investment property is carried in the consolidated statement of financial position at 31 March 2015 at its fair value of approximately HK$70,027,000 (2014: HK$68,628,000). The fair value was based on a valuation on the property conducted by an independent firm of professional valuers using property valuation techniques which involve certain assumptions of market conditions and subject to uncertainty and might materially differ from the actual results. In making the judgement on whether such valuations and assumptions by the valuers are reasonable, the management considers information from current prices in an active market for similar properties and uses assumptions that are mainly based on market conditions existing at the end of reporting period, with reference to current market sales prices. Favourable or unfavourable changes to these assumptions would result in changes in the fair value of the investment property and corresponding adjustments to the amount of gain or loss reported in the consolidated statement of profit or loss.

(iv) ***Provision for properties held for sale***

The Group considers information from a variety of sources, including recent prices of similar properties in the same location and condition, with adjustments to reflect any changes in economic conditions since the dates of transactions that occurred at those prices. Particulars of the properties held for sale of the Group are set out in note 21 to the financial statements.

(v) ***Useful lives and impairment of property, plant and equipment***

In determining the useful lives of property, plant and equipment, the management has to consider various factors, such as expected usage of the asset, expected physical wear and tear, the care and maintenance of the asset, and legal or similar limits on the use of the asset. The estimation of the useful life of the asset is made based on last experience on similar assets that are used in a similar way. Depreciation charge is revised if the estimated useful lives of items of property, plant and equipment are different from the previous estimation. Useful lives are reviewed, at each financial year end date, based on changes in circumstances.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

(b) Key sources of estimation uncertainty (continued)

(v) *Useful lives and impairment of property, plant and equipment* (continued)

The Group also performs annual reviews on whether the assumptions made on useful lives continued to be valid. The Group tests annually whether the assets have suffered any impairment. The recoverable amount of an asset or a cash generating unit is determined based on the higher of its (i) value-in-use calculations which require the use of assumptions and estimates and (ii) fair value less cost of disposal.

5. REVENUE

(a) Turnover

Turnover represents the net amount received and receivable from mine processing for the year.

	2015	2014
	HK$'000	*HK$'000*
Mine processing income	**1,502**	1,559

(b) Other revenue

	2015	2014
	HK$'000	*HK$'000*
Bank interest income	**1**	4
Gain on disposal of property, plant and equipment	**3**	–
Other	**419**	–
	423	4

6. SEGMENT INFORMATION

The Group manages its businesses by divisions, which are organised by a mixture of both business lines (products and services) and geography. In a manner consistent with the way in which information is reported internally to the Group's most senior management for the purpose of resource allocation and performance assessment, the Group has presented the following two reportable segments.

The Group's operations and reportable segments under HKFRS 8 are as follows:

Iron mine business	Exploration, mining and processing of iron ores
Property business	Property investment and development, operating and managing residential and commercial properties

6. SEGMENT INFORMATION (continued)

These segments are managed separately as they belong to different industries and require different operating systems and strategies. There were no sales or other transactions between those reportable segments. Information regarding the Group's reportable segments is presented below:

(a) Segment revenue, profit or loss, assets, liabilities and other selected financial information

2015

	Iron mine business *HK$'000*	**Property business** *HK$'000*	**Total** *HK$'000*
Revenue from external customers	**1,502**	**–**	**1,502**
Bank interest income	**–**	**1**	**1**
Depreciation	**(453)**	**(5)**	**(458)**
Fair value change on investment property	**–**	**1,243**	**1,243**
Total (loss)/profit of reportable segments	**(4,615)**	**80**	**(4,535)**
Impairment loss on property, plant and equipment	**(3,694)**	**–**	**(3,694)**
Income tax expense	**–**	**(1,850)**	**(1,850)**
Total assets of reportable segments	**1,874**	**166,021**	**167,895**
Additions to non-current assets	**–**	**6**	**6**
Total liabilities of reportable segments	**(4,290)**	**(62,405)**	**(66,695)**
Gain on disposal of property, plant and equipment	**–**	**3**	**3**

2014

	Iron mine business *HK$'000*	Property business *HK$'000*	Total *HK$'000*
Revenue from external customers	1,559	–	1,559
Bank interest income	–	4	4
Depreciation	(457)	(7)	(464)
Fair value change on investment property	–	(5,152)	(5,152)
Total loss of reportable segments	(211)	(6,582)	(6,793)
Income tax (expense)/credit	(1,020)	1,435	415
Total assets of reportable segments	5,633	164,312	169,945
Additions to non-current assets	92	599	691
Total liabilities of reportable segments	(4,916)	(61,005)	(65,921)

6. SEGMENT INFORMATION (continued)

(b) Reconciliations of reportable segment revenue, profit or loss, assets and liabilities

	2015 HK$'000	2014 HK$'000
Revenue		
Total revenue for reportable segments	1,502	1,559
Consolidated turnover	1,502	1,559
Profit or loss		
Total loss for reportable segments	(4,535)	(6,793)
Unallocated corporate income	419	–
Unallocated corporate expenses	(9,675)	(9,298)
Share of loss of associates	(357)	–
Consolidated loss before tax	(14,148)	(16,091)
Assets		
Total assets for reportable segments	167,895	169,945
Interests in associates	29,326	–
Unallocated corporate assets	107,192	2,452
Consolidated total assets	304,413	172,397
Liabilities		
Total liabilities for reportable segments	(66,695)	(65,921)
Unallocated corporate liabilities	(162,925)	(89,072)
Consolidated total liabilities	(229,620)	(154,993)

6. SEGMENT INFORMATION (continued)

(c) Geographical Information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers; and (ii) the Group's property, plant and equipment, investment property, ("specified non-current assets"). The geographical location of customer is based on the location at which the services were provided or the goods were delivered. The geographical location of the specified non-current assets is based on (i) the physical location of the assets, in the case of property, plant and equipment and investment property; and (ii) the location of the operation to which they are allocated.

	Revenue from external customers		Specified non-current assets	
	2015	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
PRC	**1,502**	1,559	**70,169**	72,908
Hong Kong	**–**	–	**149**	275
	1,502	1,559	**70,318**	73,183

(d) Information about a major customer

Revenue from a customer in the current and corresponding year contributing 100% of the turnover of the Group from the iron mine business is as follows:

	2015	2014
	HK$'000	*HK$'000*
Customer A	**1,502**	1,559

7. FINANCE COSTS

	2015	2014
	HK$'000	*HK$'000*
Effective interest expenses on convertible notes (note 26)	**2,949**	2,620
Interest expenses on other borrowings wholly repayable within five years	**–**	3
	2,949	2,623

8. LOSS BEFORE TAX

Loss before tax has been arrived at after charging:

	2015 HK$'000	2014 HK$'000
Staff costs (Including directors' remuneration)		
– salaries and other benefits	**3,199**	3,545
– contributions to defined contribution retirement benefit schemes	**133**	113
	3,332	3,658
Auditors' remuneration		
– audit services	**360**	330
– other services	**320**	–
Depreciation of property, plant and equipment *(note 14)*	**585**	588
Operating lease charges in respect of land and building	**1,210**	1,194
Impairment loss on property, plant and equipment *(note 14)*	**3,694**	–

9. INCOME TAX EXPENSE/(CREDIT)

	2015 HK$'000	2014 HK$'000
Current tax:		
Hong Kong Profits Tax	**–**	–
PRC Enterprise Income Tax	**–**	–
Deferred taxation *(note 27)*	**1,363**	(848)
Income tax expense/(credit) for the year	**1,363**	(848)

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years. No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the Group has no assessable profit subject to Hong Kong Profits Tax for both years ended 31 March 2015 and 2014.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%. No provision for EIT has been made in the consolidated financial statements as the Group has no assessable profit subject to EIT for both years ended 31 March 2015 and 2014.

9. INCOME TAX EXPENSE/(CREDIT) (continued)

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

	2015 HK$'000	2014 HK$'000
Loss before tax	(14,148)	(16,091)
Notional tax on loss before tax calculated at the tax rates applicable to jurisdictions concerned	(2,751)	(3,232)
Tax effect of expense not deductible for tax purpose	1,085	–
Tax effect of tax losses not recognised	800	1,168
Tax effect of share of loss of associates	89	–
Tax effect of temporary differences	2,140	1,216
Income tax expense/(credit) for the year	1,363	(848)

10. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES' EMOLUMENTS

(a) Directors' remunerations

Emoluments paid or payable to each of the directors during the year are as follows:

2015

	Fees HK$'000	Salaries and other benefits HK$'000	Retirement benefit scheme contributions HK$'000	Total HK$'000
Executive directors:				
Ms. Ng Mui King, Joky	600	–	17	617
Mr. Tong Wang Shun[1]	240	–	–	240
Ms. Zeng Jieping[2]	240	–	12	252
Mr. Zhang Yanqiang[3]	117	–	–	117
Independent non-executive directors:				
Mr. Chung Koon Yan	120	–	–	120
Mr. Chan Ying Cheong	120	–	–	120
Mr. Lau Ching Wai, Peter[4]	62	–	–	62
Ms. Zhao Yongmei[5]	54	–	–	54
	1,553	–	29	1,582

10. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES' EMOLUMENTS (continued)

(a) Directors' remunerations (continued)

2014

	Fees *HK$'000*	Salaries and other benefits *HK$'000*	Retirement benefit scheme contributions *HK$'000*	Total *HK$'000*
Executive directors:				
Ms. Ng Mui King, Joky	600	–	15	615
Mr. Tong Wang Shun[1]	240	–	–	240
Ms. Zeng Jieping[2]	240	–	12	252
Independent non-executive directors:				
Ms. Hui Sin Man, Alice[6]	60	–	–	60
Mr. Chung Koon Yan	120	–	–	120
Mr. Chan Ying Cheong	120	–	–	120
Mr. Lau Ching Wai, Peter[4]	60	–	–	60
	1,440	–	27	1,467

Notes:

1 Mr. Tong Wang Shun resigned on 30 April 2015.

2 Ms. Zeng Jieping resigned on 9 April 2015.

3 Mr. Zhang Yanqiang was appointed as an executive director on 6 October 2014.

4 Mr. Lau Ching Wai, Peter was appointed as an independent non-executive director on 30 September 2013 and resigned on 6 October 2014.

5 Ms. Zhao Yongmei was appointed as an independent non-executive director on 20 October 2014.

6 Ms. Hui Sin Man, Alice resigned as an independent non-executive director on 30 September 2013.

During the years ended 31 March 2015 and 2014, no emoluments or incentive payments were paid by the Group to the directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors has waived or agreed to waive any emoluments during the year.

10. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES' EMOLUMENTS (continued)

(b) Of the 5 individuals with the highest emoluments in the Group, 3 (2014: 3) are directors of the Company whose emoluments are set out above. The emoluments of the remaining 2 (2014: 2) highest paid individuals who are non-directors are as follows:

	2015	2014
	HK$'000	*HK$'000*
Salaries and other benefits	**660**	624
Retirement benefit scheme contributions	**17**	14
	677	638

The number of non-director, highest paid individuals whose remuneration within the following band is as follows:

	Number of individual	
	2015	2014
Within HK$1,000,000	**2**	2

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).

(c) At the end of the reporting period, there was no forfeited contribution, which arose upon employees leaving the retirement benefits scheme and which are available to reduce the contribution payable in the future years.

11. DIVIDEND

No dividend has been paid nor proposed for the year (2014: Nil).

12. BASIC LOSS PER SHARE

The calculation of the basic loss per share is based on the loss for the year attributable to owners of the Company and the weighted average number of ordinary shares.

The calculation of the basic loss per share attributable to owners of the Company is as below:

	2015 ***HK$'000***	2014 *HK$'000*
Loss attributable to owners of the Company for the purpose of basic loss per share	**(15,511)**	(15,243)

	2015 ***'000***	2014 *'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	**1,227,095**	1,127,628

No diluted loss per share has been presented for both years as the Company's outstanding convertible notes are either anti-dilutive or no dilutive effect for both years.

13. LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY

The consolidated loss attributable to owners of the Company for the year includes a loss of approximately HK$39,322,000 (2014: HK$8,422,000) which has been dealt with in the financial statements of the Company.

14. PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings HK$'000	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
Cost:						
At 1 April 2013	381	457	3,583	1,851	1,075	7,347
Additions	–	–	122	–	–	122
Eliminated on written off	–	–	(292)	(412)	–	(704)
Exchange adjustments	(2)	–	(8)	(3)	(2)	(15)
At 31 March 2014 and 1 April 2014	379	457	3,405	1,436	1,073	6,750
Additions	–	–	6	–	–	6
Disposal	–	–	(18)	–	–	(18)
Exchange adjustments	1	–	7	3	2	13
At 31 March 2015	380	457	3,400	1,439	1,075	6,751
Accumulated depreciation and impairment loss:						
At 1 April 2013	189	114	1,367	650	–	2,320
Depreciation provided for the year	10	114	327	137	–	588
Eliminated on written off	–	–	(292)	(412)	–	(704)
Exchange adjustments	(1)	–	(7)	(1)	–	(9)
At 31 March 2014 and 1 April 2014	198	228	1,395	374	–	2,195
Depreciation provided for the year	9	115	324	137	–	585
Disposal	–	–	(18)	–	–	(18)
Impairment loss	172	–	1,645	802	1,075	3,694
Exchange adjustments	1	–	2	1	–	4
At 31 March 2015	380	343	3,348	1,314	1,075	6,460
Carrying amount:						
At 31 March 2015	**–**	**114**	**52**	**125**	**–**	**291**
At 31 March 2014	181	229	2,010	1,062	1,073	4,555

14. PROPERTY, PLANT AND EQUIPMENT (continued)

During the year, the Group continued to encounter a poor performance on the iron mine reportable segment. The Group carried out a review of the recoverable amount of the assets in the iron mine reportable segment by way of adopting an independent valuation appraisal to perform a fair values less cost of disposal on building, furniture, fixtures and equipment, motor vehicles and construction in progress. These assets were used in the Group's iron mine reportable segment. The recoverable amount determined in accordance with the valuation was below their carrying amount, resulting in the recognition of an impairment loss of HK$3,694,000 in the consolidated statement of profit or loss. The value of the relevant assets has been determined on the basis of their fair values less cost of disposal.

The Company

	Leasehold improvements *HK$'000*	Furniture and equipment *HK$'000*	Total *HK$'000*
Cost:			
At 1 April 2013	457	148	605
Additions	–	25	25
At 31 March 2014, 1 April 2014 and 31 March 2015	457	173	630
Accumulated depreciation:			
At 1 April 2013	114	116	230
Depreciation provided for the year	115	10	125
At 31 March 2014 and 1 April 2014	229	126	355
Depreciation provided for the year	114	12	126
At 31 March 2015	343	138	481
Carrying amount:			
At 31 March 2015	**114**	**35**	**149**
At 31 March 2014	228	47	275

15. INVESTMENT PROPERTY

The Group

	HK$'000
Fair value	
1 April 2013	73,286
Additions	594
Net decrease in fair value recognised in the consolidated statement of profit or loss	(5,152)
Exchange adjustments	(100)
At 31 March 2014 and 1 April 2014	68,628
Net increase in fair value recognised in the consolidated statement of profit or loss	1,243
Exchange adjustments	156
At 31 March 2015	**70,027**

The fair values of the Group's investment property at 31 March 2015 and 2014 have respectively been arrived at on the basis of a valuation carried out on that date by Asset Appraisal Limited, an independent qualified professional valuer not connected with the Group. The directors of Asset Appraisal Limited are members of the Hong Kong Institute of Surveyors, and have appropriate qualifications and recent experience in the valuation of properties in the relevant locations.

The Group's investment property held under operating leases to earn rentals are measured using the fair value model and are classified as investment property.

The fair value of investment property located in the PRC is determined using market comparison approach by reference to recent sales price of comparable properties on a price per square metre basis to the quality of the Group's buildings compared to the recent sales.

Fair value adjustment of investment property is recognised in the line item "fair value change on investment property" on the face of the consolidated statement of profit or loss.

At 31 March 2015 and 2014, no investment property has been pledged to obtain banking facilities for the Group. The minimum lease payments have been paid in full at the inception of the lease.

15. INVESTMENT PROPERTY (continued)

The carrying amounts of investment property shown above comprise:

	2015 **HK$'000**	2014 HK$'000
Investment property in the PRC, held under medium-term lease	**70,027**	68,628

All properties held under operating leases that would otherwise meet the definition of investment property are classified as investment property.

The following table presents the fair value of the Group's properties measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13 *Fair value measurement*. The level into which a fair value measurement is classified as determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date;
- Level 2 valuations: fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available; and
- Level 3 valuations: fair value measured using significant unobservable inputs.

The Group

	Level 1	**Level 2**	**Level 3**	**Total**
At 31 March 2015				
Investment property:				
– Located outside Hong Kong	**–**	**70,027**	**–**	**70,027**

During the year ended 31 March 2015, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy at the end of the reporting period in which they occur.

16. GOODWILL

The Group

	2015 HK$'000	2014 HK$'000
Cost:		
At 1 April	**11,338**	11,364
Exchange adjustments	**24**	(26)
At 31 March	**11,362**	11,338
Accumulated impairment:		
At 1 April	**11,338**	11,364
Exchange adjustments	**24**	(26)
At 31 March	**11,362**	11,338
Carrying amounts:		
At 1 April and 31 March	**–**	–

17. OTHER INTANGIBLE ASSET

The Group

	Mining right	
	2015 HK$'000	2014 HK$'000
Cost:		
At 1 April	**1,263**	1,266
Exchange adjustments	**3**	(3)
At 31 March	**1,266**	1,263
Accumulated amortisation and impairment:		
At 1 April	**1,263**	1,266
Exchange adjustments	**3**	(3)
At 31 March	**1,266**	1,263
Carrying amounts:		
At 1 April and 31 March	**–**	–

The cost of mining right represents amounts paid for the purpose of obtaining a PRC mining exploitation permit (the "Permit"), which was granted for a term of 10 years from 25 October 2007 to 25 October 2017. Amortisation is provided for using the straight-line method to write off the cost over the term of the Permit.

18. INVESTMENTS IN SUBSIDIARIES

	The Company 2015 HK$'000	2014 HK$'000
Unlisted equity shares, at cost	**20**	20

Details of subsidiaries as at 31 March 2015, which materially affected the Group's results or net assets, are set out in note 38.

19. INTERESTS IN ASSOCIATES

Details of the Group's interests in associates are as follows:

	The Group 2015 HK$'000
Unlisted equity shares, at cost	**30,000**
Share of post-acquisition loss and other comprehensive loss, net of dividends received	**(674)**
	29,326

The Group owns 36.36% equity interest in Yenbo Gain Limited and it was accounted for as associates in the consolidated statement of financial position of the Group at 31 March 2015. Interests in associates are accounted for using the equity method from the date on which it becomes associates. The Group has recognised interests in associates of HK$30,000,000 which includes goodwill of approximately HK$3,730,000.

Name of associate	Place of incorporation/ operation	Form of legal entity	Class of shares held	Proportion of ownership interest held by the Group	Proportion of voting rights held by the Group	Principal activities
Yenbo Gain Limited *(Note)*	British Virgin Islands	Limited liability company	Ordinary	36.36%	36.36%	Investment holding

Note:

The Group holds 36.36% equity interest in Yenbo Gain Limited and possesses the right of participation in policy-making processes, including participation in decisions about dividends or other distributions. Therefore, the directors of the Company consider that the Group has significant influence over Yenbo Gain Limited.

Yenbo Gain Limited's principal asset is the entire equity interest in Hong Kong Silversage Holdings Limited of which the principal asset is the entire equity interest in 銀悦生物技術（深圳）有限公司 (*Yin Yue Sheng Wu Ji Shu (Shenzhen) Ltd), of which the principal assets is the entire equity interest in 新疆中林科生物技術有限公司 (*Xin Jiang Zhong Lin Ke Sheng Wu Ji Shu Ltd). Yenbo Gain Limited and its subsidiaries are principally engaged in the business of cultivation and research of the fine and new varieties forest products together with the research and promotion of product cultivation technology.

銀悦生物技術（深圳）有限公司 and 新疆中林科生物技術有限公司 (the "PRC Subsidiaries") adopted 31 December as financial year end date for local statutory reporting purposes. For the preparation of associate's consolidated financial statements, accounts of PRC Subsidiaries for the 12 months ended 31 March 2015 have been used after making adjustments, as appropriate, for compliance with accounting principles generally accepted in Hong Kong.

* *for identification purposes only*

19. INTERESTS IN ASSOCIATES (continued)

Summarised financial information of associates

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

Yenbo Gain Limited and its subsidiaries

	2015 *HK$'000*
Current assets	**70,359**
Non-current assets	**237**
Current Liabilities	**(201)**
Non-current Liabilities	**–**

	2015 *HK$'000*
Revenue	**–**
Loss for the year and total comprehensive loss for the year	**(1,604)**

Reconciliation of the summarised financial information to the carrying amount of associates recognised in the consolidated financial statements:

	HK$'000
Net assets of associates on acquisition date	72,249
Proportion of the Group's ownership interest in Yenbo Gain Limited (36.36%) and its subsidiaries	26,270
Goodwill	3,730
Share of post-acquisition loss and other comprehensive loss, net of dividends received	(674)
Carrying amount of the Group's interest in Yenbo Gain Limited and its subsidiaries as at 31 March 2015	29,326

20. AMOUNTS DUE FROM/(TO) A SUBSIDIARY/SUBSIDIARIES

	The Company	
	2015	2014
	HK$'000	*HK$'000*
Amounts due from subsidiaries	**211,566**	76,963
Impairment losses	**(37,066)**	(4,679)
	174,500	72,284
Less: Amounts classified as non-current assets	**(174,500)**	(52,953)
Amount classified as current assets	**–**	19,331
Amounts due to subsidiaries	**–**	(68)

The movements of impairment losses on amounts due from subsidiaries are as follows:

	The Company	
	2015	2014
	HK$'000	*HK$'000*
At the beginning of the year	**4,679**	4,679
Impairment losses	**32,387**	–
At the end of the year	**37,066**	4,679

At 31 March 2015, the management assessed the carrying amounts due from subsidiaries after considering profitability, cash flow position, financial position, forecast business development and future prospects of the subsidiaries. Based on the assessment, the directors of the Company consider that the carrying amounts due from subsidiaries net of impairment losses recognised approximate to their recoverable amounts.

The amounts due from subsidiaries classified as non-current assets, representing the amounts which the Company has no intention to demand for repayment within 12 months after the reporting date, are unsecured, interest-free and have no fixed terms of repayment.

The amount due from a subsidiary classified as current assets is unsecured, interest-free and recoverable on demand.

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

21. PROPERTIES HELD FOR SALE

	The Group *HK$'000*
At 1 April 2013	93,556
Additions	1,810
Exchange adjustments	(212)
At 31 March 2014 and 1 April 2014	95,154
Additions	152
Exchange adjustments	206
At 31 March 2015	**95,512**

At 31 March 2015, the properties held for sale of approximately HK$95,512,000 (2014: HK$95,154,000) were included in the Group's current assets in the consolidated statement of financial position as it is expected that the properties will be realised in the Group's normal operating cycle for property business.

At 31 March 2015, the Group performed assessment on its properties held for sale to assess their net realisable value with reference to a valuation made by an independent qualified professional valuer, Asset Appraisal Limited.

The properties held for sale at 31 March 2015 is located in the PRC. The carrying amounts of properties held for sale shown above are as follows:

	2015 ***HK$'000***	2014 *HK$'000*
Properties held for sale in the PRC under medium-term lease	**95,512**	95,154

22. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2015	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Trade receivables	**–**	–	**–**	–
Other receivables	**1,005**	661	**–**	–
Prepayments	**656**	555	**122**	–
Deposits	**38,219**	716	**332**	330
	39,880	1,932	**454**	330
Less: Amount of deposit for acquisition of a subsidiary classified as non-current asset *(note)*	**(37,500)**	–	**–**	–
Amounts classified as current assets	**2,380**	1,932	**454**	330

Note: Deposit of HK$37,500,000 represented an amount paid to acquire a further 45.46% of the issued share capital of Yenbo Gain Limited.

In determining the recoverability of receivable, the Group considers if there is any change in the credit quality of the receivable from the date when credit was initially granted up to the end of the reporting period. In the opinion of directors, no impairment was recognised for both years as there was no significant change on their credit quality.

23. CASH AND BANK DEPOSITS

	The Group		The Company	
	2015	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Cash at bank	**69,375**	581	**18**	266
Cash on hand	**2**	–	**2**	–
	69,377	581	**20**	266

23. CASH AND BANK DEPOSITS (continued)

Cash and bank deposits are denominated in the following currencies:

	The Group		The Company	
	2015	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
HKD	**69,090**	301	**20**	266
Renminbi ("RMB")	**287**	280	**–**	–
	69,377	581	**20**	266

Cash at bank earns interest at floating rates based on daily bank deposits rates. Deposits are denominated in HKD and RMB for varying periods between one day to three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates.

RMB is currently not a freely convertible currency in the international market. The conversion of RMB into foreign currencies and remittance of RMB out of Mainland China are subject to the rules and regulations of the foreign exchange control promulgated by the Mainland China government.

24. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2015	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Trade payables	**738**	8,058	**–**	–
Other payables	**4,229**	4,086	**2,029**	1,406
Accruals	**463**	778	**360**	498
Deposits received	**–**	449	**–**	–
	5,430	13,371	**2,389**	1,904
An aged analysis of the trade payables is as follows:				
Within 3 months	**–**	–	**–**	–
Over 3 months but within 1 year	**–**	–	**–**	–
Over 1 year	**738**	8,058	**–**	–
	738	8,058	**–**	–

25. AMOUNTS DUE FROM/(TO) DIRECTORS/A SHAREHOLDER/RELATED COMPANIES

The Group and the Company

The amounts due to directors/related companies are non-trade nature, unsecured, interest-free and have no fixed repayment terms.

The amount due from/(to) a shareholder are non-trade nature, unsecured, interest-free and has no fixed repayment terms. The amount which the Company and shareholder have no intention to demand for repayment within 12 months after the reporting date is classified as non-current asset/liability.

26. CONVERTIBLE NOTES

(i) Convertible Note issued on 15 August 2011

On 15 August 2011, the Company issued a zero coupon convertible note with face value of HK$33,840,000 (the "Convertible Note") to Mr. Huang Shih Tsai as part of the consideration for the acquisition of Linkful Wise Group Holdings Limited and its subsidiaries ("Linkful Group"). The Convertible Note is unsecured, non-interest bearing and repayable upon maturity which is the fifth anniversary of the date of issue. The holder of the Convertible Note has the right at any time during the conversion period to convert the whole or part of the outstanding principal amount of the Convertible Note into ordinary shares of the Company at a conversion price of HK$0.1344 per share (adjusted from HK$0.2 per share with effect from 30 March 2015 as detailed in the Company's announcement dated 2 April 2015).

The Convertible Note is a compound financial instrument containing two components, liability and equity elements. The fair value of the liability component was calculated using the discounted cash flows method at a market interest rate for the equivalent non-convertible note. The effective interest rate of the liability component on initial recognition is approximately 11%. The equity component was stated at its fair value using the Binomial Tree Pricing Model which is included in shareholders' equity as convertible notes equity reserve.

(ii) Convertible Notes issued on 30 March 2015

On 30 March 2015, the Company issued zero coupon convertible notes with an aggregate face value of HK$110,000,000 (the "New Convertible Notes") to not less than six subscribers who are independent third parties. The New Convertible Notes is unsecured, non-interest bearing and repayable upon maturity which is the fifth anniversary of the date of issue. The holders of the New Convertible Notes have the right at any time during the conversion period to convert the whole or part of the outstanding principal amount of the New Convertible Notes into ordinary shares of the Company at an initial conversion price of HK$0.10 per share (subject to adjustment).

The New Convertible Notes are compound financial instrument containing two components, liability and equity elements. The fair value of the liability component was calculated using the discounted cash flows method at a market interest rate for the equivalent non-convertible note. The effective interest rate of the liability component on initial recognition is approximately 14%. The equity component was stated at its fair value using the Binomial Tree Pricing Model which is included in shareholders' equity as convertible notes equity reserve.

26. CONVERTIBLE NOTES (continued)

The movements in the liability component of the Company's convertible notes are set out below:

	The Group and The Company	
	2015	2014
	HK$'000	*HK$'000*
At 1 April	**26,408**	23,788
Issued the New Convertible Notes	**55,137**	–
Effective interest expense (note 7)	**2,949**	2,620
At 31 March	**84,494**	26,408

27. DEFERRED TAXATION

	The Group		The Company	
	2015	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Deferred tax assets	**–**	1,547	**–**	–
Deferred tax liabilities	**(32,295)**	(23,505)	**(9,653)**	(1,224)
	(32,295)	(21,958)	**(9,653)**	(1,224)

27. DEFERRED TAXATION (continued)

The Group

The following are the major deferred tax assets/(liabilities) recognised by the Group and their movements during the year:

	Losses available for offsetting against future taxable profits *HK$'000*	Fair value on investment property *HK$'000*	Convertible notes *HK$'000*	Total *HK$'000*
At 1 April 2013	2,416	(23,605)	(1,659)	(22,848)
(Charged)/credited to the consolidated statement of profit or loss *(note 9)*	(875)	1,288	435	848
Exchange adjustments	6	36	–	42
At 31 March 2014 and 1 April 2014	1,547	(22,281)	(1,224)	(21,958)
Issue of New Convertible Notes	–	–	(8,916)	(8,916)
(Charged)/credited to the consolidated statement of profit or loss *(note 9)*	(1,539)	(311)	487	(1,363)
Exchange adjustments	(8)	(50)	–	(58)
At 31 March 2015	**–**	**(22,642)**	**(9,653)**	**(32,295)**

As at 31 March 2015, the Group has not recognised deferred tax assets in respect of cumulative tax losses of approximately HK$9,338,000 as it is not probable that future taxable profits against which the losses can be utilised.

27. DEFERRED TAXATION (continued)

The Company

Deferred tax liabilities

	Convertible notes HK$'000
At 1 April 2013	(1,659)
Credited to the consolidated statement of profit or loss	435
At 31 March 2014 and 1 April 2014	(1,224)
Issue of New Convertible Notes	(8,916)
Credited to the consolidated statement of profit or loss	487
At 31 March 2015	**(9,653)**

As at 31 March 2015, the Company has not recognised deferred tax assets in respect of cumulative tax losses of approximately HK$9,338,000 as it is not probable that future taxable profits against which the losses can be utilised.

28. SHARE CAPITAL

The Group and the Company

	Number of shares		Amount	
	2015	2014	**2015**	2014
	'000	*'000*	***HK$'000***	*HK$'000*
Ordinary shares of HK$0.1 each				
Authorised:				
At 31 March	**3,000,000**	2,000,000	**300,000**	200,000
Issued and fully paid:				
At 31 March	**1,353,128**	1,127,628	**135,313**	112,763

On 22 October 2014, the Company allotted and issued 225,500,000 placing shares of HK$0.125 each. The gross proceeds were approximately HK$28,188,000. Details were set out in the Company's announcements dated 10 October 2014 and 22 October 2014.

The authorised share capital has been increased by 1,000,000,000 shares of par value of HK$0.10 each to HK$300,000,000 divided into 3,000,000,000 shares of par value of HK$0.10 each by a resolution of the shareholders passed at the extraordinary general meeting of the Company held on 23 March 2015.

29. RESERVES

(a) The Group

The amounts of the Group's reserves and the movements therein for the current and prior reporting periods are presented in the consolidated statement of changes in equity on page 29 of this annual report.

(b) The Company

	Share premium HK$'000	Convertible notes equity reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2013	166,195	6,430	(236,077)	(63,452)
Total comprehensive loss for the year	–	–	(8,422)	(8,422)
At 31 March 2014 and 1 April 2014	166,195	6,430	(244,499)	(71,874)
Placement of new shares	5,638	–	–	5,638
Share issuing expenses	(244)	–	–	(244)
Issue of new convertible notes	–	54,038	–	54,038
Recognition of deferred tax upon issued of new convertible notes (note 27)	–	(8,916)	–	(8,916)
Total comprehensive loss for the year	–	–	(39,322)	(39,322)
At 31 March 2015	**171,589**	**51,552**	**(283,821)**	**(60,680)**

(c) Nature and purpose of the reserves:

(i) Share premium

The share premium account of the Company is distributable to the owners of the Company under the Companies Law (2001 Revision) of the Cayman Islands subject to the provisions of the Company's memorandum and articles of association and provided that the Company will be in a position to payoff its debts as they fall due in the ordinary course of business immediately following the date on which the dividend is proposed to be distributed.

(ii) Convertible notes equity reserve

The convertible notes equity reserve represents the value of the equity component of unexercised convertible notes issued by the Company with related deferred tax recognised.

29. RESERVES (continued)

(c) Nature and purpose of the reserves: (continued)

(iii) Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policy set out in note 3(j).

(iv) Other reserve

Other reserve mainly represents difference between the consideration paid/received and the equity interest acquired in subsidiaries that do not result in a change of control.

30. OPERATING LEASES

The Group and the Company, as lessee, lease certain premises under operating lease arrangements. Leases for premises are negotiated for terms ranging from 1 to 3 years.

At the reporting date, the Group and the Company had commitments for future minimum lease payments under non-cancelable operating leases which fall due as follows:

	The Group		The Company	
	2015	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
As a lessee				
Premises				
– within 1 year	**1,165**	1,165	**1,165**	1,165
– In the second to fifth years inclusive	**–**	1,165	**–**	1,165
	1,165	2,330	**1,165**	2,330

31. CAPITAL COMMITMENTS

The Group and the Company had the following capital commitments at the end of reporting period:

	The Group		The Company	
	2015	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Capital expenditure contracted for but not provided for in the consolidated financial statements in respect of				
– Investment property	**–**	10	**–**	–
– Properties held for sale	**134**	32	**–**	–
– Acquisition of a subsidiary (note 40(a))	**37,500**	–	**–**	–
	37,634	42	**–**	–

32. CONTINGENT LIABILITIES

The Group and the Company did not have significant contingent liabilities at the end of reporting period (2014: Nil).

33. SHARE OPTION SCHEME

2012 Share Option Scheme

In order to enable the continuity of share option available to be granted by the Company, an ordinary resolution had been proposed to and passed by the shareholders at the annual general meeting of the Company held on 3 August 2012 to adopt a new share option scheme (the "2012 Share Option Scheme") upon the termination of the share option scheme adopted at the annual general meeting of the Company held on 2 August 2002.

The 2012 Share Option Scheme enables the Company to grant options to selected persons to subscribe for shares in the Company as incentives or rewards for their contributions or potential contributions to the Group. The Board may, at its discretion, invite (i) any director or any employee of the Company, any of its subsidiaries or any invested entity; (ii) any holder of legal or beneficial title of any securities issued by any member of the Group or any invested entity; (iii) any business or joint venture partner, contractor, subcontractor, agent, sub-agent of the Group or any invested entity; (iv) any person or entity that provides research, development or other technological support or any advisory, consultancy, professional services to any member of the Group or any invested entity; and (v) any supplier of goods or services, customer or distributor of the Group or any invested entity, to take up options to subscribe for the shares in the Company for a consideration of HK$10 per each lot of share options granted.

The 2012 Share Option Scheme is valid for a period of 10 years commencing on 3 August 2012. The option period shall not exceed 10 years from the date of grant of option. There is no minimum period for which an option must be held before it can be exercised. HK$10 is payable on acceptance of an option within 28 days from the date of grant.

The total number of shares in respect of which options may be granted under the 2012 Share Option Scheme must not in aggregate exceed 10% of the shares in issue as at the date of adoption of the 2012 Share Option Scheme or the date of approval by the shareholders in general meeting where the limit is refreshed. The total number of shares issued and to be issued upon exercise of the options granted and to be granted to each individual in any twelvemonth period up to and including the date of grant shall not exceed 1% of the shares in issue at the date of grant unless approval from Company's shareholders has been obtained. Options granted to a substantial shareholder or an independent non-executive director of the Company or any of their respective associates in excess of 0.1% of the total number of shares in issue or with a value in excess of HK$5 million must be approved in advance by the Company's shareholders.

Options may be exercised at any time during the specified option period. The exercise price shall be determined by the Directors, and shall be at least the highest of (i) the closing price of the Company's shares on the date of grant; (ii) the average closing price of the Company's shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's shares. The maximum number of shares which may be issued upon exercise of all options granted and yet to be exercised under the 2012 Share Option Scheme and any other share option schemes of the Company must not exceed 30% of the Company's shares in issue from time to time.

As at 31 March 2015 and 2014, no option had been granted under the 2012 Share Option Scheme.

34. RETIREMENT BENEFIT SCHEMES

The Group operates retirement benefits scheme (the "MPF Scheme") under rules and regulations of the Mandatory Provident Fund Schemes Ordinance for all qualifying employees in Hong Kong. The assets of the MPF Scheme are held separately from those of the Group, in fund under the control of trustees. The Group and its employees are each required to contribute 5% of relevant payroll costs to the MPF Scheme. The total cost charged to the consolidated statement of profit or loss of approximately HK$59,000 (2014: HK$59,000) represents contributions payable to the MPF Scheme by the Group in respect of the year. As at 31 March 2015, no contribution of the Group (2014: no contribution of the Group) and the Company due in respect of the reporting period had not been paid over to the MPF Scheme.

The employees employed by the PRC subsidiaries are members of the state-managed retirement benefits schemes operated by the PRC government. The PRC subsidiaries are required to contribute to the retirement benefits schemes based on a certain percentage of their payroll to fund the benefits. The only obligation of the Group with respect to these retirement benefits schemes is to make the required contributions under the schemes.

35. SIGNIFICANT RELATED PARTY TRANSACTIONS

In addition to the transactions and balances detailed elsewhere in the consolidated financial statements, the Group and the Company had the following significant transactions with related parties during the year:

(a) Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	2015 ***HK$'000***	2014 *HK$'000*
Salaries and other benefits	**2,213**	2,064
Retirement benefit scheme contributions	**46**	41
	2,259	2,105

The remuneration of key management is determined having regard to the performance of individuals and market trends.

(b) Included in amounts due to related companies of approximately HK$63,721,000 (2014: approximately HK$54,521,000) represents the balances with the companies in which Mr. Huang Shih Tsai, a substantial shareholder of the Company, has share interests and/or directorships and is able to exercise control over these companies. Other than the aforesaid, details of the outstanding balances with directors and a shareholder at the end of the reporting period are set out in the Group's and the Company's statement of financial position and in note 25.

36. 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 cash and cash equivalents and equity balance. The Group's overall strategy remains unchanged from prior year.

The Group monitors its capital structure on a basis of gearing ratio. This ratio is calculated as net debt divided by equity as shown in the consolidated statement of financial position.

The capital structure of the Group consists of long-term borrowings (comprising convertible notes and amount due to a shareholder) and equity (comprising share capital and reserves).

The directors of the Company review the capital structure on a regular basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. The gearing ratio at the end of the reporting period was as follows:

	The Group		The Company	
	2015	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Long-term borrowings				
Amount due to a shareholder	**35,574**	33,874	**–**	–
Liability component of convertible notes *(note 26)*	**84,494**	26,408	**84,494**	26,408
Less: Cash and cash equivalents	**(69,377)**	(581)	**(20)**	(266)
Net debt	**50,691**	59,701	**84,474**	26,142
Equity	**74,793**	17,404	**74,633**	40,889
Gearing ratio	**68%**	343%	**113%**	64%

37. FINANCIAL RISK MANAGEMENT

The disclosure of financial instruments is set out below.

(a) Categories of financial instruments

	The Group	
	2015	2014
	HK$'000	*HK$'000*
Loans and receivables at amortised cost		
Trade and other receivables (including deposit for acquisition of a subsidiary)	**39,224**	1,377
Cash and bank deposits	**69,377**	581
	108,601	1,958
Financial liabilities at amortised cost		
Trade and other payables	**(5,430)**	(13,371)
Amounts due to directors	**(8,106)**	(3,314)
Amount due to a shareholder	**(35,574)**	(33,874)
Amounts due to related companies	**(63,721)**	(54,521)
Convertible notes	**(84,494)**	(26,408)
	(197,325)	(131,488)

	The Company	
	2015	2014
	HK$'000	*HK$'000*
Loans and receivables at amortised cost		
Trade and other receivables	**332**	330
Amounts due from subsidiaries	**174,500**	72,284
Amount due from a shareholder	**632**	632
Cash and bank deposits	**20**	266
	175,484	73,512
Financial liabilities at amortised cost		
Trade and other payables	**(2,389)**	(1,904)
Amounts due to directors	**(4,606)**	(3,314)
Amounts due to subsidiaries	**–**	(68)
Convertible notes	**(84,494)**	(26,408)
	(91,489)	(31,694)

37. FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management and policies

The Group's major financial instruments are disclosed in section (a) of this note. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and equity price risk), credit risk and liquidity risk; 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 and the Company's exposure in respect of financial instruments or the manner in which it manages and measures the risk.

(i) Market risk management

Currency risk

The Group is exposed to currency risk which give rise to cash and bank deposits that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transaction relates.

Certain cash and bank deposits are denominated in RMB. The conversion of RMB into other currencies is subject to the rules and regulations of foreign exchange control promulgated by the government of the People's Republic of China (the "PRC"). The Group is not exposed to foreign exchange risk in respect of exchange fluctuation of HKD against RMB as the Group does not have material balance in RMB.

Sensitivity analysis

No sensitivity analysis is provided in respect of exchange fluctuation of HKD against RMB as the Group does not have material balance in RMB.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates arises primarily from bank deposits with a floating interest rate. The Group does not use derivative financial instruments to hedge its interest rate risk.

At the end of the reporting period, the Group has no significant exposure to interest rate risk. The exposures to the interest rate risk are monitored on an ongoing basis.

Equity price risk

The Group does not have investments in equity securities for trading purpose and therefore is not exposed to equity price risk. The management has a policy to monitor the Group's exposure to price risk by maintaining a portfolio of investments with different risk and return profiles and will consider hedging the risk exposure should the need arise.

37. FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management and policies (continued)

(ii) Fair values

The fair value of financial assets and financial liabilities are determined as follows:

Management has assessed that the fair values of deposit for acquisition of a subsidiary, trade and other receivables (excluding prepayment), cash and bank deposits, trade and other payables, amounts due to directors and amounts due to related companies, approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the financial assets and liabilities are included in the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The liability components of convertible notes were initially recognized at fair value and then recorded at amortised cost. The carrying amount and fair values of convertible notes are disclosed as below.

	2015		2014	
	Carrying amount	**Fair value**	Carrying amount	Fair value
	HK$'000	***HK$'000***	*HK$'000*	*HK$'000*
Convertible notes	**84,494**	**83,690**	26,408	25,052

Note:

The fair value of the liability component is the present value of the contractually determined stream of future cash flows discounted at the interest applied at that time by the market to instruments of comparable credit status and providing substantially the same cash flows, on the same terms, but without conversion option.

37. FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management and policies (continued)

(iii) 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 statement of financial position.

In order to minimise the credit risk, the management of the Group has credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

Other receivables consist of a number of counterparties which do not give rise to significant concentration risk.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry and country in which customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position after deducting any impairment losses. The Group does not provide any guarantees which would expose the Group to credit risk.

The Group deposited its cash and cash equivalents with approved and reputable banks. Bankruptcy or insolvency of the banks may cause the Group's right with respect to cash and cash equivalents held to be delayed or limited. Management of the Company monitors the credit rating of these banks on an ongoing basis, and considers that the Group's exposure to credit risk were minimal.

(iv) Liquidity risk management

In the management of the liquidity risk, the management manages the Group's funds conservatively by maintaining a comfortable level of cash and cash equivalents in order to meet continuous operation needs. Various banking facilities and credit lines will be considered to fund any emergency liquidity requirements. The Group currently relies on funds generated from business operations, issue of new shares and convertible notes as well as advances from directors/shareholders/related companies as principal source to maintain its liquidity.

The Group monitors and maintains a level of cash and cash equivalents considered adequate by the directors of the Company to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The Group held cash and cash equivalents amounting to approximately HK$69,377,000 at 31 March 2015 (2014: HK$581,000).

The following tables details the Group's contractual maturity for its non-derivative financial liabilities based on the agreed repayment terms. Undiscounted cash flows of financial liabilities are based on the earliest date on which the Group can be required to pay. The analysis is prepared on the same basis for both 2015 and 2014.

37. FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management and policies (continued)

(iv) Liquidity risk management (continued)

	Contractual undiscounted cash outflow				
	Weighted average effective interest rate	On demand or less than 1 year	More than 1 year	Total undiscounted cash flows	Total carrying amount at 31 March
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
The Group					
2015					
Non-derivative financial liabilities					
Convertible notes	13%	–	143,840	143,840	84,494
Trade and other payables	–	5,430	–	5,430	5,430
Amounts due to directors	–	8,106	–	8,106	8,106
Amount due to a shareholder	–	–	35,574	35,574	35,574
Amounts due to related companies	–	63,721	–	63,721	63,721
Total		77,257	179,414	256,671	197,325
2014					
Non-derivative financial liabilities					
Convertible notes	11%	–	33,840	33,840	26,408
Trade and other payables	–	13,371	–	13,371	13,371
Amounts due to directors	–	3,314	–	3,314	3,314
Amount due to a shareholder	–	–	33,874	33,874	33,874
Amounts due to related companies	–	54,521	–	54,521	54,521
Total		71,206	67,714	138,920	131,488

37. FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management and policies (continued)

(iv) Liquidity risk management (continued)

	Contractual undiscounted cash outflow				
	Weighted average effective interest rate	On demand or less than 1 year *HK$'000*	More than 1 year *HK$'000*	Total undiscounted cash flows *HK$'000*	Total carrying amount at 31 March *HK$'000*
The Company					
2015					
Non-derivative financial liabilities					
Convertible notes	**13%**	**–**	**143,840**	**143,840**	**84,494**
Trade and other payables	**–**	**2,389**	**–**	**2,389**	**2,389**
Amounts due to directors	**–**	**4,606**	**–**	**4,606**	**4,606**
Total		**6,995**	**143,840**	**150,835**	**91,489**
2014					
Non-derivative financial liabilities					
Convertible note	11%	–	33,840	33,840	26,408
Trade and other payables	–	1,904	–	1,904	1,904
Amounts due to directors	–	3,314	–	3,314	3,314
Amounts due to subsidiaries	–	68	–	68	68
Total		5,286	33,840	39,126	31,694

38. LIST OF SUBSIDIARIES

The Company's subsidiaries at 31 March 2015 were as follows, the class of shares held is ordinary unless otherwise stated:

Name of subsidiary	Place of incorporation/ operation	Forms of legal entity	Issued and paid up share capital/ registered capital	Proportion of nominal value of issued capital/ registered capital held by the Company Directly	Indirectly	Principal activities
Hi-Smart Technology Limited	Hong Kong	Limited liability company	HK$1	100%	–	Investment holding
China Score International Holdings Limited	Hong Kong	Limited liability company	HK$1	100%	–	Investment holding and processing of iron ores
鳳山縣黔興礦業有限責任公司	The PRC	Foreign investment enterprise	RMB10,000,000	–	100%	Exploration, mining and processing of iron ores
Kingdom Win Limited	Hong Kong	Limited liability company	HK$10,000	100%	–	Inactive
Golden Strategy Limited	Hong Kong	Limited liability company	HK$10,000	100%	–	Investment holding
* Invescom Develop Limited (Former name: Telecom Develop Limited)	Hong Kong	Limited liability company	HK$1	100%	–	Inactive
Great World Investments Limited	Hong Kong	Limited liability company	HK$1	100%	–	Inactive
Linkful Wise Group Holdings Limited	British Virgin Islands	Limited liability company	US$50,000	–	100%	Investment holding
Great China International Enterprises Group Limited	Hong Kong	Limited liability company	HK$30,000,000	–	100%	Investment holding
樂山大中華國際實業有限公司	The PRC	Foreign investment enterprise	RMB25,000,000	–	100%	Property investment and development, operating and managing residential and commercial properties

* *Name changed on 27 April 2015*

The PRC subsidiaries adopted 31 December as financial year end date for local statutory reporting purposes. For the preparation of these consolidated financial statements, accounts of those PRC subsidiaries for each of the 12 months ended 31 March 2015 and 2014 have been used after making adjustments, as appropriate, for compliance with accounting principles generally accepted in Hong Kong.

None of the subsidiaries had any debt securities outstanding at the end of the year or at any time during the year.

39. MAJOR NON-CASH TRANSACTION

During the year ended 31 March 2015 and 2014, the Group did not have material non-cash transaction.

40. EVENTS AFTER THE REPORTING PERIOD

(a) Yenbo Gain Limited and its subsidiaries

On 9 January 2015, Hi-Smart Technology Limited ("Hi-Smart"), a wholly owned subsidiary of the Company, entered into a conditional sale and purchase agreement with the Vendor, an independent third party, in relation to acquire a further 45.46% of the issued share capital of Yenbo Gain Limited, which engaged in (i) research on forestry products which could be used in clean energy sector as biomass fuel; and (ii) commercialization of forestry for growing forestry products for clean energy sector, with advanced technology from breeding, silvicultural, management and protection of forests, at a consideration of HK$37,500,000 (the "Acquisition"). The Acquisition was completed on 8 April 2015. Upon completion, the Company's interests in Yenbo Gain Limited increased from approximately 36.36% to approximately 81.82% of the issued share capital of Yenbo Gain Limited. As such, Yenbo Gain Limited became a subsidiary of the Company and its profit and loss and assets and liabilities are consolidated into the financial statements of the Group after the reporting period as from the completion date. Details were disclosed in the Company's announcements dated 9 January 2015 and 8 April 2015.

Details of net assets acquired and goodwill arised are as follows:

	On acquisition *HK$'000*
The assets and liabilities arising from the acquisition, provisionally determined, are as follows:	
Property, plant and equipment	237
Inventory	2,949
Trade and other receivables (Note (ii))	66,761
Cash and bank deposits	585
Trade and other payables	(201)
Net assets acquired	**70,331**
Purchase consideration	
– Cash paid	37,500
– Acquisition-related costs	1,546
– Fair value of previously held ownership interest (Note (iii))	29,302
Total purchase consideration	68,348
Fair value of net assets acquired (see above)	(70,331)
Non-controlling interest (Note (iv))	12,786
Goodwill arising on acquisition	10,803

40. EVENTS AFTER THE REPORTING PERIOD (continued)

(a) Yenbo Gain Limited and its subsidiaries (continued)

Notes:

(i) **Turnover and loss contribution**

Had Yenbo Gain Limited and its subsidiaries been consolidated from 1 April 2015, Yenbo Gain Limited and its subsidiaries contributed no turnover, loss and other comprehensive loss of approximately HK$24,000 to the Group.

(ii) **Acquired receivables**

The gross contractual amount for trade receivables due in aggregate is HK$66,761,000, of which no balance was expected to be uncollectible.

(iii) **Previously held interest in Yenbo Gain Limited and its subsidiaries**

Upon completion of the 81.82% Acquisition, this transaction was accounted for as a business combination achieved in stages. The Group remeasured its previously held interest in Yenbo Gain Limited and its subsidiaries on the acquisition date. In the opinion of directors of the Company, the fair value of the Group's previously held interest in Yenbo Gain Limited and its subsidiaries of approximately HK$29,302,000 as at the date of acquisition.

(iv) **Non-controlling interests**

The non-controlling interests were recognised at the non-controlling interests' proportionate share of the recognised amounts of acquirees' identifiable net assets.

The above goodwill is attributable to business in (1) research on forestry products which could be used in clean energy sector as biomass fuel; and (2) commercialization of forestry for growing forestry products for clean energy sector, with advanced technology from breeding, silvicultural, management and protection of forests and future profitability in business of Yenbo Gain Limited and its subsidiaries.

(b) Best Sky Holdings Limited and its subsidiaries

On 24 April 2015, Great World Investments Limited, a wholly owned subsidiary of the Company, entered in to a memorandum of understanding with a potential seller, an independent third party, in relation to a possible acquisition of 51% equity interest of Best Sky Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, which is principally engaged in constructing landscaping projects and earth-rock engineering, providing afforested maintenance and planting and selling forest trees and flowers. Details were disclosed in the Company's announcement dated 24 April 2015.

On 29 May 2015, Great World Investments Limited (as purchaser) and Mr. Ng Wa Pang (as seller) entered into a conditional sale and purchase agreement pursuant to which the purchaser agreed to purchase, and the seller agreed to sell 51% equity interest of Best Sky Holdings Limited for a consideration of HK$34,680,000, which shall be satisfied by payment of HK$24,276,000 in cash by the purchaser and the allotment and issue of the 20,808,000 new share of HK$0.10 each to be allotted and issued by the Company to the seller (the "Consideration Shares") at the issue price of HK$0.5 per Consideration Share. Details were disclosed in the Company's announcement dated 29 May 2015.

Upon completion of the acquisition on 10 June 2015, Great World Investments Limited holds 51% of the entire issued share capital of Best Sky Holdings Limited and the seller holds the remaining 49% of the entire issued share capital of the Best Sky Holdings Limited. Best Sky Holdings Limited is then regarded as a subsidiary of the Group and the accounts of the Best Sky Holdings Limited is consolidated into the financial statements of the Group after the reporting period as from the completion date.

40. EVENTS AFTER THE REPORTING PERIOD (continued)

(b) Best Sky Holdings Limited and its subsidiaries (continued)

Under the sale and purchase agreement, the seller guaranteed to the purchaser that the audited accumulated consolidated net profit after tax (prepared in accordance with HKFRS and excluding and extraordinary gain and minority interests) (the "Accumulated Net Profit") of the Best Sky Holdings Limited for the period commencing on the date of the sale and purchase agreement and ending on the fifth anniversary date of the sale and purchase agreement shall not be less than HK$68,000,000.

In the event that the Accumulated Net Profit is less than HK$68,000,000, the seller shall, at the option of the purchaser, (i) indemnify the purchaser the full amount of the shortfall by cash payment within 15 business days from the date of certificate (the "Certificate") issued by the auditors designated by the purchaser certifying the amount of the Accumulated Net Profit, or (ii) purchase from the purchaser the 51 shares of US$1.00 each of the Best Sky Holdings Limited, representing 51% of the equity interest in the Best Sky Holdings Limited at a consideration of HK$34,680,000 within 15 business days from the date of the Certificate.

The directors of the Company are still assessing the impact of the acquisition to the Group up to the date of this report.

(c) On 22 June 2015, the Company entered into a conditional placing agreement with the placing agent, under which the placing agent will use its best efforts to place up to 65,000,000 placing shares to not fewer than six placees who are independent third parties. Details were disclosed in the Company's announcement dated 22 June 2015.

(d) Subsequent to the reporting period, a total number of 140,000,000 shares were issued by the Company, to certain holders of the New Convertible Notes who have exercised their conversion rights to convert partial of the New Convertible Notes into ordinary shares of the Company at a conversion price of HK$0.1 per share.

(e) Subsequent to the reporting period, the Group has entered into a non-cancellable operating lease as lessee to rent a premises for a period of three years with a rent free period of approximately two weeks at a monthly rental of approximately HK$84,000.

41. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 29 June 2015.

Five-Year Financial Summary

For the year ended 31 March 2015

The summarised consolidated results, assets and liabilities of the Group for the last five financial years, as extracted the audited financial statements of the Group, are set out below:

RESULTS

	Year ended 31 March				
	2015	2014	2013	2012	2011
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Turnover	**1,502**	1,559	963	5,273	301
Loss before tax	**(14,148)**	(16,091)	(7,596)	(26,725)	(14,954)
Income tax (expenses)/credit	**(1,363)**	848	(1,907)	598	447
Loss for the year from continuing operations	**(15,511)**	(15,243)	(9,503)	(26,127)	(14,507)
Profit/(loss) for the year from discontinued operation	**–**	–	2,438	(8,153)	(19,066)
Loss for the year	**(15,511)**	(15,243)	(7,065)	(34,280)	(33,573)
Attributable to:					
Owners of the Company	**(15,511)**	(15,243)	(7,501)	(33,672)	(28,553)
Non-controlling interest	**–**	–	436	(608)	(5,020)
	(15,511)	(15,243)	(7,065)	(34,280)	(33,573)

ASSETS AND LIABILITIES

	As at 31 March				
	2015	2014	2013	2012	2011
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Total assets	**304,413**	172,397	180,925	191,647	62,581
Total liabilities	**(229,620)**	(154,993)	(148,287)	(149,763)	(15,855)
Net assets	**74,793**	17,404	32,638	41,884	46,726
Non-controlling interests	**–**	–	–	(2,149)	(2,662)

Major Properties

As at 31 March 2015

Investment property

Location	Intended use	Category of lease term	Gross floor area (sq. m.)	Group's interest (%)
Commercial units on Level 1 to 3 and 41 carparking spaces on Basement, Venice Building, No. 130 Renmin South Road, Zhongxincheng District, Leshan City, Sichuan Province, The PRC.	Commercial use	Medium	6,725.24	100

Properties held for sale

Location	Intended use	Category of lease term	Gross floor area (sq. m.)	Group's interest (%)
Residential units on Level 5 to 21, Venice Building, No. 130 Renmin South Road, Zhongxincheng District, Leshan City, Sichuan Province, The PRC.	Residential use	Medium	20,488.09	100