TAUNG GOLD INTERNATIONAL LIMITED
壇金礦業有限公司*

(Incorporated in Bermuda with limited liability)
Stock Code: 621

Annual Report 2014

*For identification purpose only

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Li Hok Yin *(Co-chairman)*
Mr. Christiaan Rudolph de Wet de Bruin *(Co-chairman) (Appointed on 26 April 2013)*
Mr. Neil Andrew Herrick *(Chief Executive Officer) (Appointed on 26 April 2013)*
Ms. Cheung Pak Sum
Mr. Igor Levental *(Appointed on 19 August 2013)*
Dr. David Twist *(Appointed on 26 April 2013 and resigned on 19 August 2013)*
Mr. Stefanus David Steyn *(Appointed on 26 April 2013 and resigned on 19 August 2013)*

Independent Non-Executive Directors

Mr. Chui Man Lung, Everett
Mr. Li Kam Chung
Mr. Walter Thomas Segsworth *(Appointed on 19 August 2013)*
Mr. Hui Wah Tat, Anthony *(Resigned on 26 April 2013)*

COMPANY SECRETARY

Mr. Tung Yee Shing *(Appointed on 1 August 2013)*
Mr. Choi Wing Koon *(Resigned on 22 April 2013)*

AUTHORISED REPRESENTATIVES

Mr. Li Hok Yin
Ms. Cheung Pak Sum

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
Bank of Communications Co., Ltd.

AUDITORS

Deloitte Touche Tohmatsu

LEGAL ADVISERS ON HONG KONG LAW

TC & Co., Solicitors

LEGAL ADVISERS ON BERMUDA LAW

Appleby

PRINCIPAL SHARE REGISTRARS AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited
26 Burnaby Street
Hamilton HM 11, Bermuda

HONG KONG BRANCH SHARE REGISTRARS AND TRANSFER OFFICE

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Unit 1901, 19/F, Nina Tower
8 Yeung Uk Road, Tsuen Wan
New Territories, Hong Kong

REGISTERED OFFICE

Canon's Court
22 Victoria Street
Hamilton, HM12, Bermuda

COMPANY WEBSITE

www.taunggold.com

CHAIRMAN'S STATEMENT

Dear Shareholders and Employees,

We are pleased to present, on behalf of the Board of Directors, the annual report of Taung Gold International Limited (the "Company" or "Taung Gold") and its subsidiaries (collectively the "Group") for the period ended 31 March 2014 (the "Year").

Firstly and most importantly, we would like to thank all of our employees, management and directors, in both Hong Kong and South Africa, for their dedication and hard work over the past year. We would further like to express our deepest gratitude and regards to shareholders for their support, patience and understanding as the Company has emerged from its period of suspension.

Trade in the Company's shares resumed on 2 May 2014, shortly after the Company fulfilled all conditions precedent stipulated by the Stock Exchange of Hong Kong.

The Company places utmost value on the safety and health of its employees and to conducting its business in a socially and environmentally responsible manner. To this end, the Group is committed to maintaining sound relationships with all of its stakeholders.

ANNUAL REVIEW

After our people, the Company's greatest asset is its very substantial gold endowment at its two flagship projects, Evander and Jeanette. This total endowment of over 25 million ounces of gold (Measured, Indicated and Inferred Resources) really is quite remarkable by virtue of both its size and attractive grades. Furthermore, when considering the existing infrastructure at each site, the location of the projects in long-standing and well established mining areas in close proximity to required services, it is very clear that the Company presents a truly unique investment opportunity in an environment and at a time when such opportunities are indeed quite rare.

Since the publication of the 2011 Circular the combined Measured and Indicated Resource for the two projects has increased from 11.7 million ounces to 15.4 million ounces of gold, an increase of approximately 31%. This increase was achieved through focused exploration activities in 2011 and 2012 that targeted the upgrade of Inferred Resource into the Indicated Resource category and from improved geological structural models at each project, based on surface drilling campaigns at both projects and, in the case of Jeanette, a full three dimensional reflective seismic survey programme. The Evander (bankable feasibility study) and Jeanette (pre-feasibility study) projects are targeting 5.4 million ounces and 9.9 million ounces of Measured and Indicated Resource respectively and the conclusion of these studies in the next few months will herald the declaration of a maiden JORC/SAMREC compliant Probable Reserve for each project. The design, scheduling, costing and financial modeling for each project is being carried out by independent consultants and engineering specialists under the guidance of the Group's management. All engineering designs and work methodologies are approved by independent professional persons registered with the Engineering Council of South Africa, a statutory body established in terms of the Engineering Profession Act (EPA), 46 of 2000.

CHAIRMAN'S STATEMENT

EVANDER PROJECT

Design, scheduling and costing for the project has been ongoing during the period under review and the Company will be publishing the results of the bankable feasibility study ("BFS") for the project during the second quarter of the new financial year. The project continues to demonstrate very competitive cash and all-in sustaining costs and as it transitions into the development phase. The completion and publication of the BFS will herald the declaration of a maiden Probable Reserve for the Evander project. During the year under review ZAR25.0 million was spent on the Evander project.

Most notably, the acquisition of the project from Evander Gold Mines Limited and Harmony Gold Mining Company Limited became unconditional on 6 June 2012 when the Minister of Mineral Resources granted Section 11 Consent for the transfer of the Mining Right under the Mineral and Petroleum Resources Development Act ("MPRDA") to the Group. The Deed of Cession was registered at the Mineral and Petroleum Titles Registration Office ("MPTRO") in the name of Taung Gold (Secunda) Proprietary Limited ("TGS"), a wholly-owned subsidiary of Taung Gold Proprietary Limited ("TGL"), on 20 November 2013. TGS is now the holder of the Mining Right.

JEANETTE PROJECT

The pre-feasibility study ("PFS") for the Jeanette Project was initiated during the first quarter of 2013 and is scheduled for completion during July 2014. Consent for the transfer of the Jeanette Prospecting Right from Harmony Gold Mining Company Limited was granted by the Minister of Mineral Resources on 29 September 2010 and the registration of the Deed of Cession at the MPTRO in the name of Taung Gold (Free State) Proprietary Limited ("TGFS"), a wholly owned subsidiary of TGL took place on 1 November 2013. TGFS is now the holder of the Jeanette Prospecting Right. TGL is presently consolidating several Prospecting Rights into a single Right over the Jeanette Project and an application to convert the consolidated Prospecting Right into a Mining Right will be prepared and submitted to the Department of Mineral Resources later this year or early in 2015. TGFS, as the holder of the various Prospecting Rights, enjoys the exclusive right to apply to consolidate them into a single Prospecting Right and subsequently convert it into a Mining Right. The completion and publication of the PFS will also herald the declaration of a maiden Probable Reserve for the Jeanette Project. During the year under review ZAR15.8 million was spent on the Jeanette Project.

ECONOMIC ENVIRONMENT

Significant economic uncertainty prevailed throughout the period under review and this has continued to influence what can only be described as very difficult financial markets. These difficult conditions have continued to affect the gold industry with the gold price having declined to below US$1200/oz during 2013. At the time of writing the price of gold was above US$1260 per ounce and still demonstrates a relatively high level of volatility. Most producers are continuing to implement restructuring and cost cutting and in some cases have shelved major expansion and/or replacement projects, whilst explorers and developers continue to face financing challenges. Many gold companies have been unable to advance their projects in such a challenging environment and consequently the rate of discovery of "new" ounces of gold has continued to decline. This will undoubtedly have a longer-term impact in the form of a lack of replacement resources and reserves and, as such, will affect the balance of supply and demand. During the period under review the Group has implemented certain cost saving and cash conservation initiatives, primarily at the South African subsidiary level, and these were carried out in a manner that did not compromise the quality and timing of the studies in progress at the two flagship assets.

OUTLOOK

Looking ahead, although the "green shoots" of economic recovery are apparent, the world's major economies continue to experience slow growth and in the short to medium term it is reasonable to expect continued uncertainty in both financial markets and the gold price. Gold producers are expected to continue to experience further pressures on overall profit margins, leading to further cost-cutting and the elimination of higher cost or unprofitable production. That said, the Company continues to believe that longer-term supply and demand fundamentals will be supportive to gold and that the price of gold will consequently resume its upward trend. Therefore, the Group continues to believe that its projects, with their attractive and competitive cash costs, present an increasingly attractive proposition to investors.

As the Company emerges from the period of suspension in trade in its shares its focus is now concentrated on the finalization of the BFS for the Evander Project, execution of the project, the financing thereof and the completion of the PFS for the Jeanette Project. We would like to assure you that the Board of Directors, management and employees will continue their efforts to build on the Group's existing platform in the interest of creating value for its shareholders. We look forward to an exciting year ahead.

On behalf of the Board

Li Hok Yin
Co-chairman

Christiaan Rudolph de Wet de Bruin
Co-chairman

Hong Kong, 30 June 2014

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

The Group is principally engaged in (i) the operations of gold mines in the Republic of South Africa ("South Africa") and (ii) trading of minerals.

During the financial year 2013/2014, the Group recorded a loss attributable to owners of the Company of approximately HK$726,863,000 or loss of HK6.58 cents per share basic, compared with a loss attributable to owners of the Company for the year 2012/2013 of approximately HK$150,196,000 or loss of HK1.36 cents per share basic.

DIVIDEND

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

BUSINESS REVIEW

For the year ended 31 March 2014, the Group has recorded a turnover of approximately HK$4,156,000 (2013: HK$4,592,000) which represents a decrease of 9.49% compared with the turnover recorded in the last financial year. The Group recorded a net loss attributable to equity holders of approximately HK$726,863,000 compared with a net loss attributable to equity holders of approximately HK$150,196,000 for the last financial year during which an impairment on the Group's Jeanette Project of approximately HK$1,111,439,000 was recognized. The other comprehensive expense of approximately HK$130,903,000 mainly arises from the exchange difference on the translation of South African operations.

MINERAL TRADING OPERATIONS

The Group's trading of minerals business contributed the majority of the Group's revenue during the year ended 31 March 2014. However, the Board considered that focussing increased effort and resources on its gold mining operations would bring a more long term revenue and profit stream for the Group.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2014, the Group had no outstanding bank borrowings (31 March 2013: Nil) and no banking facilities (31 March 2013: Nil).

The Group's gearing ratio as at 31 March 2014 was zero (31 March 2013: zero), calculated based on the Group's total zero borrowings (31 March 2013: zero) over the Group's total assets of approximately HK$4,561,119,000 (31 March 2013: HK$5,835,953,000).

As at 31 March 2014, the balance of cash and cash equivalents of the Group was approximately HK$129,863,000 (31 March 2013: HK$236,970,000) and were mainly denominated in Hong Kong Dollars and South African Rand. The Group continues to adopt a policy of dealing principally with clients with whom the Group has enjoyed a long working relationship so as to minimize risks to its business.

FOREIGN EXCHANGE EXPOSURE

During the year ended 31 March 2014, the Group operated mainly in the PRC and the Republic of South Africa, and the majority of the Group's transactions and balances were denominated in Hong Kong Dollars, Renminbi, United States Dollars and South African Rand. However, as the directors consider that the currency risk is not significant, the Group does not have a policy of hedging foreign currency.

Nevertheless, the Company's management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should this be deemed prudent.

OCCURRENCE OF IMPORTANT EVENTS AFFECTING THE GROUP

Trading in the shares of the Company was suspended at the request of the Company on 8 June 2012. Shareholders are referred to the subsequent announcements made by the Company regarding the Incident referred to in the suspension notice and, in particular, to the announcement of 29 April 2013 dealing with:

1. the Settlement Agreement in relation to the Incident; and

2. Change of Directors.

Further announcements were made on 31 May 2013, 28 June 2013 and 29 July 2013. On 6 August 2013 an announcement was made regarding the entering into of the Shareholders Agreement by a group of Shareholders, effectively bringing an acceptable conclusion to the Incident.

With the benefit of hindsight the board of the Company and the board of Taung Gold Limited consider that the Incident arose as a result of miscommunication and misunderstanding between the management of the Company and Taung Gold Limited. This unfortunate situation was resolved during discussions leading up to the Settlement Agreement that was executed on 26 April 2013.

On 3 September 2013, the Company received a letter from the Stock Exchange of Hong Kong in which the Stock Exchange stated the following conditions, for the resumption of trading of shares in the Company:

1. publish all outstanding financial results and report, and address any concerns raised by the Company's auditors through qualifications in their audit report (the "Outstanding Results Condition"); and

2. demonstrate that the Company had put in place adequate financial reporting procedures and internal control systems to meet obligations under the Listing Rules (the "Internal Control Condition").

An announcement was made on 30 January 2014 detailing the results of the Internal Control Review that fulfilled the Internal Control Condition. The outstanding Results Condition was then fulfilled through the publication of all outstanding results announcements containing all of the outstanding financial results on 29 April 2014. On 2 May 2014, the shares of the Company resumed trading on the Stock Exchange of Hong Kong Limited.

REVIEW OF BUSINESS OPERATIONS

During the period under review the Group did not carry out any field exploration activities and its attention was focused on progressing the BFS for the Evander Project and the pre-feasibility study for PFS. This work will culminate in the finalization and publication of these studies in the coming months. The Company has not conducted any mining or production activities during the reporting period.

The Evander Project

The Evander Project comprises the Six Shaft area and the Twistdraai area on the northeastern limb of the Witwatersrand Basin, Mpumalanga Province, South Africa. As disclosed in the 2011 Circular, Evander Gold Mines Limited ("EGM") held the Mining Right No. 107/2010, of which mining right the Evander Project formed part. The Mining Right No. 107/2010 permitted the mining of gold and associated minerals in the Six Shaft and Twistdraai area.

The Sale Agreement

Subsequent to the signing of an earlier Earn-in Agreement with EGM and Harmony Gold Mining Company Limited, negotiations were initiated with EGM resulting in the signing of a sale agreement in September 2010 between EGM and TGS, a wholly owned subsidiary of TGL to acquire the entire interest in the Evander Project (the "Sale Agreement").

Completion of the Sale Agreement was conditional on the approval by the Minister of Mineral Resources ("MMR") for the transfer of a subdivided portion of EGM's new order mining right (the "Mining Right") to a wholly-owned subsidiary of TGL (the "Approval"). This subdivided portion covers the entire Evander Project. On 6 June 2012, Mining Right No. 116/2013 over the Evander Project was granted to EGM and the Approval was obtained on the same date.

MANAGEMENT DISCUSSION AND ANALYSIS

On 18 July 2012 the Mining Right was executed in the name of EGM by the MMR. The Mining Right commenced on 18 July 2012 and will continue in force for 25 years and 9 months, expiring on 28 April 2038. It is renewable for a further period of 30 years.

The Sale Agreement became unconditional on 30 May 2012 when the balance of the consideration was settled and completion of the Sale Agreement took place on that date. Pursuant to the terms of the Sale Agreement, the Earn-in Agreement was then terminated and TGL acquired a 100% interest in the Evander Project.

The registration of the Mining Right into the name of EGM took place on 1 November 2013 and the Deed of Cession effectively transferring the Mining Right into the name of TGS was registered at the MPTRO on 20 November 2013.

Project Description

The BFS for the project is targeting a Measured and Indicated Resource of 19.9 million tons of Kimberley Reef at an average gold grade of 8.47g/t (measured over a mining width of 112cm), containing 5.4 million ounces of gold. The pending completion of the study will herald a maiden Probable Reserve declaration for the project.

The project will involve the following activities to develop and bring the operation into production:

- Re-establishment of the existing surface area and provision of required infrastructure and services including; electrical power, water and water disposal;
- Dewatering and re-commissioning of the existing main shaft and ventilation shaft;
- Deepening of the existing main and ventilation shafts to their final depths;
- Development of the Kimberley Reef and the generation of ore reserves; and
- Construction of a metallurgical processing plant, smelter and tailings storage facility ("TSF").

A full Environmental Impact Assessment for the project is underway and, together with the BFS, will lead to subsequent amendment of the Mining Works Program and Environmental Authorization that form part of the Mining Right.

TGS has entered into Option Agreements with the holders of surface and mineral rights whereby TGS now has the right to acquire such rights for the purpose of establishing a TSF site.

TGS has also entered into a Heads of Agreement with EGM relating to the disposal of excess mine water into EGM's Leeuwpan evaporation facility and a full definitive agreement in this regard will be executed in the second quarter of the new financial year.

Eskom, the state owned electricity generation and distribution utility, has already completed a Budget Quotation for the initial supply of 20MVA of electrical power required for the first three years of project construction. The issuance by ESKOM of this 20MVA Budget Quotation indicates that the project is a part of its formal planning and scheduling process. The relevant agreements with ESKOM will be finalized in due course. The Budget Quotation for the final power supply of approximately 70MVA will be completed in the next two years.

A process of internal and external reviews of the BFS is being undertaken and will precede the publication of the study report.

Expenditure on the Evander Project for the period under review was as follows:

Consultants & Service providers (BFS)	ZAR14.0m
Staffing	ZAR5.7m
Overheads	ZAR5.3m
Total	ZAR25.0m

The Jeanette Project

The Jeanette Project is located close to the town of Allanridge within the southwest margin of the Witwatersrand Basin, northeast of Welkom, in the Free State Province of South Africa.

Update on prospecting rights and approvals for the Jeanette Project

TGL entered into an agreement to acquire the single prospecting right (the "Prospecting Right") for the Jeanette area in 2008. A Scoping Study was completed over the Jeanette Project in June 2010. Consent to the transfer of the Prospecting Right was given by the MMR on 29 September 2010 and the prospecting right is valid for five years commencing 29 June 2010. The Prospecting Right permits the exploration of gold ore, silver ore and uranium ore in the Jeanette area. The registration of Prospecting Right No. 144/2013 took place on 30 October 2013 and the Deed of Cession was registered at the MPTRO on 1 November 2013. TGFS, a wholly owned subsidiary of TGL, is now the registered holder of the Prospecting Right. Apart from the Prospecting Right, TGL has continued to consolidate its mineral rights holdings in and around its Jeanette Project area. On 28 June 2010, TGL entered into an agreement to acquire the prospecting rights over the farms Buitendachshoop 122, Weltevreden 59, Portion RE and LeClusa 70 from Free State Development and Investment Corporation Limited. These permits are contiguous to the Prospecting Right. The MMR has granted the relevant consent for the transfer of the prospecting rights over the Buitendachshoop and Weltevreden areas to TGL and the transfers are currently pending registration in TGFS's name with the MPTRO. The prospecting rights over the LeClusa licence area were registered in TGFS's name with the MPTRO on 18 April 2011. In addition, TGFS has been granted additional prospecting rights over the Bandon 345, Damplaats 361, Katbosch 358, Leeuwbosch 285 farms and also a portion of Weltevreden 59 farm, all being contiguous to the Jeanette Project.

TGFS submitted a Section 102 application on 4 March 2014 to consolidate the above permits into a single prospecting right using the Jeanette prospecting right (MPTRO 144/2013) as the base for such consolidation. On completion of the consolidation and the PFS currently underway TGFS will apply for a mining right over the consolidated area and it is expected that this application will be submitted late in 2014 or early in 2015. TGFS, as future holder of the consolidated prospecting rights has the exclusive right to apply for a mining right over same.

Project Description

The PFS for the project is targeting a Measured and Indicated Resource of 11.5 million tons of Basal Reef at an average gold grade of 26.83g/t (measure over a reef channel width of 31cm), containing 9.9 million ounces of gold. The pending completion of the study will herald a maiden Probable Reserve declaration for the project.

The project will involve the following activities to develop and bring the operation into production:

- Establishment of surface facilities and provision of the required services;
- Dewatering and re-commissioning of the existing ventilation shaft;
- Sinking of a new shaft system for men, material and rock hoisting;
- Development of the Basal Reef and the generation of ore reserves; and
- Construction of a metallurgical processing plant, smelter and TSF.

MANAGEMENT DISCUSSION AND ANALYSIS

Studies on the nature of the Basal Reef and the proximity of the overlying Khaki Shale show that a relatively high level of mechanized mining can be implemented; the level of mechanization being determined by the Basal Reef and Khaki Shale characteristics in different areas of the resource. Detailed studies have been conducted as a part of the PFS to properly assess geotechnical and other mining related aspects of such mechanization and the study will propose various extraction options, from which the most suitable approach will be selected to proceed to BFS level. The mechanization approach opens up the opportunity to mine the Basal Reef with significantly less waste dilution than would typically be associated with conventional mining methods and this has a significant positive impact in terms of increased head grade, reduced ore handling and hoisting requirements and, lower metallurgical processing costs.

Expenditure on the Jeanette Project for the period under review was as follows:

Consultants & Service providers (PFS)	ZAR11.4m
Staffing	ZAR3.2m
Overheads	ZAR1.1m
Total	ZAR15.7m

REVIEW OF THE COMPANY'S MINERAL RESOURCES

The Evander Project

The Evander Project comprises the Six Shaft area and the Twistdraai area. Table 1 below shows the mineral resource estimate of the Six Shaft area using a 500cmg/t cut-off grade as at 27 May 2013. The mineral resource estimate for the Six Shaft area remains unchanged since the publication of the 2013 Annual Report.

MINERAL RESOURCE CATEGORY	Mining Tonnes (t)	Mining Width (cm)	Mining Grade (g/t)	Mining Grade (cmg/t)	Channel Width (cm)	Channel Grade (g/t)	Gold (kg)	Gold (Oz)
Six Shaft, Total Project Mineral Resources at a 500cmg/t Cut-off Grade								
Measured	140,100	118	10.64	1,213	87	13.92	1,490	47,905
Indicated	14,920,500	111	9.27	1,026	77	13.49	138,320	4,447,091
Inferred	3,091,000	108	6.19	669	43	16.61	19,130	615,044
Total Measured and Indicated	15,060,600	111	9.28	1,028	77	13.49	139,810	4,494,996
TOTAL MINERAL RESOURCES *(Note)**	18,151,600	110	8.76	965	71	13.79	158,940	5,110,040

MANAGEMENT DISCUSSION AND ANALYSIS

Table 2 below shows the mineral resource estimate of the Twistdraai area using a 500cmg/t cut-off grade as at 28 February 2013. The mineral resource estimate for the Twistdraai area remains unchanged since the publication of the 2013 Annual Report.

MINERAL RESOURCE CATEGORY	Mining Tonnes (t)	Mining Width (cm)	Mining Grade (g/t)	Mining Grade (cmg/t)	Channel Width (cm)	Channel Grade (g/t)	Gold (kg)	Gold (Oz)
Twistdraai, Total Project Mineral Resources at a 500cmg/t Cut-off Grade								
Measured	–	–	–	–	–	–	–	–
Indicated	4,553,900	111	6.82	756	71	10.61	31,080	999,245
Inferred	6,328,500	113	7.69	866	75	11.48	48,660	1,564,455
Total Measured and Indicated	4,553,900	111	6.82	756	71	10.61	31,080	999,245
TOTAL MINERAL RESOURCES *(Note)**	10,882,400	112	7.33	820	74	11.13	79,740	2,563,700

Table 3 below shows the mineral resource estimate of the total Evander Project (comprising the six staff and Twistdraai areas using a 500cmg/t cut-off grade as at 27 May 2013. The mineral resource estimate for the total Evander Project remains unchanged since the publication of the 2013 Annual Report.

MINERAL RESOURCE CATEGORY	Mining Tonnes (t)	Mining Width (cm)	Mining Grade (g/t)	Mining Grade (cmg/t)	Channel Width (cm)	Channel Grade (g/t)	Gold (kg)	Gold (Oz)
Total Project Mineral Resources at a 500cmg/t Cut-off Grade								
Measured	140,100	118	10.64	1,213	87	13.92	1,490	47,905
Indicated	19,474,400	111	8.70	963	76	14.06	169,400	5,446,336
Inferred	9,419,500	111	7.20	800	65	18.31	67,790	2,179,499
Total Measured and Indicated	19,614,500	111	8.71	965	76	14.06	170,890	5,494,241
TOTAL MINERAL RESOURCES *(Note)**	29,034,000	111	8.22	911	72	15.44	238,680	7,673,740

Note: The information in this report that relates to the mineral resources for the Evander Project is based on information compiled by Mr. Garth Mitchell, who is a full time employee of Explormine Consultants, an independent mineral resources consultancy engaged by TGL. Mr. Mitchell is a Member of the Southern African Institute of Mining and Metallurgy and a member of the Geological Society of South Africa. Mr. Mitchell has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity that he has undertaken to qualify as a Competent Person as defined in the 2007 Edition of the South African Code for Reporting of Exploration Results, Mineral Resources and Mineral Reserves. Mr. Mitchell has consented to the inclusion in this report of the matters based on information provided by him, in the form and context in which they appear.

MANAGEMENT DISCUSSION AND ANALYSIS

The Jeanette Project

Table 4 below shows the mineral resource estimate for the Jeanette Project using a 300cmg/t cut-off grade for the Basal Reef and 339cmg/t cut-off grade for the A-Reef as at 24 January 2013. The mineral resource estimate for the Jeanette Project remains unchanged since the publication of the 2013 Annual Report.

MINERAL RESOURCE CATEGORY	In-situ Tonnes (t)	Evaluation Width (cm)	Grade above cut-off (g/t)	Grade above cut-off (cmg/t)	Channel Width (cm)	Channel Grade (g/t)	Gold (kg)	Gold (Oz)
Total Project Mineral Resources at a 300cmg/t Cut-off Grade for Basal Reef and 339cmg/t for the A Reef								
Indicated (Black Chert Facies)	11,486,000	100	8.22	822	30	26.83	308,111	9,906,000
Inferred (Black Chert Facies)	455,000	100	6.55	655	20	32.75	14,899	479,000
Inferred (Overlap Facies)	3,688,000	100	4.17	417	41	10.27	37,884	1,218,000
Inferred (A-Reef)	41,704,000	113	4.95	559	113	4.95	206,434	6,637,000
Total Indicated	11,486,000	100	8.22	822	30	26.83	308,111	9,906,000
Total Inferred	45,847,000	112	4.90	549	106	5.65	259,217	8,334,000
TOTAL MINERAL RESOURCES *(Note)**	57,333,000	109	5.57	603	91	9.90	567,328	18,240,000

Note: *The information in this report that relates to the mineral resources for the Jeanette Project is based on information compiled by Mr. David Young, who is a full time employee of The Mineral Corporation, an independent mineral resources consultancy engaged by TGL. Mr. Young is a Member of the Southern African Institute of Mining and Metallurgy, a Fellow of the Geological Society of South Africa and, a Fellow of the Australasian Institute of Mining and Metallurgy. Mr. Young has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity that he has undertaken to qualify as a Competent Person as defined in the 2007 Edition of the South African Code for Reporting of Exploration Results, Mineral Resources and Mineral Reserves. Mr. Young has consented to the inclusion in this report of the matters based on information provided by him, in the form and context in which they appear.*

Summary of the Company's Measured and Indicated Mineral Resources

Table 5 below shows the summary of the Company's Measured and Indicated Mineral Resources at its Evander and Jeanette Projects. The Measure and Indicated mineral resource estimate for the Company remains unchanged since the publication of the 2013 Annual Report.

MINERAL RESOURCE CATEGORY	Tonnes (t)	Grade (g/t)	Gold (kg)	Gold (Oz)
EVANDER	Mining *(t)*	Mining *(g/t)*		
Measured	140,100	10.64	1,490	47,905
Indicated	19,474,400	8.70	169,400	5,446,336
Total Measured & Indicated	19,614,500	8.71	170,890	5,494,241
JEANETTE	In-situ *(t)*	In-situ *(g/t)*		
Indicated	11,486,000	8.22	308,111	9,906,000
Total Evander & Jeanette	31,100,500	–	479,001	15,400,241

FUTURE PLANS FOR THE EVANDER PROJECT AND THE JEANETTE PROJECT

As at the date of this report, both the Evander Project and the Jeanette Project are at the exploration stage, which involves the completion of BFS and PFS for the projects, respectively.

The Company is considering a number of options with regards to the construction phase of the Evander Project and continues to review its financial position given prevailing uncertainty and volatility in global-financial and commodity markets. A decision regarding the commencement of the Jeanette BFS will be made upon conclusion of the PFS. TGL has also reviewed its remaining exploration projects in South Africa and will continue to dispose of those projects that do not meet its expectations, in order to reduce costs and ensure continued focus on the flagship projects at Evander and Jeanette.

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements of the Company and the Group for the year ended 31 March 2014.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries comprise the operations of gold mines in the Republic of South Africa ("South Africa") and sale of minerals. During the year, the Group has completed a transaction to dispose of its businesses of coal mining operations, loan guarantee service operations and a small scale gold mine in the People's Republic of China (the "PRC").

RESULTS AND DIVIDENDS

The Group's results for the year ended 31 March 2014 and the state of affairs of the Company and of the Group at that date are set out in the financial statements on page 6.

The directors do not recommend the payment of any dividend in respect of the year ended 31 March 2014.

FIVE YEAR SUMMARY

A Summary of the Group's results for each of the five years ended 31 March 2014 and the Group's assets and liabilities as at 31 March 2010, 2011, 2012, 2013 and 2014 is set out on page 106 of this annual report.

CAPITAL STRUCTURE

There was no material change in the capital structure of the Company during the year.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

There was no purchase, sale or redemption of shares or other listed securities of the Company or by any of its subsidiaries during the year.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Company and of the Group during the year are set out in note 16 to the consolidated financial statements.

SHARE CAPITAL, UNLISTED WARRANTS AND SHARE OPTIONS

Details of the Company's share capital, unlisted warrants and share options are set out in notes 29 and 34 to the financial statements respectively.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws or the laws of Bermuda which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

RESERVES

Details of movements in the reserves of the Company and of the Group during the year are set out from page 45 to page 46 in the consolidated financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

At 31 March 2014, the Company had no reserves available for cash distribution and/or distribution in specie to shareholders of Company. In accordance with the Companies Act 1981 of Bermuda (as amended), the contributed surplus may only be distributed in certain circumstances which the Company is presently unable to meet. In addition, the Company's share premium account with a balance of approximately HK$4,758,369,000 as at 31 March 2014 may be distributed in the form of fully paid bonus shares.

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate sales attributable to the Group's largest customer accounted for 100% of the Group's total turnover for the year. Purchases from the Group's largest supplier accounted for 100% of the Group's total purchases for the year.

None of the directors of the Company or any of their associates or any shareholders (which, to the best knowledge of the directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the abovementioned customers or suppliers.

EMPLOYEES

As at 31 March 2014, the Group employed approximately 60 staff in both Hong Kong and South Africa. The Group remunerates its employees based on their performance, working experience and the prevailing market conditions. Employee benefits include mandatory provident fund (pension) and share options scheme, etc.

DIRECTORS

The directors of the Company during the year were:

Executive Directors:

Mr. Li Hok Yin
Mr. Christiaan Rudolph de wet de Bruin *(appointed on 26 April 2013)*
Mr. Neil Andrew Herrick *(appointed on 26 April 2013)*
Ms. Cheung Pak Sum
Mr. Stefanus David Steyn *(appointed on 26 April 2013 and resigned on 19 August 2013)*
Dr. David Twist *(appointed on 26 April 2013 and resigned on 19 August 2013)*
Mr. Igor Levental *(appointed on 19 August 2013)*

Independent Non-Executive Directors:

Mr. Chui Man Lung, Everett
Mr. Li Kam Chung
Mr. Hui Wah Tat, Anthony *(resigned on 26 April 2013)*
Mr. Walter Thomas Segsworth *(appointed on 19 August 2013)*

In accordance with the Bye-law 98 of the Company's Bye-laws, Mr. Li Hok Yin, Ms Cheung Pak Sum and Mr. Chui Man Lung, Everett shall retire from office, and being eligible, offer themselves for re-election at the forthcoming annual general meeting.

REPORT OF THE DIRECTORS

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Li Hok Yin, aged 36, is the Co-chairman and an Executive Director of the Company. He was previously the Investment Manager of Cheever Capital Management (Asia) Ltd. from September 2007 to December 2009. He was the Territory Manager of Ecolab Ltd, a company listed on the New York Stock Exchange, from March 2004 to July 2007. He holds a Bachelor of Engineering degree from The Chinese University of Hong Kong. Mr. Li was appointed as an Executive Director of the Company on 8 January 2010.

Mr. Christiaan Rudolph de Wet de Bruin, aged 61, is the Co-chairman and an Executive Director of the Company. Mr. de Bruin is also a director of Taung Gold Proprietary Limited ("TGL"), a non wholly-owned subsidiary of the Company as well as of Taung Gold Exploration (Pty) Limited, Taung Gold Exploration (West) (Pty) Ltd, Taung Gold (Free State) (Pty) Ltd, Taung Gold (North West) (Pty) Ltd, Taung Gold (Secunda) (Pty) Ltd, Sephaku Gold Exploration (Pty) Ltd, and Ulinet (Pty) Ltd, all of which are wholly owned subsidiaries of TGL. He is also a co-founder of TGL, Platmin Ltd and Sephaku Holdings Ltd. Mr. de Bruin received a Bachelor of Commerce degree (Cum Laude) from the University of the Free State in 1975 and a Bachelor of Law degree (Cum Laude) from the Rand Afrikaans University in 1977 and practised as an advocate at the Pretoria Bar from 1979 to 1989, specialising in commercial law and mineral law. Mr. de Bruin left the Bar in 1989 and focused on finding, acquiring and developing mineral exploration and mining projects in various African countries. He was involved in aspects of law relating to minerals, companies, stock exchange and international finance. He also acted as a consultant to a number of South African companies, becoming involved in their management, including the management of their systems, human resources, customers and financing activities. Between 1999 and 2005, Mr. de Bruin was a co-founder member of the Platmin Group of companies, which developed the Pilanesberg Platinum Mine. His role was to engineer the acquisition of mineral projects including supervising the execution of over 300 mineral rights agreements and the conversion of the Platmin Group's old order rights into new order rights and the acquisition of new mining rights. Mr. de Bruin was also involved with the applications for new mining rights and the management of the operational aspects, including logistics, human resources and administration during his time with the Platmin Group. He was a non-executive director of Gentor Resources Inc., a company involved with copper exploration activities in the Sultanate of Oman and Turkey, and listed on the Toronto Venture Exchange (TSX-V). Mr. de Bruin was also a non-executive director of Sephaku Holdings Limited, a company listed on the Johannesburg Stock Exchange. Mr. de Bruin was appointed as Co-chairman and Executive Director of the Company on 26 April 2013.

Mr. Neil Andrew Herrick, aged 51, is the Chief Executive Officer and an Executive Director of the Company. He is also a director and the chief executive officer of TGL as well as director of Taung Gold Secunda (Pty) Ltd (previously Pluriclox (Pty) Ltd), which is a wholly-owned subsidiary of TGL. He has over 20 years of experience in the gold mining industry, having joined the Gold Division of Anglo American in 1988 and became a section manager at Anglogold Limited from 1994 to 1997 with responsibility for an underground section of a mine and a shaft system. He became production manager at Anglogold Limited from 1997 to 1999 and was responsible for an entire shaft complex. From 1999 to 2002 he was the general manager of the North West Operations of Durban Roodepoort Deep Limited. In 2002, he joined Gold Fields Limited as senior manager and was responsible for the completion of two pre-feasibility studies for the exploitation of below infrastructure resources at Kloof mine and later as Senior Manager in charge of Kloof mine's underground operations. From 2006 to 2007, he was a mine manager at Anglo Platinum Limited, after which he joined Norilsk Nickel Africa (Pty) Limited as a mining executive. He is registered as a professional engineer with the Engineering Council of South Africa, and is a past president and council member of the Association of Mine Managers of South Africa. He is a former Chairman of the Mines Professional Associations Committee of Management. He graduated from the University of Newcastle upon Tyne in 1987 with a Bachelor of Engineering degree (Honours) in Mining Engineering. He was appointed as the Chief Executive Officer and an Executive Director of the Company on 26 April 2013, and has been the chief executive office of TGL since July 2010.

Ms. Cheung Pak Sum, aged 38, was appointed as an Executive Director of the Company on 20 April 2010. She is the Head of Human Resources and Administration of the Company. She is well experienced in the areas of Human Resources and Administration. She was the senior administration officer of Pineview Industries Limited, a listed company on the Stock Exchange, from May 2006 to May 2008.

Mr. Igor Levental, aged 59, is an Executive Director of the Company. He is the director of Gabriel Resources Ltd., which is engaged in the development of major precious metals deposits in Romania; he is also a director of NOVAGOLD Resources Inc., a TSX and NYSE Market-listed company involved in the advancement of a major gold development project in Alaska and a copper-gold development project in British Columbia; he is also a director of NovaCopper Inc., a TSX and NYSE Market-listed company involved in the exploration and development of major copper-dominant deposits in Alaska; and Sunward Resources Ltd, a TSX-listed company engaged in the exploration and development of a large porphyry gold-copper project in Colombia. With more than 30 years of experience across a board-cross section of the international mining industry, Mr. Levental has held senior positions within major mining companies including Homestake Mining Company, a major international gold mining company with interests in the United States, Canada, Australia and South America, as well as International Corona Corporation, a gold producer. In 2007, he joined Electrum (USA) Ltd. as executive vice president and in March 2010 became president of the Electrum Group of Companies (one of the companies within the Group currently the substantial shareholder of the Company) He is a registered professional engineer in Canada. He graduated from the University of Alberta with a Bachelor of Science degree in Chemical Engineering in 1978 and received his MBA degree from the University of Alberta in 1982. He was appointed as an Executive Director of the Company on 19 August 2013.

Independent Non-Executive Directors

Mr. Chui Man Lung, Everett, aged 50, is an Independent Non-Executive Director of the Company. Mr. Chui is a Fellow Member of both the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. He is a Member of the Institute of Chartered Accountants in England and Wales. He is currently the director and shareholder of Cen-1 Partners Limited, an independent consultancy company specializing in financial engineering and corporate structuring. Mr. Chui was appointed as an independent non-executive director of Sinocom Software Group Limited, a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") with effect on 10 September 2013. Mr. Chui was the financial controller and company secretary of Yau Lee Holdings Limited, a listed company on the Stock Exchange, from February 1995 to May 2008. He is well experienced in the areas of finance, audit and accounting. He holds a Bachelor of Social Sciences in Business Economics & Accounting awarded by the University of Southampton in the United Kingdom. Mr. Chui was appointed as an Independent Non-Executive Director of the Company on 20 April 2010.

Mr. Li Kam Chung, aged 62, is an Independent Non-Executive Director of the Company. Mr. Li has over 10 years experience in trading businesses between Mainland China and Hong Kong. Mr. Li was appointed as non-executive director of Taung Gold Limited, a non wholly-owned subsidiary of the Company in the Republic's of South Africa, on 26 April 2013. Mr. Li is currently the chairman of Joint Village Office For Villages In Shuen Wan Tai Po N.T. and a member of Tai Po District Council Environment, Housing and Works Committee. Mr. Li was appointed as an Independent Non-Executive Director of the Company on 1 April 2009.

REPORT OF THE DIRECTORS

Mr. Walter Thomas Segsworth, age 65, is an Independent Non-Executive Director of the Company. He currently is a Director of Pan America Silver Corp., a TSX and NASDAQ Market-listed company and Gabriel Resources Ltd., a TSX Market-listed company, which is engaged in the development of major precious metals deposits in Romania. He serves Director of Alterra Power Corporation, a TSX Market-listed company, a leading global renewable energy company involved in geothermal, hydraulic and wind power generation. He has over 43 years of experience in mining in Canada and overseas. Mr. Segsworth served on the Boards of Directors of several mining companies including Westmin Resources, where he was President and Chief Executive Officer and Homestake Mining Company, where he was President and Chief Operating Officer. He was also Director of Great Basin Gold Ltd. from 2003 to 2011, Explorator Resources, Inc. from 2009 to 2011 and Heatherdale Resources Ltd., a TSX Market-listed company. Mr. Segsworth is past Chairman of both the Mining Associations of British Columbia and Canada and was named the British Columbia's Mining Person of the year in 1996. He is currently member of Association of Professional Engineers of British Columbia and Fellow of Canadian Institute of Mining Metallurgy and Petroleum. Mr. Segsworth holds a BSc in Mining Engineering from Michigan Technical University. He was appointed as an Independent Non-Executive Director of the Company on 19 August 2013.

DIRECTORS' SERVICE CONTRACTS

No director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

No director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

DIRECTORS' INTERESTS IN SHARE CAPITAL

At 31 March 2014, the interests and short positions of the directors in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to (the Model Code for Securities Transactions by Directors of Listed Issues,) were as follows:

Long positions in shares and underlying shares of the Company

Name of Directors	Number of Ordinary Shares Personal interests	 Corporate interests	Number of underlying shares held under share options	Total	Percentage of the issued share capital of the Company
Li Hok Yin	17,380,622	–	–	17,380,622	0.14%
Christiaan Rudolph de Wet de Bruin	–	–	476,283,484	476,283,484	3.91%
Neil Andrew Herrick	–	–	86,277,789	86,277,789	0.71%
Cheung Pak Sum	–	–	–	–	0.00%
Igor Levental	–	–	32,664,402	32,664,402	0.27%
Chui Man Lung, Everett	–	–	–	–	0.00%
Hui Wah Tat, Anthony (Resigned on 26 April 2013)	–	–	–	–	0.00%
Li Kam Chung	–	–	–	–	0.00%
Walter Thomas Segswoth	1,000,000	–	–	–	0.01%

Save as disclosed herein, neither the directors nor any of their associates had any interests or short positions in shares, underlying shares or debentures of the Company or any of its associated corporations as at 31 March 2014 as defined in Section 352 of the SFO.

SHARE OPTION

Particulars of the Company's share option scheme are set out in note 34 to the consolidated financial statements.

The following table discloses movements in the Company's share options during the year ended 31 March 2014:

Category of participants	Date of share option granted	Outstanding at beginning of the year	Granted during the year	Exercised during the year	Cancelled/ lapsed during the year	Outstanding at end of the year	Subscription price HK$	Exercise period
Directors of the Group	13 December 2011	25,000,000	–	–	25,000,000	0	0.1890	13 December 2011 – 13 December 2013
Employees of the Group	13 December 2011	5,000,000	–	–	5,000,000	0	0.1890	13 December 2011 – 13 December 2013
		30,000,000	–	–	30,000,000	0		

REPORT OF THE DIRECTORS

There was no option outstanding as at 31 March 2014 as 30,000,000 options were lapsed or cancelled during the year, which represented approximately 0.25% of the total number of issued shares of the Company as at that date.

TGL approved an option scheme during 2010 (prior to the completion date of acquisition of TGL) to enable employees to acquire shares in TGL to provide them with incentives to advance TGL's interest, to promote an identity of interest with shareholders and to retain the skills and expertise of employees. The total number of shares issued in terms of the scheme will not exceed 10% of the issued share capital of TGL.

During the period from the completion date of acquisition of TGL (the "Completion Date") to 31 March 2014, the movements of the options which have been granted under the share option scheme of TGL are as follows:

Category of participants	Date of share option granted	Outstanding at beginning of the year	Granted during the year	Exercised during the year	Cancelled/ lapsed during the year	Outstanding at end of the year	Subscription price ZAR	Exercise period
Employees of TGL	26 May 2010	6,737,312	–	–	–	6,737,312	4.950	26 May 2010 – 25 May 2015
Employees of TGL	26 July 2010	6,238,000	–	–	–	6,238,000	4.950	26 July 2010 – 25 July 2015
Employees of TGL	1 September 2010	7,964,737	–	–	–	7,964,737	7.425	1 September 2010 – 31 August 2015
Employees of TGL	1 November 2010	2,705,161	–	–	–	2,705,161	9.900	1 November 2010 – 31 October 2015
		23,645,210	–	–	–	23,645,210		

There were 23,645,210 options outstanding as at 31 March 2014 which represented approximately 10.00% of the total number of issued shares of TGL as at that date.

At the Company's special general meeting held on 19 August 2011, an ordinary resolution was passed by the Company's shareholders for granting of a put option to holders of options in TGL in relation to the sale to the Company of up to 18,916,168 shares of TGL acquired pursuant to the exercise of options in TGL for an aggregate consideration of up to 1,009,616,519 shares of the Company at any time within three years from the Completion Date.

TGL has granted voting rights to its 23,645,210 options such that each option of TGL would carry the same voting right as an issued share of TGL. On 26 April 2013, the voting rights of options had been removed and the share option scheme of TGL had been amended that no voting rights can be granted or attached to any options granted under the scheme.

Details of the granting and removing of voting rights to options of TGL is set out in the announcements of the Company dated 19 September 2012 and 29 April 2013.

UNLISTED WARRANTS

The following table discloses movements in the Company's unlisted warrants issued to the subscribers during the year ended 31 March 2014:

Date of warrant issued	Outstanding at beginning of the year	Granted during the year	Exercise during the year	Outstanding at end of the year	Subscription Price HK$	Exercise period	Percentage to total Company's shares in issue at end of the year
10 March 2010	88,848,000	–	–	88,848,000	0.160	10 March 2010 – 9 March 2015	0.73%

The closing price of the Company's share immediately before 10 March 2010, the date of issue, was HK$0.315.

The following table discloses movements in TGL's unlisted warrants issued to the subscribers during the year ended 31 March 2014:

Warrant holders	Date of warrant issued	Granted during the year	Exercise during the year	Cancelled during the year	Outstanding at end of the year	Subscription Price ZAR	Exercise period
Dr. David Twist (Note 1)	12 January 2012	–	–	–	–	25	12 January 2012 4 January 2017
Electrum Strategic Exploration Limited (Note 2)	12 January 2012	30,000,000	–	–	30,000,000	25	12 January 2012 – 4 January 2017

Notes:

(1) Dr. David Twist is a former director and current consultant of TGL and he was the executive director of the Company during the period from 26 April 2013 to 19 August 2013. The 35,000,000 of warrants attached with voting rights was cancelled on 26 April 2013 retrospectively.

(2) Electrum Strategic Exploration Limited is a substantial shareholder of the Company and TGL. The 30,000,000 of warrants attached with voting rights was cancelled on 19 August 2013.

Details of the issuance and cancellation of warrants of TGL is set out in the announcements of the Company dated 13 June 2012, 19 September 2012, 27 November 2012, 21 January 2013, 21 February 2013, 22 March 2013, 29 April 2013, 31 May 2013, 28 June 2013, 29 July 2013, 6 August 2013 and 19 August 2013.

REPORT OF THE DIRECTORS

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARE CAPITAL

At 31 March 2014, the following Shareholders were interested in 5% or more of the issued share capital of the Company which were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO, or to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO and the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"):

(1) Long positions in ordinary shares and underlying shares of the Company

Name of shareholders	Number of ordinary shares held	Underlying shares of equity derivatives	Total interest	Percentage of issued ordinary shares as at 31 March 2014
Electrum Strategic Exploration Limited (note 1)	2,295,047,831	–	2,295,047,831	18.84%
Mandra Materials Limited (note 2)	1,608,854,156	–	1,608,854,156	13.21%
Mandra Esop Limited (note 2)	287,722,674	–	287,722,674	2.36%
Woo Foong Hong Limited (note 2)	426,530,727	–	426,530,727	3.50%
Gold Commercial Services Limited (note 3)	1,130,141,116	–	1,130,141,116	9.28%
Able Union Limited	747,224,875	–	747,224,875	6.13%

Notes:

(1) The entire share capital of Electrum Strategic Exploration Limited is wholly-owned by GRAT Holdings LLC. Hence, GRAT Holdings LLC is deemed to be interested in the Shares held by Electrum Strategic Exploration Limited for the purpose of SFO.

(2) Mandra Materials Limited, Mandra ESOP Limited and Woo Foong Hong Limited are 50% owned by Mr. Zhang Songyi. Hence, Mr. Zhang Songyi is deemed to be interested in the Shares held by Mandra Materials Limited, Mandra ESOP Limited and Woo Foong Hong Limited for the purpose of SFO.

(3) On 8 September 2011, the Company issued 1,130,141,116 new shares of the Company to Gold Commercial Services Limited ("GoldCom") for granting the put options to South African resident shareholders of TGL in relation to the sale to the Company through GoldCom of 21,174,316 shares of TGL.

(2) Short positions in shares and underlying shares

There were no short positions in the shares and underlying shares of the Company and its associated corporations, which were recorded in the register as required to be kept under Section 336 of Part XV of the SFO.

Save as disclosed herein, as at 31 March 2014, no person, other than the directors of the Company, whose interests are set out in the section "Directors' interests in share capital" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the directors of the Company, as at the date of this report, there is sufficient public float of not less than 25% of the Company's issued shares as required under the Listing Rules.

ANNUAL CONFIRMATION OF INDEPENDENCE

The Company has received annual confirmation from each of the independent non-executive directors as regards their independence to the Company and considers that each of the independent non-executive directors is independent to the Company.

INDEPENDENT AUDITORS

The financial statements have been audited by Messrs. Deloitte Touche Tohmatsu ("Deloitte") who retire and, being eligible, offer themselves for re-appointment.

A resolution for the reappointment of Deloitte as independent auditors of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board

Li Hok Yin
Co-chairman

Christiaan Rudolph de Wet de Bruin
Co-chairman

Hong Kong, 30 June 2014

CORPORATE GOVERNANCE REPORT

Trading in the Company's shares has been suspended since 8 June 2012 because of the delay in publication of the Company's result announcement and Annual Reports. As part of the conditions for the resumption of trading in the Company's shares based on the letter from the Stock Exchange dated 3 September 2013, the Company has appointed Crowe Horwath (HK) CPA Limited as the independent internal control consultant (the "Consultant") to conduct a review on the Company's internal control system.

During the Consultant's review, certain internal control deficiencies were identified in the Company and its subsidiaries (the "Group") and the Board of Directors (the "Board") and the management of the Company have imposed remediation to ensure the effectiveness of the internal control system. Since then, the Company has applied the principles and complied with all the applicable code provisions of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules").

CORPORATE GOVERNANCE PRACTICES

The Board considers that good corporate governance of the Company can protect and safeguard the interests of the shareholders and to enhance the performance of the Company. The Board is committed to maintaining and ensuring high standards of corporate governance. With the assistance from the Consultant, internal control deficiencies and deviation from the Code were identified, which existed for the year ended 31 March 2014 due to inadvertent oversight. The table below summarized the key deficiencies and remediation implemented by the Group:

Control Areas	Material findings and deficiencies found in the Internal Control Review	Status of remediation adopted by the Group
1. Internal communications	Inadequate communication between the Company and the South African operation.	a. Relevant internal communication policy has been established and approved by the Board. b. Internal communication of the Group has been enhanced by holding quarterly meeting and irregular meetings between the Hong Kong and South African based Executive Directors and senior management for discussion and reporting and circulating all internal correspondences and documentations to all Executive Directors of the Company.

CORPORATE GOVERNANCE REPORT

Control Areas	Material findings and deficiencies found in the Internal Control Review	Status of remediation adopted by the Group
2. Compliance with Listing Rules	Incomprehensive policies and procedures governing the reporting of notifiable transactions and connected transactions of directors and senior executives.	a. The Company's guideline on connected transactions and notifiable transactions has been enhanced and approved by the Board. b. Trainings in relation to the reporting of notifiable transactions and connected transactions were carried out for Executive Directors and senior management of the Company. c. Assistant company secretary of the Company has been assigned to perform the regular review and update of the connected parties list since 30 September 2013. d. Directors have provided and will be required to provide annual written declarations regarding their respective connected parties and connected transactions since 30 September 2013.
	Incomprehensive corporate governance policies and procedures in relation to Appendix 14 of the Listing Rules.	The Company's terms of reference of corporate governance function have been enhanced and approved by the Board.
	No formal policy to monitor the compliance with requirements set out in Chapter 18 of the Listing Rules for mineral companies.	The Company's guideline for Chapter 18 has been established and approved by the Board.
3. Internal guidelines and policies	Incomprehensive code of conduct covering the handling of confidential and proprietary information and ethical or conflict of interests issues.	a. Code of Conduct including a comprehensive set of ethical guideline has been revised and approved by the Board. b. All Directors and senior management of the Company have signed confirmation of undertaking of the Code of Conduct and have consented to comply with their provisions.

CORPORATE GOVERNANCE REPORT

Control Areas	Material findings and deficiencies found in the Internal Control Review	Status of remediation adopted by the Group
4. Internal control regarding significant transactions/ acquisitions	No formal mechanism to monitor and manage the process during the post- acquisition integration following any acquisition done by the Group.	a. The Company's "Post-acquisition Guideline" has been established and approved by the Board. b. No sample for the post-acquisition integration plan is available as no acquisition has been carried out by the Group during the Internal Control Review.
	The Company does not have formal procedures on requirement to obtain approvals from the Board for significant business transactions.	a. Policies and procedures on a list of matters that require prior approval from the Board and the internal communication within the Group has been established and approved by the Board. b. Certain Executive Directors of the Company have been appointed as the Executive Directors of the South African subsidiary and vice versa. c. Quarterly meeting and irregular meetings are required to be held between the representatives of the Company's subsidiaries and the Company for discussion and reporting since 26 July 2013.
	Incomprehensive policies and procedures for authorization on key business decisions.	a. The Company's "Role and Responsibilities of Directors & Authorization Policy" has been enhanced and approved by the Board. b. The Board's authority is allowed to be delegated only to personnel authorised by the Board at the relevant meeting of the Board of Directors. c. The authority and scope of power of the South African subsidiaries of the Group has been established and approved by its board.

Control Areas	Material findings and deficiencies found in the Internal Control Review	Status of remediation adopted by the Group
5. Risk management	Incomprehensive policies and procedures on risk assessments within the Group.	a. Policies and procedures on risk assessment and reporting of the Group have been enhanced and approved by the Board.
		b. Risk assessment was carried out and a risk control register which documented the risks identified by the Company and the corresponding action plans was established and approved by the Board on 17 January 2014.
	Incomprehensive whistle blowing policy.	a. The Group's "Whistle Blowing Policy" has been enhanced and approved by the Board.
		b. The Group's staff have signed confirmations of undertaking of the Whistle Blowing Policy.
		c. No sample of investigation report is available as there were no reported cases during the Internal Control Review.
6. Internal audit	Incomprehensive financial reporting and disclosure policies and procedures.	The Group's "Financial Reporting and Disclosure Policies and Procedures" have been enhanced and approved by the Board.

CORPORATE GOVERNANCE REPORT

Control Areas	Material findings and deficiencies found in the Internal Control Review	Status of remediation adopted by the Group
	Lack of independence on the mechanism for monitoring systems of internal controls and no formal policy/ guidelines to monitor the review of internal control system.	a. The Group's Internal Audit Policies including internal audit charter have been established and approved by the Board. b. The Board has assigned staff who are independent from operations and management control to carry out the internal audit function. The staff was under the supervision of a qualified and competent personnel and directly report to the Audit Committee of the Company. c. Internal audit plan was established and approved by the Audit Committee and the Board on 8 January 2014 and 17 January 2014, respectively. The internal audit work will be carried out according to the approved internal audit plan and a internal audit report will be prepared which will be reviewed and approved by the Audit Committee and the Board.
7. Intangible asset management	Incomprehensive intangible assets (Mining Rights) policies and procedures governing the acquisitions and dispositions of intangible assets and their management (such as policies relating to the capitalisation, amortisation, periodic valuation and assessment of impairment of the intangible assets, registration and renewal of mining right and prospecting right).	The Group's "Intangible Assets Management Policies and Procedures" has been enhanced and approved by the Board.
8. Project management	Incomprehensive project management policies and procedures relating to areas such as risk assessment, project monitoring, valuation, capitalisation of project expenditures and periodic performance review for mining projects and the review and approval procedures regarding the closure, abandonment and change of projects.	The Group's Project Management Policy has been enhanced and approved by the Board.

Control Areas		Material findings and deficiencies found in the Internal Control Review	Status of remediation adopted by the Group
9.	Document management	Incomprehensive policies and control procedures in respect of execution of significant contracts and document management.	a. The Company's Contract Management Policy has been enhanced and approved by the Board. b. The Company has maintained a register for all significant agreements entered into by the Company, which has to be reviewed by the Company's assistant company secretary and approved by the Company's Executive Directors based in Hong Kong. Since 4 October 2013, all records of review of significant agreements of the Company or advice given by legal professionals are required to be properly documented. c. A "Contract Tracking List" with pre-assigned sequential contract index has been established is required to be periodically reviewed by the Executive Legal of the South African subsidiaries.
10.	External communication mechanism	Incomprehensive external communication policies and procedures.	The Group's Continuous Disclosure Policy has been established and approved by the Board.
11.	Investment evaluation mechanism	Incomprehensive investment management policies and procedures.	The Group's Investment Policy has been enhanced and approved by the Board.

The Consultant's report and the confirmation from the Consultant that the Company has adequate financial reporting system and internal control procedures have been submitted to the Stock Exchange, the conclusions of which are set out below:

a. Based on the review results of the walkthrough and the compliance tests conducted on all key internal control samples of the Group during the period between 1 January and 30 June 2013, the Consultant noted that there were major internal control deficiencies (as summarised in the table above in this section) during its course of review in the selected entities of the Group. The Consultant provided the Company with recommendations for the remedial actions with respect to the internal control deficiencies and the Company has implemented those recommendations accordingly;

CORPORATE GOVERNANCE REPORT

b. The Consultant further carried out follow up review during the period between 4 October 2013 and 23 January 2014 after the remedial actions had been taken by the Company in connection with the deficiencies mentioned in the IC Report. The Consultant noted that the Company has taken all necessary procedures to address the internal control deficiencies and has achieved satisfactory results on the compliance tests on the enhanced internal controls systems;

c. The Consultant were unable to perform compliance testing on a few of the enhanced internal controls due to the events subject to such enhanced controls have not occurred as of the date of the IC Report. However, it is sufficient for the Consultant to confirm that, based on the information above, the Company has adequate financial reporting system and internal control procedures;

d. Following the Consultant's recommendations of the remedial actions offered to the Company which the Consultant regarded as self sufficient, the management and staff of the Company have been advised by the Consultant on how to implement the remedial actions and the Board has confirmed to the Consultant that the Company would continue to comply with the established procedures as stipulated in the written formal policies and procedures of the Group in the future; and

e. The Directors have attended and completed the relevant Directors' training conducted by Hong Kong-qualified solicitors in which the training content consisted of directors' general obligations under the Listing Rules, the Hong Kong Code on Takeovers and Mergers, the Securities and Futures Ordinance and the Companies Ordinance.

In light of the above, the Directors are also of the view that the Group has established adequate internal control policies and procedures in all material respects, and the Group currently maintains an adequate and effective internal control system to meet its obligations under the Listing Rules.

The Board will continuously review and improve the corporate governance practices and standards of the Company to ensure that business activities and decision-making processes are regulated in a proper and prudent manner.

CHAIRMAN AND CHIEF EXECUTIVE

Code Provision A.2.1 requires the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing. The Company once considered that vesting the roles of the chairman and the chief executive officer in the same individual, Mr. Li Ho Yin would facilitate the Group business strategies and maximize operation effectiveness. Subsequently, the Company has reviewed the structure and complied with the Code provision A.2.1 in April 2013 following appointment of Mr. Li Hok Yin and Mr. Christiaan Rudolph de Wet de Bruin as Co chairmen of the Company and Mr. Neil Andrew Herrick as Chief Executive Officer of the Company on 26 April 2013.

The Co-Chairmen of the Company, namely Mr. Li Hok Yin and Mr. Christiaan Rudolph de Wet de Bruin are responsible for exercising control over the quality, quantity and timeliness of the flow of information between the management of the Company and the Board that would allow them to effectively discharge their responsibilities. The Co-Chairmen ensure that the entire Board members are properly briefed on issues at the Board meetings and receive adequate and reliable information on a timely basis. The Board considers that the Co-Chairmen are capable to guide discussions and brief the Board in a timely manner on pertinent issues with balance of power and authority delegated to the Board and senior management.

Mr. Neil Andrew Herrick, the Chief Executive Officer of the Company, is responsible for overseeing strategic planning and leadership of the Company. He is also responsible for the strategic development and maintaining the Company's relationship with outside companies of the Company as well as coordinating the Company's business and to market and locate potential business opportunities and execute the policy of the Company.

NON-EXECUTIVE DIRECTORS

Code Provision A.4.1 requires non-executive directors should be appointed for a specific term and subject to re-election. The independent non-executive Directors of the Company are not appointed for specific terms but are subject to retirement by rotation in accordance with the bye-laws of the Company.

BOARD OF DIRECTORS

The Board assumes overall responsibilities for leadership and control of the Company and is collectively responsible for promoting the success of the Company and its business by directing and supervising the Company's affairs. The Board focuses on overall corporate strategies and policies with attention particularly paid to the financial performance of the Company, including approval of major acquisition and disposal; annual and interim results; approval of major capital transaction such as change of share capital; repurchase of share and issue of new securities; recommendation on change of directors, chief executives and company secretary of the Company; establishment or amendment of board committees and their respective terms of reference; monitor and review of the internal control policy of the Company; adoption and review of the corporate governance policy and the relevant report to be disclosed annually; and all other significant operation and financial matters.

The Board has also formulated the following terms of reference on duties of corporate governance to be performed by the Board:

i. To develop and review the Company's policies on corporate governance and make recommendations to the Board;

ii. To review and monitor the training and continuous professional development of the Directors and senior management of the Company;

iii. To review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

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

v. To review the Company's compliance with the code and disclosure in the Corporate Governance Report.

CORPORATE GOVERNANCE REPORT

Composition of the Board

The Board currently comprises eight members as follows:

Executive Directors:

Mr. Li Hok Yin *(Co-chairman)*
Mr. Christiaan Rudolph de Wet de Bruin *(Co-chairman) (Appointed on 26 April 2013)*
Mr. Neil Andrew Herrick *(Chief Executive Officer) (Appointed on 26 April 2013)*
Ms. Cheung Pak Sum
Mr. Igor Levental *(Appointed on 19 August 2013)*

Independent Non-Executive Directors:

Mr. Chui Man Lung, Everett
Mr. Li Kam Chung
Mr. Walter Thomas Segsworth *(Appointed on 19 August 2013)*

The biographical information of the Directors and their relationship among the members of the Board, if any, are provided in the "Biographical Details of Directors and Senior Management" section of this annual report.

The principal focus of the Board is on the overall strategic development of the Company. The Board also monitors the financial performance and the internal controls of the Company's business operations.

With a wide range of expertise and a balance of skills, the Independent Non-executive Directors bring independent judgment on issues of strategic direction, development, performance and risk management through their contribution at board meetings and committee work.

The Independent Non-executive Directors also serve the important function of ensuring and monitoring the basis for an effective corporate governance framework. The Board considers that each Independent Non-executive Director is independent in character and judgment and that they all meet the specific independence criteria as required by the Listing Rules. The Company has received from each Independent Non-executive Director an annual confirmation regarding his independence, and the Board considered their independence to the Company. The Independent Non-executive Directors are explicitly identified in all corporate communications of the Company.

During the year ended 31 March 2014 following the resignation of Mr. Hui Wah Tat, Anthony with effect from 26 April 2013, the number of independent non-executive directors and the number of the Audit Committee of the Company fell below the minimum number required under Rule 3.10(1) and 3.21 of the Listing Rules. Following the appointment of Mr. Walter Thomas Segsworth as independent non-executive director and member of the Audit Committee of the Company with effect from 19 August 2013, the Company has been in compliance with Rules 3.10(1) and 3.21 of the Listing Rules.

Saved as disclosed above, throughout the year ended 31 March 2014, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive directors with at least one independent non-executive director possessing appropriate professional qualifications, or accounting or related financial management expertise.

The Board held 6 meetings during the financial year ended 31 March 2014. Details of attendance of individual director at board meetings are set out as below:

Name of Directors	Number of meetings held during his/her tenure	Number of meetings attended*
Executive Directors		
Mr. Li Hok Yin	6	5
Mr. Christiaan Rudolph de Wet de Bruin *(appointed on 26 April 2013)*	5	5
Mr. Neil Andrew Herrick *(appointed on 26 April 2013)*	5	5
Ms. Cheung Pak Sum	6	6
Mr. Igor Levental *(appointed on 19 August 2013)*	2	2
Independent Non-executive Directors		
Mr. Chui Man Lung, Everett	6	5
Mr. Li Kam Chung	6	6
Mr. Walter Thomas Segsworth *(appointed on 19 August 2013)*	2	2
Mr. Hui Wah Tat, Anthony *(Resigned on 26 April 2013)*	1	1

* Attendance by any kind of electronic means, such as video conference or telephone conference is included in the number of meetings the directors attended.

The Board and the management

There is a clear division of the responsibilities of the Board and the management. The Board delegated its responsibilities to directors and senior management to deal with day-to-day operations and review those arrangements on a periodic basis. Management has to report back to the Board and obtain prior approval before making decisions for key matters or entering into any commitments on behalf of the Company. The Board has a balance of skill and experience appropriate for the requirements of the business of the Company.

The Board regularly meets in person to discuss and formulate overall strategic direction and objectives and also approve annual and interim results as well as other significant matters of the Company. Execution of daily operational matters is delegated to management.

The Company Secretary assists the Chairman in preparing notice and agenda for the meetings, and ensures that the Company complied with the corporate governance practices and other compliance matters. At least 14 days notice of all regular board meetings were given to all directors, who were all given an opportunity to include matters in the agenda for discussion.

All directors have access to the Company Secretary who is responsible for the Company's compliance with the continuing obligations of the Listing Rules, Code on Takeover and Mergers and Share Repurchases, Companies Ordinance, Securities and Futures Ordinance and other applicable laws, rules and regulations etc.

CORPORATE GOVERNANCE REPORT

Minutes of the board/committee meetings are recorded in significant detail for any decision and recommendation made during the meetings. Draft and final versions of minutes are circulated to directors or committee members within a reasonable time after the meetings are held and taken as the true records of the proceedings of such meetings. All minutes are kept by the Company Secretary and are open for inspection at any reasonable time on reasonable notice by any director. All directors are entitled to have access to board papers and related materials unless there are legal or regulatory restrictions on disclosure due to regulatory requirements.

If a substantial shareholder or a director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the matter will be dealt with by way of a board/committee meeting and the interested shareholder or director shall not vote nor shall he/she be counted in the quorum present at the relevant meeting. Non-executive Director and Independent Non-executive Director who, and whose associates, have no material interest in the transaction, should be present at such a board meeting.

- Responsibilities accountabilities and contributions of the bard and management
- Details of non-compliance, if any (to rules 3.10(1) and (2), and 3.10A)
- Independence of INED (rule 3.13)
- Relationship between the board members and between the chairman and the chief executive
- How each director complied with A.6.5

DIRECTOR INSURANCE POLICY

The Company has arranged for appropriate liability insurance with effect from 1 April 2014 to indemnify the directors for their liabilities arising out of corporate management activities.

BOARD COMMITTEES

To maximise the effectiveness and efficiency of the Board, the Company has established audit committee, nomination committee and remuneration committee with specific written terms of reference respectively to assist in the execution of their duties. The terms of reference of each of the committees can be inspected and assessed on the Company's website at www.taunggold.com under "About Us" in the section of "Corporate Governance".

The terms of reference of respective board committees will be updated by publishing on the Company's website and the website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) if there is any amendment on the terms of reference from time to time.

Audit Committee

The Company has established an Audit Committee ("AC") with specific terms of reference explaining its role and authorities delegated by the Board. As at the date of this report, the AC consists of three Independent Non-executive Directors, Mr. Chui Man Lung, Everett, Mr. Li Kam Chung and Mr. Walter Thomas Segsworth, who together have sufficient accounting and financial management expertise and business experience to discharge their duties and none of them is a former partner of the external auditors of the Company. Mr. Chui Man Lung, Everett is the Chairman of the AC.

The AC's principal duties include reviewing the Group's financial controls, internal control and risk management systems, reviewing and monitoring integrity of financial statements and reviewing annual and interim financial statements and reports before submission to the Board and considering and recommending the appointment, reappointment and removal of external auditors of the Company.

The AC meets with the external auditors and the management of the Group to ensure that the audit findings are addressed properly. The AC is authorized to take independent professional advice at Company's expense, if necessary.

The AC meets regularly to review the financial results and other information to shareholders, the system of internal control and risk management. The AC also provides an important link between the Board and the Company's auditors in matters within the scope of its terms of reference and keeps under review the independence of auditors.

During the year, the AC has reviewed the annual and interim results of the Company for the year ended 31 March 2014 and was content that the accounting policies of the Group are in accordance with the generally accepted accounting practices in Hong Kong.

During the financial year ended 31 March 2014, 2 AC meetings were held and the individual attendance of each member is set out below:

Name of Audit Committee members	Number of meetings held during his/her tenure	Number of meetings attended
Mr. Chui Man Lung, Everett	2	2
Mr. Li Kam Chung	2	2
Mr. Hui Wah Tat, Anthony *(Resigned on 26 April 2013)*	N/A	N/A
Mr. Walter Thomas Segsworth *(Appointed on 19 August 2013)*	1	1

Nomination Committee

The Company has established a Nomination Committee ("NC") with specific terms of reference, which deal clearly with its authorities and duties. As at the date of this report, the majority of NC members are Independent Non-executive Directors, which consists of Mr. Chui Man Lung, Everett, Mr. Li Kam Chung and Mr. Igor Levental. Mr. Chui Man Lung, Everett is the Chairman of the NC.

The NC is responsible for the appointment of its own members, identifying appropriate candidate and recommending qualified candidate to the Board for consideration. The Board will review profiles of the candidates recommended by the NC and make appointment if appropriate. Candidates are appointed to the Board on the basis of their integrity, independent mindedness, experience, skill and the ability to commit time and effort to carry out his duties and responsibilities effectively.

CORPORATE GOVERNANCE REPORT

The NC also assesses the independence of Independent Non-executive Directors and making recommendations to the Board on such appointments or re-election. All directors are also subject to re-election by shareholders at the annual general meeting pursuant to the Bye-laws of the Company. In accordance with the Company's Articles of Association, one-third of the directors who have been longest in office since their last election or re-election are subject to retirement by rotation. All retiring directors are eligible for re-election.

In order to recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance, to achieve a sustainable and balanced development and to see increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development, the Board Diversity Policy had been passed at by the NC and adopted by the Company.

During the financial year ended 31 March 2014, 1 NC meeting was held and the individual attendance of each member is set out below:

Name of Nomination Committee members	Number of meetings held during his/her tenure	Number of meetings attended
Mr. Chui Man Lung, Everett	1	1
Mr. Li Kam Chung	1	1
Mr. Hui Wah Tat, Anthony *(Resigned on 26 April 2013)*	N/A	N/A
Mr. Li Hok Yin *(Appointed on 26 April 2013 and resigned on 24 January 2014)*	1	1
Mr. Igor Levental *(appointed on 24 January 2014)*	N/A	N/A

Board diversity Policy

The Board adopted the "Board Diversity Policy" by setting out the approach to diversity on the Board. It is believed that a truly diverse board will include and make good use of differences in the skills, regional and industrial experience, background, race, gender and other qualities of members of the board. These differences will be taken into account in determining the optimum composition of the Board. The NC is responsible for setting measurable objectives for implementing diversity on the Board and recommends them to the Board for adoption. The "Board Diversity Policy" shall be reviewed by the NC, as appropriate, to ensure its effectiveness.

Remuneration Committee

The Company has established a Remuneration Committee ("RC") with specific terms of reference which deal clearly with its authorities and duties. As at the date of this report, the majority of RC members are Independent Non-executive Directors which consists of Mr. Li Kam Chung, Mr. Chui Man Lung, Everett and Mr. Walter Thomas Segsworth; and Mr. Li Hok Yin who is Executive Director of the Company. Mr. Li Kam Chung is the Chairman of the RC.

The RC adopted the model to make recommendations to the board on the remuneration packages of individual executive directors and senior management so that they are responsible for advising the Board on the Company's overall policy and structure for the remuneration of directors and senior management, the remuneration packages of all directors and senior management, review and advise the Board of their performance-based remuneration, review and advising the Board of the compensation to directors and senior management in connection with any loss or termination of their office or appointment. The RC also ensures that no director or any of his associates is involved in deciding his own remuneration.

In recommendation of the emolument payable to directors to the Board, the RC takes into consideration factors such as salaries paid by comparable companies, time commitment and responsibilities of the directors, employment and market conditions.

Individual attendance of each member of the RC Committee is set out below:

Name of Remuneration Committee members	Number of meetings held during his/her tenure	Number of meetings attended
Mr. Li Kam Chung	0	0
Mr. Chui Man Lung, Everett	0	0
Mr. Li Hok Yin	0	0
Mr. Walter Thomas Segsworth *(appointed on 24 January 2014)*	0	0

The RC is also authorized to investigate any matter within its terms of reference and seek any information it requires from any employee and obtain outside legal or other independent professional advice at the cost of the Company if necessary.

No RC meeting has been held during the financial year ended 31 March 2014 to review the remuneration packages of directors and senior management as the Board considered that the existing remuneration packages to each director and senior management are reasonable and appropriate with reference to the financial performance of the Company, employment and market conditions as a whole.

ACCOUNTABILITY AND AUDIT

The directors are responsible for the preparation of financial statements for each financial period which give a true and fair view of the state of affairs of the Group and of the results and cash flow for that period. In preparing the financial statements for the year ended 31 March 2014, the directors have selected suitable accounting policies and applied them consistently, adopted appropriate Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards, made adjustments and estimates that are prudent and reasonable, and have prepared the financial statements on the going concern basis. The directors are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company.

INTERNAL CONTROLS

The Board has overall responsibility for the system of internal controls of the Company and for reviewing its effectiveness. The Board is committed to implementing an effective internal controls system to protect and safeguard the interest of shareholders and assets of the Company. The controls are to provide reasonable assurance (but not absolute guarantee) that assets are adequately safeguard, operational controls are in place, business risks are suitably protected and proper accounting records are maintained.

The Board reviews the internal control system of the Group annually and will take any necessary and appropriate action to maintain adequate internal control system to protect and safeguard the interest of shareholders and assets of the Company. The effectiveness of the internal control system was discussed on an annual basis with the Audit Committee.

CORPORATE GOVERNANCE REPORT

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as the standard for securities transactions by the Directors. The Company has made specific enquiries of all the Directors and all the Directors confirmed that they have complied with the required standards set out in the Model Code during the year ended 31 March 2014.

The Company has also established written guidelines on no less exacting terms than the Model Code (the "Written Guidelines") for securities transactions by the relevant employees, including the Directors, who are likely to be in possession of unpublished price-sensitive information of the Company.

No incident of non-compliance of the Written Guidelines by the relevant employees was noted by the Company.

DIRECTORS' TRAINING

All Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. Each of the newly appointed Directors receives comprehensive and formal induction training on or before his appointment, so as to ensure that he/she has an appropriate understanding of the Company's business and the director's duties and responsibilities. In order to allow the Directors to understand the up-to-date development of regulatory and compliance issues, they are also provided with market news and regulatory updates. A summary of training received by the Directors during the relevant period according to the records provided by the Directors is as follows:

Name of Director	Training on corporate governance regulatory development during the relevant period
Executive Directors	
Mr. Li Hok Yin	✓
Mr. Christiaan Rudolph de Wet de Bruin	✓
Mr. Neil Andrew Herrick	✓
Ms. Cheung Pak Sum	✓
Mr. Igor Levental	✓
Independent Non-executive Directors	
Mr. Chui Man Lung, Everett	✓
Mr. Li Kam Chung	✓
Mr. Walter Thomas Segsworth	✓

SERVICE CONTRACTS OF DIRECTORS

No Director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one month without payment of compensation, other than statutory compensation.

AUDITOR'S REMUNERATION

The financial statements of the Company for the year have been audited by Deloitte Touche Tohmatsu ("Deloitte"). During the year, remuneration of approximately HK$2,300,000 was charged by Deloitte for provision of audit services. No non-audit service fees were incurred for tax related services or other review services for the year ended 31 March 2014.

COMPANY SECRETARY

Mr. Tung Yee Shing, who is an associate member of the Hong Kong Institute of Certified Public Accountants, has act as the company secretary of the Company since 1 August 2013. He is responsible to the Board for ensuring proper Board procedures and discharging the Board's obligations pursuant to the Listing Rules and other applicable laws and regulations. The company secretary has provided this training records to the Company of no less than 15 hours of relevant professional training during the year.

COMMUNICATION WITH SHAREHOLDERS

The Company aims to provide its shareholders with high standards of disclosure and financial transparency through the publication of annual and interim reports, press announcements and circulars made through Stock Exchange's websites. The Company has announced its annual results and interim results in a timely manner during the year under review. Separate resolutions are proposed at the general meetings on each substantially separate issue, including the election of individual directors. In addition, procedures for demanding a poll are included in the circular to shareholders as required under the Listing Rules.

The Board also maintains an on-going dialogue with shareholders and use general meeting to communicate with shareholders. The Company encourages all shareholders to attend general meeting which provides a useful forum for shareholders to exchange views with the Board. The Chairman of the Board and members of relevant committees and senior management of the Company are also available to answer the shareholders' questions.

The Company also encourages the shareholders to participating in the decision making process of the Company by the following means under different circumstances:

Shareholders' enquiries

Shareholders should put their enquiries regarding their shareholdings to the Company's Hong Kong Branch Registrar via hotline 2980 1333 or email to info@hk.tricorglobal.com.

Shareholders may request for the Company's publicly available information and/or forward their correspondences to the Company at the principal place of business of the Company or email their enquiries to the Company to contact@taunggold.com.hk.

All the enquiries will be directed to and reviewed by the Company Secretary of the Company. The Company Secretary should summarize the enquiries and submit a copy of the summary to the Board in the next board meeting. Records of all the communications with the shareholders should be maintained by the Company Secretary.

Procedures to put forward proposals in general meeting

Any number of shareholders representing not less than one-twentieth of the total voting rights of all the shareholders having at the date of the requisition a right to vote at the general meeting to which the requisition relates or not less than 100 shareholders holding shares of the Company, are entitled in writing to require a move in the general meeting.

Written requisition attention to the Company Secretary shall be signed and deposited in accordance with the Bermuda Companies Act 1981 (as amended) to put forward proposals in general meeting.

Procedures to convene special general meeting ("SGM")

Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid-up capital of the Company carrying the voting right at the general meeting are entitled to require to hold SGM by written requisition, duly signed by all the concerned shareholders, deposited to the company secretary of the Company at the principal place of business of the Company.

Written requisition attention to the Company Secretary shall be signed and deposited in accordance with the Company's Bye-laws and the Bermuda Companies Act 1981 (as amended), require the Company's Directors to convene a SGM for the transaction of business specified in the written requisition.

INDEPENDENT AUDITOR'S REPORT

Deloitte.
德勤

TO THE MEMBERS OF TAUNG GOLD INTERNATIONAL LIMITED
壇金礦業有限公司
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Taung Gold International Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 43 to 105, which comprise the consolidated statement of financial position as at 31 March 2014, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Company Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

INDEPENDENT AUDITOR'S REPORT

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 March 2014, and of the Group's 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.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

30 June 2014

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2014

	NOTES	2014 HK$'000	2013 HK$'000
Revenue	7	**4,156**	4,592
Cost of sales		**(4,114)**	(4,564)
Gross profit		**42**	28
Other income	9	**53,123**	64,144
Other gains and losses	10	**(28)**	1,870
Fair value change on put options	35(b)	**17,345**	7,307
Fair value change on gross obligation under put options	35(a)	**106,988**	21,397
Administrative and operating expenses		**(39,046)**	(39,342)
Impairment loss recognised in respect of exploration assets	17	**(1,117,388)**	–
Loss on acquisition of a subsidiary	30	**–**	(95,025)
Loss on acquisition of an associate	18	**–**	(90,228)
Impairment on loans to shareholders of a subsidiary		**(46,195)**	–
Share of profit of associates		**1,581**	2,586
Finance costs	11	**(1)**	(1)
Loss before taxation		**(1,023,579)**	(127,264)
Income tax expense	13	**–**	–
Loss for the year	14	**(1,023,579)**	(127,264)
Other comprehensive expense			
Item that may be subsequently reclassified to profit or loss:			
Exchange difference on translation of foreign operations		**(130,903)**	(187,892)
Total comprehensive expense for the year, net of income tax		**(1,154,482)**	(315,156)
(Loss) profit for the year attributable to:			
Owners of the Company		**(726,863)**	(150,196)
Non-controlling interests		**(296,716)**	22,932
		(1,023,579)	(127,264)
Total comprehensive expense attributable to:			
Owners of the Company		**(817,081)**	(279,691)
Non-controlling interests		**(337,401)**	(35,465)
		(1,154,482)	(315,156)
Loss per share			
Basic (HK cents)	15	**(6.58)**	(1.36)
Diluted (HK cents)	15	**N/A**	(1.36)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2014

	NOTES	**2014 HK$'000**	2013 HK$'000
Non-current assets			
Property, plant and equipment	16	**2,878**	4,609
Exploration assets	17	**3,925,156**	5,070,000
Interests in associates	18	**34,053**	32,472
Amount due from an associate	18	**29,287**	29,287
Loans to shareholders of a subsidiary	19	**252,984**	297,408
Deposits for rehabilitation	20	**1,000**	1,153
Deposits for acquisition of investment	21	**153,000**	–
Pledged bank deposits	25	**2,841**	3,093
Other deposits	23	**371**	–
		4,401,570	5,438,022
Current assets			
Inventories	22	**8,470**	8,470
Other receivables	23	**20,793**	24,541
Promissory notes	24	**–**	127,500
Bank balances and cash	26	**129,863**	236,970
		159,126	397,481
Assets classified as held for sale	27	**423**	450
		159,549	397,931
Current liabilities			
Other payables and accruals	28	**14,996**	11,015
Derivative financial instruments — put options	35	**23,640**	40,985
Gross obligation under put options	35	**256,771**	363,759
		295,407	415,759
Net current liabilities		**(135,858)**	(17,828)
Total assets less current liabilities		**4,265,712**	5,420,194
Capital and reserves			
Share capital	29	**121,799**	121,799
Reserves		**2,830,407**	3,550,354
Equity attributable to owners of the Company		**2,952,206**	3,672,153
Non-controlling interests	36	**1,313,506**	1,748,041
Total equity		**4,265,712**	5,420,194

The consolidated financial statements on pages 43 to 105 were approved and authorised for issue by the Board of Directors on 30 June 2014 and are signed on its behalf by:

Mr. Li Hok Yin
Executive Director

Ms. Cheung Pak Sum
Executive Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2014

	Attributable to owners of the Company											
	Share capital HK$'000	Share premium HK$'000	Capital reserve HK$'000 (Note a)	Other reserve HK$'000 (Note d)	Contributed surplus HK$'000 (Note b)	Foreign currency translation reserve HK$'000	Warrant reserve HK$'000 (Note c)	Share option reserve HK$'000 (note 34)	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000 (note 36)	Total equity HK$'000
At 1 April 2012	121,799	4,758,396	(829)	(805,375)	147,828	(17,256)	14,216	1,750	(268,685)	3,951,844	1,783,506	5,735,350
Loss for the year	–	–	–	–	–	–	–	–	(150,196)	(150,196)	22,932	(127,264)
Exchange difference arising on translation to presentation currency	–	–	–	–	–	(129,495)	–	–	–	(129,495)	(58,397)	(187,892)
Total comprehensive expense for the year	–	–	–	–	–	(129,495)	–	–	(150,196)	(279,691)	(35,465)	(315,156)
Transfer upon lapse of share options	–	–	–	–	–	–	–	(135)	135	–	–	–
At 31 March 2013	121,799	4,758,396	(829)	(805,375)	147,828	(146,751)	14,216	1,615	(418,746)	3,672,153	1,748,041	5,420,194
Loss for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(726,863)**	**(726,863)**	**(296,716)**	**(1,023,579)**
Exchange difference arising on translation to presentation currency	**–**	**–**	**–**	**–**	**–**	**(90,218)**	**–**	**–**	**–**	**(90,218)**	**(40,685)**	**(130,903)**
Total comprehensive expense for the year	**–**	**–**	**–**	**–**	**–**	**(90,218)**	**–**	**–**	**(726,863)**	**(817,081)**	**(337,401)**	**(1,154,482)**
Transfer upon lapse of warrants issued by a subsidiary (note 34(c))	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**97,134**	**97,134**	**(97,134)**	**–**
Transfer upon lapse of share options	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(1,615)**	**1,615**	**–**	**–**	**–**
At 31 March 2014	**121,799**	**4,758,396**	**(829)**	**(805,375)**	**147,828**	**(236,969)**	**14,216**	**–**	**(1,046,860)**	**2,952,206**	**1,313,506**	**4,265,712**

Notes:

(a) Capital reserve included the difference of HK$800,000 between the nominal value of the share capital of the Company issued on acquisition of assets through acquisition of subsidiaries and the fair value of the consideration shares issued. Pursuant to a sale and purchase agreement dated 20 June 2008 and a supplemental agreement dated 31 July 2008, the Company issued 10,000,000 consideration shares of HK$1 each to the vendor as part of the purchase consideration for the acquisition of 70% equity interests in Union Sense Development Limited. The acquisition was completed on 1 December 2008. The fair value of the 10,000,000 consideration shares issued was HK$9,200,000 which was determined by reference to the published share price at the date of exchange.

(b) Contributed surplus represented amounts of HK$51,562,000 and HK$96,266,000 arising from (i) the difference between the nominal value of the aggregate share capital of the subsidiaries acquired pursuant to the group reorganisation completed on 2 October 1995 over the nominal value of the share capital of the Company issued in exchange thereof; and (ii) the capital reorganisation during the year ended 31 March 2010 (the "Capital Reorganisation") respectively. Pursuant to the Capital Reorganisation, (i) the issued share capital of the Company was reduced by cancelling the paid-up capital to the extent of HK$0.90 on each issued share such that the par value of each issued share was reduced from HK$1.00 to HK$0.10, thereby giving rise to a credit of HK$104,094,000 (the "Capital Reduction"); (ii) the share subdivision involved the sub-division of each authorised but unissued share into ten new shares ("Share Subdivision"); and (iii) upon the Capital Reduction and the Share Subdivision becoming effective, the entire amount standing to the credit of the share premium account of the Company was reduced to nil (the "Share Premium Reduction"). The total credit amount arising from both the Capital Reduction and the Share Premium Reduction was transferred to the contributed surplus account of the Company which would be utilised in accordance with the bye-laws of the Company and all applicable laws including, without limitation, to set-off against the accumulated losses of the Company. The special resolution in relation to the Capital Reorganisation was duly passed by the shareholders at the special general meeting held on 12 November 2009 and became effective on the same date.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2014

(c) Warrant reserve represented fair value of the warrant subscription amounting to HK$51,816,000 in relation to the warrant subscription agreement entered into between the Company and Orient Best Holdings Limited ("Orient Best") on 26 February 2010, pursuant to which the Company agreed to issue and Orient Best agreed to subscribe for 323,848,000 warrants at the issue price of HK$0.001 per warrant. Each warrant carries the right to subscribe for one share of the Company at an exercise price of HK$0.16 per warrant during a period of 5 years commencing from (and inclusive of) the date of issue of the warrants.

Details are set out in note 29.

(d) Other reserve represented:

(i) 1,130,141,116 shares of the Company issued to Gold Commercial Services Limited ("Goldcom") as fully paid at HK$0.46 per share, being the market price of the Company's share on date of issue, amounting to HK$519,865,000. Goldcom is a third party whose shareholder and sole director is one of the non-controlling shareholders of Taung Gold (Pty) Limited ("TGL"), who are residents of South Africa ("South African Shareholders"). Goldcom acts as an agent to facilitate the South African Shareholders selling their shares in TGL to the Group. Details of the arrangement for the Group to acquire TGL's shares from the South African Shareholders are set out in note 35(b)(i);

(ii) The gross obligation under put options resulted from the put options granted on 8 September 2011 by the Company to holders of share options of TGL. Upon the issuance of the put options, the Group has a commitment to settle the contractual obligation by cash proceeds from sales (at the times of exercise of the options) of a maximum of 1,009,616,519 of the Company's shares. The fair value of the gross obligation under put options upon issuance with reference to the market price of the Company's share of HK$0.46 per share was HK$464,424,000; and

(iii) the amounts resulted from the deemed disposal of partial interests in TGL during the year ended 31 March 2012.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2014

	NOTES	**2014 HK$'000**	2013 HK$'000
OPERATING ACTIVITIES			
Loss before taxation		**(1,023,579)**	(127,264)
Adjustments for:			
Interest income		**(53,104)**	(64,144)
Interest expense		**1**	1
Fair value change on put options		**(17,345)**	(7,307)
Fair value change on gross obligation under put options		**(106,988)**	(21,397)
Loss (gain) on disposal of property, plant and equipment		**28**	(113)
Share of result of associates		**(1,581)**	(2,586)
Impairment loss recognised in respect of exploration assets	17	**1,117,388**	–
Loss on acquisition of a subsidiary	30	**–**	95,025
Loss on acquisition of an associate	18	**–**	90,228
Impairment loss on loans to shareholders of a subsidiary		**46,195**	–
Depreciation of property, plant and equipment		**1,414**	1,636
Gain on disposal of assets classified as held for sale		**–**	(1,757)
Operating cash flows before movements in working capital		**(37,571)**	(37,678)
(Increase) decrease in other receivables		**(838)**	13,248
Increase (decrease) in other payables and accruals		**4,915**	(28,726)
Cash used in operations		**(33,494)**	(53,156)
Interest paid		**(1)**	(1)
NET CASH USED IN OPERATING ACTIVITIES		**(33,495)**	(53,157)
INVESTING ACTIVITIES			
Interest received		**11,910**	18,498
Placement of pledged bank deposits		**(167)**	(378)
Withdrawal of pledged bank deposits		**–**	2,734
Placement of deposit for rehabilitation		**–**	(11)
Purchase of property, plant and equipment	16	**(114)**	(887)
Proceeds from disposal of property, plant and equipment		**–**	268
Exploration costs incurred	17	**(34,476)**	(156,312)
Net cash outflow on acquisition of subsidiaries	30	**–**	(8,000)
Deposits paid for acquisition of investment		**(25,500)**	–
Acquisition of associates		**–**	(47,500)
Proceeds from disposal of asset classified as held for sale		**–**	3,816
Advance to shareholder of a subsidiary		**(853)**	–
NET CASH USED IN INVESTING ACTIVITIES		**(49,200)**	(187,772)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2014

	2014 HK$'000	2013 HK$'000
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(82,695)**	(240,929)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**(24,412)**	(36,738)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**236,970**	514,637
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by		
Bank balances and cash	**129,863**	236,970

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

1. GENERAL

The Company is incorporated in Bermuda as an exempted company and registered with limited liability under the Companies Act 1981 of Bermuda (as amended). The shares of the Company are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section of the annual report.

The Company acts as an investment holding company. The principal activities of its subsidiaries are set out in note 39.

The functional currency of the Company is United States dollars ("USD"). For the convenience of the consolidated financial statements users, the consolidated financial statements are presented in Hong Kong dollars ("HK$") as shares of the Company are listed on the Stock Exchange.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2014 and 2013, the Group is in net current liabilities position. The main components of current liabilities are gross obligation under put options of HK$256,771,000 (2013: HK$363,759,000) and derivative financial instruments — put options of HK$23,640,000 (2013: HK$40,985,000).

The directors are of the opinion that the Group has sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due for the foreseeable future, taking into consideration that no cash settlement was required for the gross obligation under put options as well as the derivative financial instruments — put options. As set out in note 35, upon the issuance of the put options, the Group has a commitment to settle the contractual obligation by issuing of a maximum of 2,139,757,635 of the Company's shares. Other than that, there were no other financial obligations.

Also, the directors of the Company have given careful consideration to the future liquidity of the Group. In view of that, the directors of the Company are satisfied that the Group will be able to meet in full its financial obligations as and when they fall due for foreseeable future and continue in operational existence. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

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

The Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

Amendments to HKFRSs	Annual improvements to HKFRSs 2009 – 2011 cycle
Amendments to HKFRS 7	Disclosures — offsetting financial assets and financial liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated financial statements, joint arrangements and disclosure of interests in other entities: transition guidance
HKFRS 10	Consolidated financial statements
HKFRS 11	Joint arrangements
HKFRS 12	Disclosure of interests in other entities
HKFRS 13	Fair value measurement
HKAS 19 (as revised in 2011)	Employee benefits
HKAS 27 (as revised in 2011)	Separate financial statements
HKAS 28 (as revised in 2011)	Investments in associates and joint ventures
Amendments to HKAS 1	Presentation of items of other comprehensive income
HK(IFRIC)-INT 20	Stripping costs in the production phase of a surface mine

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

Except as described below, the application of these new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

HKFRS 10 "Consolidated financial statements"

HKFRS 10 replaces the parts of HKAS 27 "Consolidated and separate financial statements" that deal with consolidated financial statements and HK(SIC) INT-12 "Consolidation — Special Purpose Entities". HKFRS 10 changes the definition of control such that an investor has control over an investee when (a) it has power over the investee, (b) it is exposed, or has rights, to variable returns from its involvement with the investee and (c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee.

The directors of the Company have made an assessment as at the date of initial application of HKFRS 10 as to whether or not the Group has control over the investees in accordance with the new definition of control and the related guidance set out in HKFRS 10, and concluded that the application of HKFRS 10 does not change any of the control conclusions reached by the Group in respect of its involvement with other entities as at 1 April 2012.

HKFRS 12 "Disclosure of interests in other entities"

HKFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries and associates. In general, the application of HKFRS 12 has resulted in more extensive disclosures in the consolidated financial statements (please see notes 18 and 40 for details).

HKFRS 13 "Fair value measurement"

The Group has applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements. The scope of HKFRS 13 is broad: the fair value measurement requirements of HKFRS 13 apply to both financial instrument items and nonfinancial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of HKFRS 2 "Share-based Payment", leasing transactions that are within the scope of HKAS 17 "Leases", and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

HKFRS 13 defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of a liability) in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

HKFRS 13 requires prospective application. In accordance with the transitional provisions of HKFRS 13, the Group has not made any new disclosures required by HKFRS 13 for the 2013 comparative period. Other than the additional disclosures, the application of HKFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

Amendments to HKAS 1 "Presentation of items of other comprehensive income"

The Group has applied the amendments to HKAS 1 "Presentation of items of other comprehensive income". Upon the adoption of the amendments to HKAS 1, the Group's 'statement of comprehensive income' is renamed as the 'statement of profit or loss and other comprehensive income'. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. Furthermore, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis — the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

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

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities[1]
Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations[6]
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation[6]
Amendments to HKAS 19	Defined benefit plans: Employee contributions[2]
Amendments to HKFRS 9 and HKFRS 7	Mandatory effective date of HKFRS 9 and transition disclosures[3]
Amendments to HKAS 32	Offsetting financial assets and financial liabilities[1]
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets[1]
Amendments to HKAS 39	Novation of derivatives and continuation of hedge accounting[1]
Amendments to HKFRSs	Annual improvements to HKFRSs 2010 – 2012 cycle[4]
Amendments to HKFRSs	Annual improvements to HKFRSs 2011 – 2013 cycle[2]
HKFRS 9	Financial instruments[3]
HKFRS 14	Regulations deferred accounts[5]
HK(IFRIC)-INT 21	Levies[1]

1 Effective for annual periods beginning on or after 1 January 2014.
2 Effective for annual periods beginning on or after 1 July 2014.
3 Available for application — the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised.
4 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions.
5 Effective for first annual HKFRS financial statements beginning on or after 1 January 2016.
6 Effective for annual periods beginning on or after 1 January 2016.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

HKFRS 9 "Financial instruments"

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets.

HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described as follows:

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

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

The directors anticipate that the application of HKFRS 9, would have no material impact on the Group's financial assets and financial liabilities (based on an analysis of the Group's financial instruments as at 31 March 2014).

The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the consolidated financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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

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

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

The principal accounting policies are set out below.

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 when 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.

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of consolidation *(Continued)*

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

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

Changes in the Group's ownership interests in existing subsidiaries

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

Business combinations

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

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

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

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

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 "Non-current assets held for sale and discontinued operations" are measured in accordance with that standard.

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments in associates

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

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associates. When the Group's share of losses of an associate equals or exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

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 is tested for impairment in accordance with HKAS 36 "Impairment of assets" as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

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' consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are unusual and customary, for sale of such asset (or disposed Group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs of disposal.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition

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

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

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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.

Property, plant and equipment

Property, plant and equipment stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Exploration assets

Exploration expenditures are recognised at cost on initial recognition. Subsequent to initial recognition, exploration expenditures are stated at cost less identified impairment loss.

Exploration assets include the cost of exploration rights and the expenditures incurred in the search for mineral resources as well as the determination of the technical feasibility and commercial validity of extracting those resources. Exploration assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration asset may exceed its recoverable amount. An impairment loss is recognised in profit or loss.

When the technical feasibility and commercial viability of extracting natural resources become demonstrable, previously recognised exploration and evaluation assets are reclassified as either mining rights or mining structures based on nature of assets acquired. These assets are assessed for impairment before reclassification.

Impairment of exploration assets

The carrying amount of the exploration assets is reviewed annually. When one of the following events or changes in circumstances, which is not exhaustive, indicate that the carrying amount may not be recoverable has occurred, impairment test is performed in accordance with HKAS 36 "Impairment of assets".

- the period for which the Group has the right to explore in the specific area has expired during the period or will expire in the near future.

- substantive expenditure on further exploration for and evaluation of natural resources in the specific area is neither budgeted nor planned.

- exploration for and evaluation of natural resources in the specific area have not led to the discovery of commercially viable quantities of natural resources and the Group has decided to discontinue such activities in the specific area.

- sufficient data (such as gold prices) exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

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

Leasing

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

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except when another systematic basis is more representative of the time pattern in which economic benefit from the leased assets are consumed.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies

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

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

For the purposes 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. HK$) using exchange rates prevailing at the end of the reporting period. Income and expenses items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of foreign currency translation reserve.

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, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

Retirement benefit costs

Payments to the Mandatory Provident Fund Scheme ("MPF Scheme") and other defined contribution retirement benefit plans are recognised as expenses when employees have rendered service entitling them to the contributions.

Taxation

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

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

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those 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 (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation *(Continued)*

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (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.

Current and deferred tax is recognised in profit or loss.

Impairment of tangible and intangible assets other than goodwill

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

Intangible asset with indefinite useful live is tested for impairment at least annually, and whenever there is an indication that it 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 cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset 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 in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Inventories

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

Provision for rehabilitation

Provision for rehabilitation is recognised when the Group has present obligation as a result of exploration, development and production activities undertaken, and it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the obligation. The estimated future obligations include the costs of removing facilities, abandoning sites and restoring the affected areas.

Provision for rehabilitation cost is the best estimate of the present value of the expenditure required to settle the restoration obligation at the end of the reporting period, based on current legal and other requirements and technology. Future restoration costs are reviewed annually and any changes in the estimate are reflected in the present value of the provision at the end of the reporting period.

The initial estimate of the rehabilitation provision relating to exploration, development and production facilities is capitalised into the cost of the related asset and depreciated on the same basis as the related asset.

Changes in the estimation of the rehabilitation provision that result from changes in the estimated timing or amount of cash flows, including the effects of revisions to estimated lives of operation or a change in the discount rate, are added to, or deducted from, the cost of the related asset in the period it occurred. If a decrease in liability exceeds the carrying amount of the asset, the excess is recognised immediately in profit or loss. Unwinding of the effect of discounting on the provision is recognised as finance cost.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position 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 or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. 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 of assets within the time frame established by regulation or convention in the market place.

Financial assets

The Group's financial assets are classified into loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

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 debt instrument, 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 other receivables, loans to shareholders of a subsidiary, amount due from an associate, pledged bank deposits and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss of financial assets below).

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 loans and receivables, 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.

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

For financial assets carried at amortised cost, the amount of the impairment loss is 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 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 loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

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For the year ended 31 March 2014

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Impairment of financial assets *(Continued)*

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other 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 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.

Financial liabilities and equity instruments

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

Equity instruments

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

Financial liabilities at fair value through profit or loss ("FVTPL")

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

A financial liability is classified as held for trading if:

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

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

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

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any interest paid on financial liabilities.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments *(Continued)*

Financial liabilities

Financial liabilities including other payables and accruals are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

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

Interest expense is recognised on an effective interest basis.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which case the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Obligation arising from put options on shares of a subsidiary written to non-controlling shareholders

Put options written to non-controlling shareholders, which will be settled other than by exchange of fixed amount of cash for a fixed number of shares in a subsidiary, are accounted for as derivatives and are recognised at fair value upon initial recognition. Any changes of fair value in subsequent reporting dates are recognised in profit or loss.

The gross financial liability arising from the put options is recognised when contractual obligation to repurchase the shares in a subsidiary is established even if the obligation is conditional on the counterparty exercising a right to sell back the shares to the Group. The liability for the share redemption amount is initially recognised and measured at fair value of the estimated repurchase price with the corresponding debit to the non-controlling interests. In subsequent years, the remeasurement of the estimated gross obligation under the written put options to the non-controlling shareholders is recognised in profit or loss.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Bank guarantee contracts

A bank guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Bank guarantee contract issued by the Group are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

(i) the amount of obligation under the contract, as determined in accordance with HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets"; and

(ii) the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies.

Share-based payment transactions

Equity-settled share-based payment transactions

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/recognised as an expense in full at the grant date when the share options granted vest immediately, with a corresponding increase in equity under the heading of share option reserve.

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates 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 option reserve.

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

Warrants granted to consultants

Warrants issued in exchange for goods or services are measured at the fair values of the goods or services received unless that fair value cannot be reliably measured, in which case the goods or services received are measured by reference to the fair value of the warrants granted. The fair values of the goods or services received are recognised as expenses, with a corresponding increase in equity, when the Group obtains the goods or when the counterparties render services, unless the goods or services qualify for recognition as assets.

Share options granted and warrants issued by a subsidiary of the Company

In case of share options granted and warrants issued by a subsidiary, the share option reserve/other reserve of the subsidiary is classified as and grouped under non-controlling interests by the Group on consolidation. At the time when share options and/or warrants are exercised, the amount previously recognised in share option reserve/other reserve will be transferred to share premium of that subsidiary. The Group will account for the dilution as an equity transaction in accordance with HKAS 27 "Consolidated and separate financial statements" if the exercise of share options and/or warrants does not constitute a loss of the Group's control over the subsidiary. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, and the warrants are still not exercised at the expiry date, the amount previously recognised in share option reserve/other reserve (included in non-controlling interests) will be transferred to accumulated losses of the Group and non-controlling interests' share of net assets of that subsidiary according to the proportion of interests held by the Group and non-controlling interests on consolidation.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, the directors of the Company are required to make various estimates about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates are based on historical experience, expectations of future and other information that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which 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.

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

Impairment loss recognised in respect of exploration assets

Exploration assets are assessed for impairment annually. The Group's determination of whether exploration assets are impaired requires an estimation of fair value less costs of disposal. The fair value less costs of disposal calculation requires the Group to estimate the future cash flows expected to arise from the exploration assets (i.e. estimation on the total proved and probable reserves of the mines and market price of gold) 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. Impairment loss amounting to HK$1,117,388,000 (2013: nil) was recognised in profit or loss during the year ended 31 March 2014. As at 31 March 2014, the carrying amount of exploration assets was HK$3,925,156,000 (2013: HK$5,070,000,000).

Estimation of useful life of exploration assets

The Group's management considers the estimated useful lives of 25 to 30 years for its right to explore gold mines in South Africa. However, the Group holds prospecting rights for one of its significant gold mine projects, Jeanette Project, for 5 years commenced from 26 June 2010. The Group is in the process of consolidating all the prospecting rights into a single prospecting right and after the completion of consolidation and the pre-feasibility study in progress, the Group will apply for a mining right for 30 years. In the opinion of the directors, the applications for mining licences are without difficulties so long as they comply with the requirement as set out in the Mineral and Petroleum Resources Development Act of South Africa. If there is any change of estimation, significant impairment of exploration assets will be resulted.

Impairment loss on loans to shareholders of a subsidiary

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. Where the actual future cash flows are less than expected, a material impairment loss may arise. Impairment loss amounting to HK$46,195,000 (2013: nil) was recognised in profit or loss during the year ended 31 March 2014. As at 31 March 2014, the carrying amount of loans to shareholders of a subsidiary was HK$252,984,000 (2013: HK$297,408,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

5. KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Allowances for inventories

Management of the Group reviews inventories at the end of the reporting period and assessed the net realisable value of the Group's raw materials based primarily on the estimated selling prices less all estimated costs necessary to make the sale. If actual selling price or costs differ from estimate, resulting in a lower net realisable value for such raw materials, additional allowances may be required. As at 31 March 2014, the carrying amount of inventories is HK$8,470,000 (2013: HK$8,470,000).

6. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2014 **HK$'000**	2013 HK$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**426,598**	703,951
Financial liabilities		
Amortised cost	**12,753**	9,075
Derivative financial instruments	**23,640**	40,985
Designated at FVTPL	**256,771**	363,759

Financial risk management objective and policies

The Group's major financial instruments include loans to shareholders of a subsidiary, amount due from an associate, other receivables, pledged bank deposits, bank balances, other payables and accruals, derivative financial instruments and gross obligation under put options. Details of these financial instruments are disclosed in respective notes. The risk associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

6. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objective and policies *(Continued)*

Market risk

Currency risk

Certain subsidiaries of the Company have bank balances and cash, amount due from an associate, other receivables and other payables and accruals denominated in foreign currencies, other than the functional currency of respective group companies which expose the subsidiaries to foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period:

	Assets		**Liabilities**	
	2014 HK$'000	2013 HK$'000	**2014 HK$'000**	2013 HK$'000
Renminbi ("RMB")	**2,051**	2,029	**–**	–
HK$	**30,952**	191,300	**6,907**	5,066

Sensitivity analysis

The currency risk mainly arises from the exchange rate of USD against HK$ and RMB.

The directors of the Company consider the Group's exposure in USD relative to HK$ is insignificant since HK$ is pegged to USD. Accordingly, no sensitivity analysis is presented. The following table details the Group's sensitivity to a 5% (2013: 5%) increase and decrease in the functional currency of each group entity against RMB and all other variables were held constant, translating to the presentation currency, HK$, at the closing rate at the end of the reporting period. 5% (2013: 5%) is the sensitivity rate used by management in the assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding monetary items which are denominated in RMB of respective group entities and adjusts its translation at the end of the reporting period for a 5% (2013: 5%) change in exchange rate of RMB. A positive number below indicates a decrease in loss for the year where RMB strengthen 5% (2013: 5%) against the functional currency of each group entities. For a 5% (2013: 5%) weakening of RMB against the relevant functional currency there would be an equal and opposite impact on the result.

Decrease in post-tax loss for the year:

	2014 HK$'000	2013 HK$'000
USD against RMB impact	**103**	101

Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate pledged bank deposits and bank balances, and fair value interest rate risk in relation to fixed-rate promissory note and non-interest bearing loans to shareholders of a subsidiary and amount due from an associate.

6. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objective and policies *(Continued)*

Market risk *(Continued)*

Interest rate risk (Continued)

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. For variable-rate pledged bank deposits and bank balances, the analysis is prepared assuming the pledged bank deposits and bank balances at the end of the reporting period was outstanding for the whole year. A 50 basis points increase or decrease is used for variable-rate pledged bank deposits and bank balances which represents management's assessment of the reasonably possible change in interest rates.

For the variable-rate pledged bank deposits and bank balances, if interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's post-tax loss for the year would decrease/increase by HK$664,000 (2013: HK$1,200,000).

Credit risk

The Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to perform an obligation by the counterparties arises 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, management is responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

Bank balances are placed in various authorised financial institutions and the directors of the Company considers the credit risk of such authorised financial institutions to be low.

The Group has concentration of credit risk on loan to a shareholder of a subsidiary and amount due from an associate as at 31 March 2014 and promissory notes, loan to a shareholder of a subsidiary and amount due from an associate as at 31 March 2013. Management reviews the recoverable amounts of these debts at the end of the reporting period to ensure that adequate impairment losses are recognised for irrecoverable amounts. In this regard, the directors of the Company consider that the credit risk is significantly reduced.

The policy of allowances for doubtful debts of the Group is based on the evaluation and estimation of collectability of the outstanding debts. Specific allowance is only made for receivables that are unlikely to be collected and is recognised on the difference between the discounted estimated future cash flows and the carrying value. Management closely monitors the subsequent settlements of the counterparties. In this regard, the directors of the Company consider that the credit risk is significantly reduced.

Liquidity risk

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

6. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objective and policies *(Continued)*

Liquidity risk *(Continued)*

Liquidity table

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period.

	Weighted average effective interest rate	On demand or less than 3 month	Total undiscounted cash flows	Total carrying amount
	%	HK$'000	HK$'000	HK$'000
As at 31 March 2014				
Non-derivative financial liabilities				
Other payables and accruals	**N/A**	**12,753**	**12,753**	**12,753**
Bank guarantees	**N/A**	**1,965**	**1,965**	**–**
		14,718	**14,718**	**12,753**
As at 31 March 2013				
Non-derivative financial liabilities				
Other payables and accruals	N/A	9,075	9,075	9,075
Bank guarantees	N/A	2,119	2,119	–
		11,194	11,194	9,075

The amounts included above for bank guarantees are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

Other price risk

The Group is exposed to price risk in respect of its put options.

The Group is required to estimate the fair value of the derivative financial instruments — put options at the end of the reporting period with changes in fair value to be recognised in profit or loss as long as the put options are outstanding. The fair value adjustment will be mainly affected either positively or negatively, amongst others by the Company's share market price or Company's equity value in case that the Company's share market price is not available.

6. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objective and policies *(Continued)*

Other price risk *(Continued)*

Also, the fair value of gross obligation under put options is directly link to the Company's share market price or equity value.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to the Company's equity price risks at the end of the reporting period. If the Company's equity value had been 5% higher/lower and all other variables were held constant, the Group's loss for the year as a result of changes in fair value of derivative financial instruments — put options and gross obligation under put options would increase/decrease by HK$14,021,000 (2013: HK$20,282,000).

Fair value measurements of financial instruments

This note provides information about how the Group determines fair values of various financial liabilities.

Fair value of the Group's financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Financial liabilities	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)
	31.3.2014 HK$'000	31.3.2013 HK$'000			
Derivative financial instruments — put options	**23,640**	40,985	Level 3	Binominal model. The key inputs are: risk-free of 0.14%, volatility of the Company of 12.95%, correlation of 1.00, expected dividend yield of 0% and share price of TGL share of HK$0.60 per share.	Volatility of the Company (Note a) Price-to-book ratio (Note b)
Gross obligation under put options	**256,771**	363,759	Level 3	The Company's estimated equity value of HK$0.12 per share is determined by net asset value of the Company and price-to-book ratio of 0.355.	Price-to-book ratio (Note c)

6. FINANCIAL INSTRUMENTS *(Continued)*

Fair value measurements of financial instruments *(Continued)*

Fair value of the Group's financial liabilities that are measured at fair value on a recurring basis *(Continued)*

Notes:

(a) An increase in the volatility of the Company used in isolation would result in an increase in the fair value measurement of the derivative financial instruments — put options, and vice versa. A 5% increase in the volatility of the Company, holding all other variables constant, would increase the carrying amount of the derivative financial statements — put options by HK$257,000 (2013: HK$1,044,000).

(b) An increase in the price-to-book ratio of TGL used in isolation would result in an increase in the fair value measurement of the derivative financial instruments — put options, and vice versa. A 5% increase in the price-to-book ratio of TGL, holding all other variables constant, would increase the carrying amount of the derivative financial statements — put options by HK$5,528,000 (2013: HK$5,915,000).

(c) An increase in the price-to-book ratio of the Company used in isolation would result in an increase in the fair value measurement of the gross obligation under put options, and vice versa. A 5% increase in the price-to-book ratio of the Company, holding all other variables constant, would increase the carrying amount of the derivative financial statements — put options by HK$21,397,000 (2013: HK$21,397,000).

There were no transfers between Level 1 and 2 in both years.

Valuation process

The directors of the Company are responsible for determining the appropriate valuation techniques and inputs for fair value measurements. In estimating the fair value of a liability, the Group uses market-observable data to the extent they are available. Where Level 1 inputs are not available in relation to fair value, the management of the Company will engage third party qualified valuers to perform the valuation. The finance manager reports to management of the Group semi-annually to explain the cause of fluctuations in the fair value of the liabilities.

6. FINANCIAL INSTRUMENTS *(Continued)*

Fair value measurements of financial instruments *(Continued)*

Fair value of the Group's financial liabilities that are measured at fair value on a recurring basis *(Continued)*

Valuation process (Continued)

Fair value hierarchy as at 31 March 2014 and 2013:

	31.3.2014			
	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Financial liabilities				
Derivatives financial instruments				
— put options	–	–	23,640	23,640
Gross obligation under put options	–	–	256,771	256,771
Total	–	–	280,411	280,411

	31.3.2013			
	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Financial liabilities				
Derivatives financial instruments				
— put options	–	–	40,985	40,985
Gross obligation under put options	–	–	363,759	363,759
Total	–	–	404,744	404,744

Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis

The directors estimate the fair value of its financial assets and financial liabilities measured at amortised cost using the discounted cash flows analysis.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

Capital risk management

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

The capital structure of the Company consists of cash and cash equivalents and equity attributable to owners of the Company, comprising issued capital disclosed in note 29 and reserves disclosed in the consolidated statement of changes in equity. Management of the Group reviews the capital structure on a continuous basis taking into account the cost of capital and the risk associated with the capital. The Group will balance its overall capital structure through new share issues as well as the raising of new debts.

7. REVENUE

Revenue represents the net amounts received or receivable from sale of minerals in the normal course of business, net of discounts and sales related taxes.

8. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods delivered or services provided.

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

(a) gold exploration and development in South Africa; and

(b) trading of minerals.

Segment revenues and results

The following is an analysis of the Group's revenue and results by operating and reportable segment.

For the year ended 31 March 2014

	Gold exploration and development in South Africa HK$'000	Trading of minerals HK$'000	Total HK$'000
Revenue			
External sales	–	4,156	4,156
Segment (loss) profit	(1,136,495)	24	(1,136,471)
Other income			1,661
Other gains and losses			(21)
Unallocated corporate expenses			(14,662)
Fair value change on put options			17,345
Fair value change on gross obligation under put options			106,988
Share of profit of associates			1,581
Loss before taxation			(1,023,579)

8. SEGMENT INFORMATION *(Continued)*

Segment revenues and results *(Continued)*

For the year ended 31 March 2013

	Gold exploration and development in South Africa HK$'000	Trading of minerals HK$'000	Total HK$'000
Revenue			
External sales	–	4,592	4,592
Segment profit (loss)	37,421	(18)	37,403
Other income			3,759
Unallocated corporate expenses			(14,463)
Fair value change on put options			7,307
Fair value change on gross obligation under put options			21,397
Loss on acquisition of a subsidiary			(95,025)
Loss on acquisition of an associate			(90,228)
Share of profit of associates			2,586
Loss before taxation			(127,264)

The accounting policies of the operating and reportable segments are the same as the Group's accounting policies described in note 4. Segment profit (loss) during the years ended 31 March 2014 and 31 March 2013 represents profit (loss) from each segment without allocation of certain other income, other gains and losses, administration and operating expenses, losses on acquisitions of a subsidiary and an associate, fair value change on gross obligation under put options, fair value change on put options and share of profit of associates. This is the measure reported to the executive directors for the purposes of resource allocation and performance assessment.

8. SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by operating and reportable segment:

At 31 March 2014

	Gold exploration and development in South Africa HK$'000	Trading of minerals HK$'000	Total HK$'000
Assets			
Segment assets	4,330,073	8,582	4,338,655
Property, plant and equipment			730
Interests in associates			34,053
Deposits for acquisition of investment			153,000
Other receivables			1,409
Other deposits			371
Amount due from an associate			29,287
Bank balances and cash			3,614
Consolidated assets			4,561,119
Liabilities			
Segment liabilities	8,028	–	8,028
Other payables and accruals			6,968
Derivative financial instruments — put options			23,640
Gross obligation under put options			256,771
Consolidated liabilities			295,407

8. SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities *(Continued)*

At 31 March 2013

	Gold exploration and development in South Africa HK$'000	Trading of minerals HK$'000	Total HK$'000
Assets			
Segment assets	5,595,392	13,117	5,608,509
Property, plant and equipment			1,318
Interests in associates			32,472
Promissory notes			127,500
Other receivables			3,083
Amount due from an associate			29,287
Bank balances and cash			33,784
Consolidated assets			5,835,953
Liabilities			
Segment liabilities	5,949	–	5,949
Other payables and accruals			5,066
Derivative financial instruments — put options			40,985
Gross obligation under put options			363,759
Consolidated liabilities			415,759

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

- all assets are allocated to operating and reportable segments, other than certain property, plant and equipment, interests in associates, deposits paid for acquisition of investment, promissory notes, other deposits, certain other receivables, amount due from an associate and certain bank balances and cash.

- all liabilities are allocated to operating and reportable segments other than certain other payables and accruals, derivative financial instruments — put options and gross obligation under put options.

8. SEGMENT INFORMATION *(Continued)*

Other segment information

Amounts included in the measure of segment profit or loss or segment assets:

For the year ended 31 March 2014

	Gold exploration and development in South Africa HK$'000	Trading of minerals HK$'000	Unallocated HK$'000	Total HK$'000
Addition to property, plant and equipment	**110**	**–**	**4**	**114**
Addition in exploration assets	**34,476**	**–**	**–**	**34,476**
Depreciation of property, plant and equipment	**843**	**–**	**571**	**1,414**
Impairment loss recognised in respect of exploration assets	**1,117,388**	**–**	**–**	**1,117,388**
Loss on disposal of property, plant and equipment	**7**	**–**	**21**	**28**
Impairment loss on loans to shareholders of a subsidiary	**46,195**	**–**	**–**	**46,195**
Other interest expense	**1**	**–**	**–**	**1**
Imputed interest income on loan to a shareholder of a subsidiary	**(42,537)**	**–**	**–**	**(42,537)**
Interest income on promissory notes	**–**	**–**	**(1,661)**	**(1,661)**
Interest income on bank deposits	**(8,906)**	**–**	**–**	**(8,906)**

For the year ended 31 March 2013

	Gold exploration and development in South Africa HK$'000	Trading of minerals HK$'000	Unallocated HK$'000	Total HK$'000
Addition to property, plant and equipment	223	–	664	887
Addition in exploration assets	60,605	–	–	60,605
Addition in deposits for rehabilitation	11	–	–	11
Depreciation of property, plant and equipment	926	–	710	1,636
Other interest expense	1	–	–	1
Gain on disposal of property, plant and equipment	(113)	–	–	(113)
Gain on disposal of assets classified as held for sale	(1,757)	–	–	(1,757)
Imputed interest income on loan to a shareholder of a subsidiary	(42,963)	–	–	(42,963)
Interest income on promissory notes	–	–	(3,759)	(3,759)
Interest income on bank deposits	(17,422)	–	–	(17,422)

8. SEGMENT INFORMATION *(Continued)*

Revenue from major products and services

The Group's revenue are all from trading of minerals.

Geographical information

The Group's trading of minerals operation is located in Hong Kong, while its gold exploration and development operations are in South Africa.

Based on the shipping or delivery documents of each sales transactions, the Group's revenue by location of its external customers for both years are in the People's Republic of China (the "PRC").

As at 31 March 2014, non-current assets of the Group (excluding interests in associates, deposits for rehabilitation, deposits for acquisition of investment, amount due from an associate, loans to shareholders of a subsidiary, other deposits, and pledged bank deposits) amounting to HK$3,927,304,000 (2013: HK$5,073,291,000) and HK$730,000 (2013: HK$1,318,000) were located in South Africa and Hong Kong respectively.

Information about major customers

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

	2014 **HK$'000**	2013 HK$'000
Customer A	**4,156**	–
Customer B	**–**	4,592

All revenue is from trading of minerals.

9. OTHER INCOME

	2014 **HK$'000**	2013 HK$'000
Imputed interest income on loan to a shareholder of a subsidiary (note 19)	**42,537**	42,963
Interest income on promissory notes	**1,661**	3,759
Interest income on bank deposits	**8,906**	17,422
Others	**19**	–
	53,123	64,144

10. OTHER GAINS AND LOSSES

	2014 **HK$'000**	2013 HK$'000
Gain on disposal of assets classified as held for sale	**–**	1,757
(Loss) gain on disposal of property, plant and equipment	**(28)**	113
	(28)	1,870

11. FINANCE COSTS

	2014 HK$'000	2013 HK$'000
Other interest expense	1	1

12. DIRECTORS' AND CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

Directors' and chief executive's emoluments

The emoluments paid or payable to each of the eleven (2013: six) directors were as follows:

	2014					2013				
	Fees HK$'000	Salaries and other benefits HK$'000	Share option benefits HK$'000	Contributions to retirement benefits schemes HK$'000	Total HK$'000	Fees HK$'000	Salaries and other benefits HK$'000	Share option benefits HK$'000	Contributions to retirement benefits schemes HK$'000	Total HK$'000
Executive directors										
Mr. Li Hok Yin (note)	–	559	–	15	574	–	559	–	15	574
Mr. Christian Rudolph de Wet de Bruin (appointed on 26 April 2013)	–	2,431	–	–	2,431	–	–	–	–	–
Mr. Neil Andrew Herrick (note) (appointed on 26 April 2013)	–	2,809	–	–	2,809	–	–	–	–	–
Mr. Shen Junchen (resigned on 28 March 2013)	–	–	–	–	–	–	–	–	–	–
Ms. Cheung Pak Sum	–	500	–	15	515	–	560	–	15	575
Dr. David Twist (appointed on 26 April 2013 and resigned on 19 August 2013)	–	–	–	–	–	–	–	–	–	–
Mr. Stefanus David Steyn (appointed on 26 April 2013 and resigned on 19 August 2013)	–	633	–	–	633	–	–	–	–	–
Mr. Igor Levental (appointed on 19 August 2013)	–	–	–	–	–	–	–	–	–	–
Independent non-executive directors										
Mr. Hui Wah Tat, Anthony (resigned on 26 April 2013)	7	–	–	–	7	100	–	–	–	100
Mr. Li Kam Chung	217	–	–	–	217	100	–	–	–	100
Mr. Chiu Man Lung, Everett	100	–	–	–	100	100	–	–	–	100
Mr. Walter Thomas Segsworth (appointed on 19 August 2013)	62	–	–	–	62	–	–	–	–	–
Total	386	6,932	–	30	7,348	300	1,119	–	30	1,449

Note: Mr. Li Hok Yin was the chief executive of the Company until Mr. Neil Andrew Herrick was appointed as the chief executive of the Company on 26 April 2013. Their emoluments disclosed above include those for services rendered by each of them as the chief executive.

12. DIRECTORS' AND CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS *(Continued)*

Employees' emoluments

Of the five individuals with the highest emoluments in the Group, two (2013: nil) were directors of the Company during the year. The emoluments of the remaining three (2013: five) individuals were as follows:

	2014 **HK$'000**	2013 HK$'000
Salaries and other benefits	**4,426**	12,522
Contributions to retirement benefits schemes	**–**	–
Share option benefits	**–**	–
	4,426	12,522

The emolument of the three (2013: five) individuals for the year was within the following bands:

	2014 **No. of employees**	2013 No. of employees
HK$1,000,001 to HK$1,500,000	**1**	–
HK$1,500,001 to HK$2,000,000	**2**	2
HK$2,000,001 to HK$2,500,000	**–**	1
HK$3,000,001 to HK$3,500,000	**–**	1
HK$3,500,001 to HK$4,000,000	**–**	1
	3	5

Included in the emoluments of the three remaining individuals, one of them was a director of the Company but resigned during the year ended 31 March 2014 as disclosed above. His remuneration as a director has been excluded from above.

During both years, no emoluments were paid by the Group to the directors, chief executive or the five individuals with the highest emoluments in the Group as an inducement to join or upon joining the Group or as compensation for loss of office and no directors of the Company waived or agreed to waive any emoluments.

13. INCOME TAX EXPENSE

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 subsidiaries incorporated in Hong Kong have no assessable profits for both years.

Under South African tax law, the corporate tax rate is 28% for both years on taxable profits of South African subsidiaries. No provision for taxation has been made as the subsidiaries in South Africa have no assessable profits for both years.

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

	2014 **HK$'000**	2013 HK$'000
Loss before taxation	**(1,023,579)**	(127,264)
Tax at South African profits tax rate of 28%	**(286,602)**	(35,634)
Tax effect of expenses not deductible for tax purpose	**13,021**	31,040
Tax effect of income not taxable for tax purpose	**(32,959)**	(18,305)
Tax effect of tax losses not recognised	**319,527**	3,960
Effect of difference tax rates of subsidiaries operating in other jurisdictions	**(12,987)**	18,939
Income tax expense for the year	**–**	–

At the end of the reporting period, the Group had estimated unused tax losses of HK$1,629,262,000 (2013: HK$488,094,000) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. All tax losses at 31 March 2014 may be carried forward indefinitely.

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14. LOSS FOR THE YEAR

	2014 **HK$'000**	2013 HK$'000
Loss for the year has been arrived at after charging:		
Auditor's remuneration	**3,257**	2,865
Cost of inventories recognised as an expense	**4,114**	4,564
Depreciation of property, plant and equipment	**1,414**	1,636
Operating lease rentals in respect of rented premises	**2,375**	2,568
Net exchange loss	**138**	212
Staff costs (including directors' emoluments as disclosed in note 12)		
— Salaries and other benefits	**34,710**	33,374
— Contributions to retirement benefits schemes	**131**	112
	34,841	33,486
Less: Amount capitalised in exploration assets	**(8,038)**	(14,389)
	26,803	19,097

15. LOSS PER SHARE

The calculation of the basic (2013: basic and diluted) loss per share is based on the consolidated loss of HK$726,863,000 (2013: HK$150,196,000) attributable to the owners of the Company for the years ended 31 March 2014 and 2013 and on the number of shares as follows:

	2014 **'000**	2013 '000
Number of ordinary shares for the purposes of calculating basic (2013: basic and diluted) loss per share	**11,049,775**	11,049,775

No diluted loss per share for the year ended 31 March 2014 is presented as the Company's shares were suspended for trading throughout the year.

The incremental shares from assumed exercise of share options, warrants, put options and share options and warrants issued by a subsidiary are excluded in calculating the diluted loss per share for the year ended 31 March 2013 because they are antidilutive in calculating the diluted loss per share.

16. PROPERTY, PLANT AND EQUIPMENT

	Plant and machinery HK$'000	Furniture and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
COST				
At 1 April 2012	1,396	6,152	1,183	8,731
Exchange adjustments	(235)	(663)	(194)	(1,092)
Additions	–	216	671	887
Disposals	–	(40)	(208)	(248)
At 31 March 2013	1,161	5,665	1,452	8,278
Exchange adjustments	(155)	(463)	(100)	(718)
Additions	–	114	–	114
Disposals	–	(110)	–	(110)
At 31 March 2014	1,006	5,206	1,352	7,564
DEPRECIATION				
At 1 April 2012	–	2,231	220	2,451
Exchange adjustments	–	(254)	(71)	(325)
Provided for the year	–	1,324	312	1,636
Eliminated on disposals	–	(30)	(63)	(93)
At 31 March 2013	–	3,271	398	3,669
Exchange adjustments	–	(253)	(62)	(315)
Provided for the year	–	1,084	330	1,414
Eliminated on disposals	–	(82)	–	(82)
At 31 March 2014	–	4,020	666	4,686
CARRYING VALUES				
At 31 March 2014	1,006	1,186	686	2,878
At 31 March 2013	1,161	2,394	1,054	4,609

The above items of property, plant and equipment are depreciated using the straight-line basis at the following rates per annum:

Plant and machinery	10% – 16.7%
Furniture and equipment	16.7% – 33%
Motor vehicles	20%

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17. EXPLORATION ASSETS

	HK$'000
At 1 April 2012	5,094,795
Addition	60,605
Exchange adjustment	(85,400)
At 31 March 2013	5,070,000
Addition	34,476
Impairment loss recognised in profit or loss	(1,117,388)
Exchange adjustment	(61,932)
At 31 March 2014	3,925,156

The exploration assets principally represented the mining right and prospecting right for the gold mining projects in South Africa, namely, the Evander Project and the Jeanette Project respectively. The mining right for Evander Project is valid for 26 years commencing from 18 July 2012 until 28 April 2038, while the prospecting right for Jeanette Project is valid for 5 years commencing from 29 June 2010. In the opinion of the directors, the renewal of licences and application for mining licences are without difficulties so long as the applicant complies with the requirements as set out in the Mineral and Petroleum Resources Development Act of South Africa.

In the preparation of the consolidated financial statements for the year ended 31 March 2014, the directors of the Company have assessed the recoverable amount of the exploration assets relating to the Jeanette Project as at 31 March 2014 based on estimations of its fair value less costs of disposal. The management applied discounted cashflow approach to assess the fair value of the exploration assets relating to the Jeanette Project. The discounted cashflow approach is based on a discount rate of 15.59% and cash flow projection prepared from financial forecast covering a mine life period until the mine resources run out based on probable reserves. The amount of reserve used in the projection is 22.25 mt and it is assumed the mineral reserve is mined over 31 years at a rate of up to 1.65 mt per annum. The discount rate was estimated using the capital asset pricing model with the risk free rate at 8.4%, the market risk premium at 3%, beta at 0.77. A further discount for lack of marketability of 20.376% was applied. Other key assumptions for the fair value calculation related to the estimation of cash inflows/outflows which include total operating costs of USD473 per ounce, capital expenditure of ZAR11,985,567,000, expected future inflation rates affecting operating and capital costs of 5.3%, USD/ZAR exchange rate of 10.75, gold prices of USD1,290 per ounce and production rate of 7.26g per ton, such estimation is based on the estimation provided by the management. Based on fair value less costs of disposal estimation, the carrying amount of the exploration asset relating to the Jeanette Project exceeds its recoverable amount due to decreasing gold price and depreciation of ZAR. An impairment loss of HK$1,111,439,000 was recognised in profit or loss during the year ended 31 March 2014 accordingly.

As at 31 March 2014, the directors of the Company were of the opinion that there was no indication for impairment of the Evander Project. As at 31 March 2013, the directors of the Company were of the opinion that there was no indication for impairment of both Evander Project and Jeanette Project.

Other than the Evander Project and the Jeanette Project, TGL and its subsidiaries also have several mining rights with smaller scales. The management carried out assessments regularly on the profitability for these small scale projects. As the Group increasingly focused on the Evander Project and the Jeanette Project in South Africa, the directors determined not to pursue certain exploration projects in South Africa after reviewing the latest available information of these projects and accordingly, recognised in profit or loss a full impairment loss on these projects of HK$5,949,000 (2013: nil) during the year.

17. EXPLORATION ASSETS *(Continued)*

During the years ended 31 March 2013 and 2014, no revenue was generated from these exploration assets and expense relating to the exploration assets in gold exploration and development operation in South Africa was HK$24,369,000 (2013: HK$24,834,000). Net cash used in operating activities is HK$24,009,000 (2013: HK$23,908,000).

Details of the Group's exploration assets and information about the fair value hierarchy as at 31 March 2014 are as follow:

	Level 3 HK$'000	Fair value as at 31.3.2014 HK$'000
Project Jeanette	**2,188,809**	**2,188,809**

There were no transfers into or out of Level 3 during the year.

18. INTERESTS IN ASSOCIATES AND AMOUNT DUE FROM AN ASSOCIATE

	2014 HK$'000	2013 HK$'000
Cost of investments in associates — unlisted	**118,133**	118,133
Share of post-acquisition profits and other comprehensive income	**6,148**	4,567
Less: Impairment loss recognised in profit or loss	**(90,228)**	(90,228)
	34,053	32,472
Amount due from an associate	**29,287**	29,287

On 25 May 2012, the Group entered into a sale and purchase agreement with a third party ("Vendor A") pursuant to which the Group acquired 49% equity interest in H & M Natural Resources Limited ("H & M") at a total consideration of HK$90,228,000. The principal asset of H & M is the mine operating cooperation agreement ("Nickel Co-op Agreement") assigned to H & M by Vendor A. Pursuant to the Nickel Co-op Agreement, H & M may carry out the Nickel mining activities in Kolaka, Indonesia. However, it was subsequently found that the contractual arrangements provided under the Nickel Co-op Agreement are not in line with the requirements and restrictions under the Law of the Republic of Indonesia No. 4 of 2009 concerning Mineral and Coal Mining ("Mining Law") and Government Regulation No. 23 of 2010 concerning Implementation of Mineral and Coal Mining Business Activities as amended by the Government Regulation No. 24 of 2012 ("Government Regulation 23") and accordingly, based on the legal advice of Indonesian legal counsel the Group sought, H & M could not carry out the Nickel mining activities without breaching local laws and regulations. As a result, an impairment loss of HK$90,228,000 was recognised in profit or loss during the year ended 31 March 2013.

Subsequently on 17 March 2014, the Group entered into another sale and purchase agreement with Vendor A who agreed to re-acquire all the 49% equity interest in H & M from the Group at the original consideration of HK$90,228,000 of which HK$15,228,000 is to be settled by cash and HK$75,000,000 is settled by promissory notes to be issued by Vendor A. In May 2014, a cash deposit of HK$15,228,000 and two promissory notes issued by Vendor A amounting to HK$75,000,000 were received.

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18. INTERESTS IN ASSOCIATES AND AMOUNT DUE FROM AN ASSOCIATE *(Continued)*

The disposal has not been completed up to the date of authorisation for the issuance of the consolidated financial statements.

Amount due from Goldster Global Limited, an associate, is unsecured, interest-free and, in the opinion of the directors, the balance is not expected to be recovered within next twelve months from the date of the reporting period.

As at 31 March 2014 and 31 March 2013, the Group had interests in the following associates:

Name of entity	Form of entity	Country/ place of incorporation	Country/ place of operation	Class of shares held	Proportion of nominal value of registered capital held by the Group		Proportion of voting power held		Principal activities
					2014	2013	**2014**	2013	
Goldster Global Limited	Incorporated	British Virgin Islands ("BVI")	Hong Kong	Ordinary	**45%**	45%	**45%**	45%	Investment holding
Great Global Farming (Holdings) Limited	Incorporated	Hong Kong	Hong Kong	Ordinary	**45%**	45%	**45%**	45%	Investment holding
Oneshine Investments Limited ("Oneshine")	Incorporated	BVI	Hong Kong	Ordinary	**44%**	44%	**44%**	44%	Trading of coal (Note (a))
H & M	Incorporated	BVI	Hong Kong	Ordinary	**49%**	49%	**49%**	49%	Exploration development and mining of nickel related minerals (Note (a))
貴州五禾農業發展有限公司	Incorporated	PRC	PRC	Capital contribution	**49%**	49%	**49%**	49%	Forestry (Note (a))

Note:

(a) The operations were not yet commenced during the years ended 31 March 2014 and 2013.

All of the associates are accounted for using the equity method in these consolidated financial statements.

18. INTERESTS IN ASSOCIATES AND AMOUNT DUE FROM AN ASSOCIATE *(Continued)*

Summarised financial information of a material associate

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

Oneshine

	2014 **HK$'000**	2013 HK$'000
Current assets	**37,347**	37,347
Non-current assets	**28,558**	27,151
Current liabilities	**416**	78
Non-current liabilities	**–**	–

	2014 **HK$'000**	2013 HK$'000
Profit and total comprehensive income for the year	**1,047**	419

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

	2014 **HK$'000**	2013 HK$'000
Net assets of Oneshine	**65,489**	64,420
Proportion of the Group's ownership interest in Oneshine	**44%**	44%
Carrying amount of the Group's interest in Oneshine	**28,815**	28,345

Aggregate information of associates that are not individually material:

	2014 **HK$'000**	2013 HK$'000
Group's share of profits and other comprehensive income	**1,120**	2,402
Aggregate carrying amount of the Group's interests in these associates	**5,238**	4,127

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19. LOANS TO SHAREHOLDERS OF A SUBSIDIARY

	2014 HK$'000	2013 HK$'000
Sephaku Gold Holdings (Proprietary) Limited ("SepGold")	**236,806**	268,616
Other various shareholders of TGL	**16,178**	28,792
	252,984	297,408

SepGold is a historically disadvantaged South African company in terms of broad-based black economic empowerment requirements in South Africa. Loan to SepGold is interest free up to 31 December 2014. The loan is secured by the pledge of 39,402,071 shares of TGL, representing 17% of the issued share capital of TGL. 50% of any dividend declared by TGL in any financial year due to SepGold shall be applied towards the repayment of the loan. The loan will carry interest at the prime rate quoted by ABSA Bank Limited in South Africa plus 4% per annum after 31 December 2014. The principal amount of the loan at initial recognition to SepGold is ZAR433,066,688 (equivalent to HK$317,135,000) and the fair value of the loan as at the date of acquisition of TGL of HK$178,245,000 was determined based on the effective interest rate of 16.15% per annum as at that date based on expected repayment date of the loan on 31 December 2014. During the year, imputed interest income amounting to HK$42,537,000 (2013: HK$42,963,000) and impairment loss amounting to HK$36,598,000 (2013: nil) due to revised estimation of expected repayment date are recognised in profit or loss.

Aggregated loans to various other shareholders of TGL amounting to HK$16,178,000 (2013: HK$28,792,000) are secured, interest-free and repayable on demand. During the year ended 31 March 2014, impairment loss amounting to HK$9,597,000 (2013: nil) was recognised in profit or loss.

Certain of these various other shareholders of TGL are also directors of TGL or a company in which a director of TGL has a beneficial interest. Loans to officers disclosed pursuant to section 161B of the Hong Kong Companies Ordinance are as follows:

Name	**Balance at 31.3.2014 HK$'000**	Balance at 1.4.2013 HK$'000	Maximum amount outstanding during the year HK$'000
Mr. C.R. de Wet de Bruin	**1,945**	3,748	3,748
Mr. D. Strydom	**139**	268	268
Mr. D.L. Kyle	**70**	134	134
Mr. J.W. Wessels	**35**	67	67
African Precious Minerals Limited	**3,866**	5,982	5,982
Mr. L. Mohuba	**57**	109	109
Mr. S. H. Rosser	**374**	721	721

Mr. C.R. de Wet de Bruin, Mr. D. Strydom, Mr. D.L. Kyle, Mr. J.W. Wessels, Mr. L. Mohuba and Mr. S.H. Rosser are directors of TGL and Mr. D. Strydom has resigned as a director of TGL since 26 April 2013. Mr. C.R. de Wet de Bruin has a beneficial interest in African Precious Minerals Limited.

20. DEPOSITS FOR REHABILITATION

Pursuant to section 41 of the Minerals and Petroleum Development Act of South Africa, an applicant for a prospecting right, mining right or mining permit must make the prescribed financial provision for the rehabilitation or management of negative environmental impacts. At 31 March 2014, the Group made deposits of HK$1,000,000 (2013: HK$1,153,000) to the Department of Mineral Resources in South Africa. In addition, at 31 March 2014, the Group also provided bank guarantees of ZAR2,683,000 (equivalent to HK$1,965,000) (2013: ZAR2,527,000 and equivalent to HK$2,119,000) to the Department of Mineral Resources.

21. DEPOSITS FOR ACQUISITION OF INVESTMENT

The amount represents deposits paid for acquisition of Jun Mao and Wealthy Peace. Details are set out as below.

Acquisition of Jun Mao Enterprises Limited ("Jun Mao")

On 22 April 2013 and 24 April 2013, the Group entered into a sale and purchase agreement and a supplementary agreement, respectively, with an individual third party pursuant to which the Group conditionally agreed to acquire 100% equity interest in Jun Mao at a total consideration of HK$93,000,000 of which HK$8,000,000 was settled by cash and HK$85,000,000 was settled by two promissory notes issued by Hua Xiong (as defined in note 24) to the Group (see note 24). Full consideration was paid by the Group at the end of the reporting period.

Jun Mao is in the process of acquiring 10% equity interest in 貴州文真鋁業有限公司 ("文真鋁業"), a company established in the PRC, which has a mining right to conduct bauxite mining activities in the designated mining area in Guizhou, the PRC. The acquisition of Jun Mao is conditional upon the acquisition of 文真鋁業. The acquisition of Jun Mao has not yet been completed up to the date of authorisation for the issue of the consolidated financial statements as the acquisition of 文真鋁業 by Jun Mao is still in progress.

Acquisition of Wealthy Peace Holdings Limited ("Wealthy Peace")

On 23 April 2013 and 25 April 2013, the Group entered into a sale and purchase agreement and a supplementary agreement, respectively, with a third party, a Company incorporated in BVI, pursuant to which the Group conditionally agreed to acquire 35% equity interest in Wealthy Peace at a total consideration of HK$60,000,000 of which HK$17,500,000 was settled by cash and HK$42,500,000 was settled by a promissory note issued by Hua Xiong to the Group (see note 24). Full consideration was paid by the Group at the end of the reporting period.

Wealthy Peace is in the process of acquiring the 100% equity interest in 貴州天啟源燃氣投資有限公司 ("天啟源燃氣"), a company established in the PRC, which has 97% equity interest in the operations of liquefied natural gas storage and filling stations projects in Guizhou, the PRC. The acquisition of Wealthy Peace is conditional upon Wealthy Peace completing the acquisition of 天啟源燃氣. The acquisition of Wealthy Peace has not yet been completed up to the date of authorisation for the issue of the consolidated financial statements as the acquisition of 天啟源燃氣 by Wealthy Peace is still in progress.

22. INVENTORIES

	2014 **HK$'000**	2013 HK$'000
Finished goods — minerals	**8,470**	8,470

As at 31 March 2014, inventories represented nickel ores in Indonesia which the Group is unable to export these ores to its overseas customers due to export ban was imposed on the ores issued by the Indonesian government in January 2014. Accordingly, an allowance of HK$18,530,000 was made on these ores during the year ended 31 March 2012 as the Group is unable to determine the eventual manner of recovery of these ores.

23. OTHER RECEIVABLES AND OTHER DEPOSITS

	2014 **HK$'000**	2013 HK$'000
Rental and other deposits	**6,202**	3,801
VAT recoverable	**2,968**	11,047
Other receivables	**11,623**	9,693
	20,793	24,541
Other deposits (non-current)	**371**	–
	21,164	24,541

24. PROMISSORY NOTES

Pursuant to a sale and purchase agreement entered into between the Company and Hua Xiong Development Limited ("Hua Xiong"), an independent third party, dated 7 October 2011, the Group agreed to dispose of the entire issued share capital of Bless Luck International Limited ("Bless Luck"), a wholly owned subsidiary of the Company, and sale loan of approximately HK$191 million at an aggregate consideration of HK$195,000,000, of which HK$170,000,000 was satisfied by four promissory notes with principal amounts of HK$42,500,000 each with maturity dates on 13 September 2012, 13 March 2013, 13 September 2013 and 13 March 2014 respectively issued by Hua Xiong and the remaining HK$25,000,000 was satisfied by cash. The promissory notes are transferrable, are secured by charge on all shares of Bless Luck and carry interest at a rate of 2% per annum.

All promissory notes are denominated in HK$, which is a currency other than the functional currency of the Company.

All promissory notes outstanding as at 31 March 2013 were used as settlements of consideration for sale and purchase agreements entered into with independent third parties. Details are set out in note 21.

25. PLEDGED BANK DEPOSITS

At 31 March 2014, the pledged bank deposits of ZAR3,879,000 (equivalent to HK$2,841,000) (2013: ZAR3,661,000 (equivalent to HK$3,093,000)) are mainly for bank guarantees provided to the Department of Mineral Resources in South Africa (see note 20). The pledged bank deposits carry variable interest rates, ranging from 4.5% to 5% (2013: 4.5% to 5%) per annum.

26. BANK BALANCES AND CASH

Bank balances comprise bank deposits held by the Group with an original maturity of three months or less. The bank balances carry effective interest rates ranging from 0.1% to 7% (2013: 0.1% to 5%) per annum.

The Group's bank balances that are denominated in currencies other than the functional currency of the respective group entities are set out below:

	2014 **HK$'000**	2013 HK$'000
RMB	**2,051**	2,029
HK$	**1,618**	31,809
	3,669	33,838

As at 31 March 2014, bank balances and cash of HK$2,051,000 (2013: HK$2,029,000) were denominated in RMB which is not freely convertible into other currencies.

27. ASSETS CLASSIFIED AS HELD FOR SALE

The Group decided to focus on the core assets in South Africa. Accordingly, certain early stage exploration projects of the Group in South Africa were put up for sale. At 31 March 2014, the Group entered into sale and purchase agreements with independent parties to dispose of certain exploration assets in previous years. As at 31 March 2014, the carrying amount of assets classified as held for sale approximately at HK$423,000 (2013: HK$450,000).

28. OTHER PAYABLES AND ACCRUALS

	2014 **HK$'000**	2013 HK$'000
VAT payables	**2,243**	1,940
Other payables	**4,862**	2,447
Other accruals	**7,891**	6,628
	14,996	11,015

29. SHARE CAPITAL

	Number of shares	Share capital HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 April 2012, 31 March 2013 and 31 March 2014	30,000,000,000	300,000
Issued:		
At 1 April 2012, 31 March 2013 and 31 March 2014	12,179,915,688	121,799

All shares ranked pari passu in all respects with other shares in issue.

Warrants issued by the Company

Pursuant to a warrant subscription agreement entered into with Orient Best, an independent investor, dated 26 February 2010, the Company agreed to issue and Orient Best agreed to subscribe for 323,848,000 warrants on 10 March 2010 at the issue price of HK$0.001 per warrant. Each of the warrants carries the right to subscribe for one share at the exercise price of HK$0.16 per warrant during a period of 5 years commencing from the date of the issue of the warrants. There was no warrant exercised during the years ended 31 March 2013 and 2014.

At 31 March 2014 and 2013, the Company had outstanding 88,848,000 warrants.

30. ACQUISITION OF A SUBSIDIARY

Acquisition of assets through purchase of a subsidiary, Saint Ford Group Limited ("Saint Ford")

For the year ended 31 March 2013

On 7 January 2013, the Group entered into a sale and purchase agreement with a third party ("Vendor B") pursuant to which the Group acquired 75% equity interest in Saint Ford for a total consideration of HK$95,025,000. Details are set out in note 38(b). The principal asset of Saint Ford is the gold mining right assignment agreement ("Gold Assignment Agreement") entered into between Saint Ford and a gold mine owner. Pursuant to the Gold Assignment Agreement, Saint Ford may carry out the gold mining activities in Kotamobagu, Indonesia. However, it was subsequently found that the contractual arrangements provided under the Gold Assignment Agreement are not in line with the requirements and restrictions under the Mining Law and the Government Regulation 23 and accordingly, based on the legal advice of Indonesian legal counsel the Group sought, Saint Ford could not carry out the gold mining activities without breaching local laws and regulations. As a result, an impairment loss of HK$95,025,000 was recognised in profit or loss for the year ended 31 March 2013. Acquisition-related costs amounting to HK$157,000 have been excluded from the consideration transferred and recognised in profit or loss.

Subsequently on 17 March 2014, the Group entered into a sale and purchase agreement with Vendor B who agreed to re-acquire all the 75% equity interest in Saint Ford from the Group at an original consideration of HK$95,025,000 of which HK$15,025,000 is to be settled by cash and HK$80,000,000 is to be settled by promissory notes. In May 2014, a cash deposit of HK$15,025,000 and two promissory notes amounting to HK$80,000,000 issued by Vendor B were received.

30. ACQUISITION OF A SUBSIDIARY *(Continued)*

Acquisition of assets through purchase of a subsidiary, Saint Ford Group Limited ("Saint Ford") *(Continued)*

For the year ended 31 March 2013 *(Continued)*

The disposal of Saint Ford has not been completed up to the date of authorisation for the issuance of the consolidated financial statements.

Saint Ford did not generate any revenue and incur any expense for both years.

31. OPERATING LEASES

The Group as lessee

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

	2014 **HK$'000**	2013 HK$'000
Within one year	**2,623**	1,763
In the second to fifth year inclusive	**329**	–
	2,952	1,763

Operating lease payments represent rentals payable by the Group for office premises. Leases are negotiated and rentals are fixed for a lease term of two to three years.

32. RETIREMENT BENEFIT SCHEMES

The Group operates a Mandatory Provident Fund ("MPF") Scheme under rules and regulations of Mandatory Provident Fund Schemes Ordinance for all its employees in Hong Kong. All the employees of the Group in Hong Kong are required to join the MPF Scheme. Contributions are made based on a percentage of the employees' salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme. No forfeited contribution is available to reduce the contribution payable in the future years as at 31 March 2014 and 2013.

During the year ended 31 March 2014, the Group's total contributions to the retirement benefit schemes are HK$131,000 (2013: HK$112,000).

33. RELATED PARTY TRANSACTIONS

Compensation of key management personnel

The remuneration of members of key management including directors of the Company during the year was as follows:

	2014 HK$'000	2013 HK$'000
Short-term benefits	**12,230**	13,941
Contributions to retirement benefits schemes	**30**	30
	12,260	13,971

34. SHARE-BASED PAYMENT TRANSACTIONS

(a) Equity-settled share option scheme of the Company

An ordinary resolution was duly passed by the shareholders of the Company at the special general meeting held on 4 January 2010 to adopt a share option scheme ("Share Option Scheme"). The purpose of the Share Option Scheme is to provide the Company with a flexible and effective means of incentivising, rewarding, remunerating, compensating and/or providing benefits to participants in recognition of their contribution to the Group. Eligible participants of the Share Option Scheme include any person who is an employee of the Group, and any entity (including associated company) in which the Company, any of its holding companies or any of their respective subsidiaries holds any equity interest ("Eligible Entity") or is a director (including executive and non-executive directors) of an Eligible Entity or any adviser, consultant, agent, contractor, customer and supplier of any member of the Group or any Eligible Entity whom the board of directors in its sole discretion considers eligible for the Share Option Scheme on the basis of his or her contribution to the Group. The Share Option Scheme became effective on 4 January 2010 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of shares which may be issued upon exercise of all outstanding share options granted and yet to be exercised under the Share Option Scheme and all outstanding options granted and yet to be exercised under any other share option schemes of the Company shall not exceed 30% of the total number of shares in issue from time to time.

The total number of shares which may be issued upon exercise of all share options to be granted under the Share Option Scheme and any options to be granted under any other share option schemes of the Company must not in aggregate exceed 10% of the total number of shares in issue on 4 January 2010. Share options which lapsed in accordance with the terms of the Share Option Scheme and any other share option schemes of the Company will not be counted for the purpose of calculating the 10% limit. The Company may seek approval of the shareholders in a general meeting for refreshing the 10% limit under the Share Option Scheme, save that the total number of shares which may be issued upon exercise of all share options granted under the Share Option Scheme and any other share option schemes of the Company under the limit as refreshed shall not exceed 10% of the total number of shares in issue as at the date of approval of the limit as refreshed. Share options previously granted under the Share Option Scheme and any other share option schemes of the Company (including share options outstanding, cancelled, lapsed in accordance with the terms of the relevant scheme, or exercised options) will not be counted for the purpose of calculating the limit as refreshed. The total number of shares issued and to be issued upon exercise of the share options granted to each eligible participant (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the total number of shares in issue.

34. SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

(a) Equity-settled share option scheme of the Company *(Continued)*

Each grant of share options to a director, chief executive or substantial shareholder of the Company, or to any of their associates, under the Share Option Scheme must be subject to approval by independent non-executive directors to whom share options have not been granted. In addition, any grant of share options to a substantial shareholder or an independent non-executive director of the Company, or any of their associates, which would result in the shares issued and to be issued upon exercise of all share options already granted and to be granted under the Share Option Scheme (including share options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant in aggregate over 0.1% of the shares of the Company in issue and with an aggregate value (based on the closing price of the Company's shares at the date of each grant) in excess of HK$5 million, must be approved by the shareholders in a general meeting.

The offer of a grant of share options shall be accepted within 21 days from the date of the offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determined the directors, save that such period shall not be more than 10 years from the date of the offer of the share options, subject to the provisions for early termination set out in the Share Option Scheme. There is no minimum period for which an option must be held before the exercise of the subscription right attaching thereto, except as otherwise imposed by the board of directors.

The exercise price of the share options is determined by the directors, but shall not be less than the highest of (i) the closing price of the Company's shares as quoted on the daily quotation sheets of the Stock Exchange on the date of the offer of the share options; (ii) the average closing price of the Company's shares as quoted on the daily quotation sheets of the Stock Exchange for the five trading days immediately preceding the date of the offer; and (iii) the nominal value of the Company's shares.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

In accordance with the terms of the Share Option Scheme, options granted on 13 December 2011 were vested at the date of grant.

Details and movements of options are as follows:

Date of grant	Exercisable period	Exercise price
13 December 2011	13 December 2011 to 13 December 2013	HK$0.189

Grantees	Outstanding at 1.4.2012	Expired during the year	Outstanding at 31.3.2013	Expired during the year	**Outstanding at 31.3.2014**
Directors	25,000,000	–	25,000,000	(25,000,000)	–
Employees	7,500,000	(2,500,000)	5,000,000	(5,000,000)	–
	32,500,000	(2,500,000)	30,000,000	(30,000,000)	–
Exercisable at the end of the year	32,500,000		30,000,000		–

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34. SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

(b) Equity-settled share option scheme of TGL

TGL has a share option scheme ("TGL Share Option Scheme") for its management and staff. The outstanding vested share options were not replaced and were still in existence at the time when the Group acquired TGL on 8 September 2011.

In accordance with the terms of the scheme, all management and staff of TGL may be granted options to purchase ordinary shares of TGL at an exercise price that is between 1% and 5% less than the market value of the shares at the date of options are awarded.

Each employee's share option converts to one ordinary share of TGL on exercise. No amounts are paid or are payable by the recipient on receipt of the option. All options vested on the date of grant and options may be exercised within 5 years from the date of grant.

All outstanding vested share options were measured in accordance with HKFRS 2 "Share-based payment" at their market-based measure at the acquisition date.

Details of share options granted by TGL and movements of such options are as follows:

Grantees	Date of grant	Exercise period	Exercise price	Outstanding at 1.4.2012, 31.3.2013 and 31.3.2014
Employees	26 May 2010	26 May 2010 – 25 May 2015	ZAR4.950	6,737,312
Employees	26 July 2010	26 July 2010 – 25 July 2015	ZAR4.950	6,238,000
Employees	1 September 2010	1 September 2010 – 31 August 2015	ZAR7.425	7,964,737
Employees	1 November 2010	1 November 2010 – 31 October 2015	ZAR9.900	2,705,161
				23,645,210

No options were granted, exercised or forfeited during the years ended 31 March 2014 and 2013.

During the year ended 31 March 2012, with the consent from the option holders of TGL, TGL amended the TGL Share Option Scheme pursuant to which each TGL option was granted the same voting rights as an issued ordinary share of TGL. During the year ended 31 March 2014, option holders of TGL agreed to cancel these voting rights attached to the TGL options such that they are deemed void "ab initio" (in other word as though such rights had never existed) and the board of directors of TGL passed a resolution to cancel these voting rights attached to the TGL options and amended the TGL Share Option Scheme. The Group obtained a legal opinion from its South African legal counsel who is of the opinion that the voting rights attached to the TGL options have been legally, validly and effectively cancelled.

34. SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

(c) Warrants issued by TGL on 12 January 2012

On 12 January 2012, 35,000,000 and 30,000,000 warrants were issued by TGL ("2012 TGL Warrants") to a former director of TGL (who is a founder of TGL) and a substantial shareholder of the Company (who was also a substantial shareholder of TGL prior to the acquisition of TGL by the Group) respectively at a cash consideration of ZAR0.01 each. Each of the 2012 TGL Warrants grants the holder the right to subscribe for one ordinary share of TGL at an exercise price of ZAR25 per TGL share until 4 January 2017.

There were no vesting conditions on these 2012 TGL Warrants. The 2012 TGL Warrants were originally issued with voting rights, but it was subsequently found that voting rights could not have been conferred on the 2012 TGL Warrants.

TGL and the holder of 35,000,000 2012 TGL Warrants entered into an agreement on 26 April 2013 pursuant to which both parties agreed to cancel the 35,000,000 2012 TGL Warrants "ab initio" (in other words they were cancelled as if they had never been issued). Further on 19 August 2013, TGL and the holder of 30,000,000 2012 TGL Warrants entered into an agreement pursuant to which both parties agreed to cancel the 30,000,000 2012 TGL Warrants with effect from 19 August 2013.

The Group obtained a legal opinion dated 26 April 2013 from its South African legal counsel who is of the opinion that (i) the voting rights attached to the 2012 TGL Warrants are not, and have never been, valid or enforceable; (ii) the 35,000,000 2012 TGL Warrants have been legally, validly and effectively cancelled and have no further force or effect; and (iii) no voting rights attached to the 30,000,000 2012 TGL Warrants were issued.

During the year ended 31 March 2014, upon the cancellation of the 35,000,000 and 30,000,000 TGL Warrants, the balance in the "Warrant reserves of subsidiaries" in non-controlling interests in the consolidated statement of changes in equity, represented by the fair value of the warrants at date of grant of HK$140,937,000 which was recognised during the year ended 31 March 2012, was transferred to accumulated losses and "Share of net assets of subsidiaries" in non-controlling interests (see note 36).

35. GROSS OBLIGATION UNDER PUT OPTIONS AND DERIVATIVE FINANCIAL INSTRUMENTS — PUT OPTIONS

(a) Gross obligation under put options

The Group granted put options to acquire TGL's shares from the South African Shareholders and the TGL option holders. Details of the put options are set out in note 35(b).

Upon the issuance of the put options, the Group has a commitment to settle the contractual obligation by cash proceeds from sales (at the times of exercise of the options) of a maximum of 2,139,757,635 of the Company's shares. The gross obligation under these put options are designated as FVTPL at initial recognition and stated at fair value. As at 31 March 2014, the fair value of the gross obligation under put options with reference to the Company's estimated equity value of HK$0.12 (2013: HK$0.17) per share was HK$256,771,000 (2013: HK$363,759,000). During the year ended 31 March 2014, change in fair value of HK$106,988,000 (2013: HK$21,397,000) was recognised in profit or loss.

The Company's estimated equity value of HK$0.12 (2013: HK$0.17) per share as at 31 March 2014 was with reference to the net asset value of the Company and price-to-book ratio of the Company for both years.

35. GROSS OBLIGATION UNDER PUT OPTIONS AND DERIVATIVE FINANCIAL INSTRUMENTS — PUT OPTIONS *(Continued)*

(b) Derivative financial instruments — put options

Put options for the acquisition of additional interest in TGL

(i) Put option agreements between the Company, Goldcom and South African Shareholders

The South African Shareholders had 21,174,316 shares of TGL on 8 September 2011. To facilitate the South African Shareholders selling their shares in TGL to the Company, the Company granted put options to the South African Shareholders. The consideration payable by each South African Shareholder for the grant of the put option is ZAR1. Due to foreign exchange control restrictions in South Africa, the South African Shareholders are restricted from on-selling, transferring or dealing in the Company's shares. Accordingly, Goldcom was introduced to facilitate the arrangements under the put option agreements between the Company and the South African Shareholders.

To facilitate the payment of the put option exercise price upon the exercise of the put options, on 8 September 2011, Goldcom subscribed for 1,130,141,116 shares of the Company in consideration for the issuance of the loan note with nil interest. The shares are kept by an escrow agent appointed jointly by Goldcom, the Company and the South African Shareholders. The loan note is unsecured. The Company will not demand repayment of any amount outstanding under the loan note prior to the sales on the Stock Exchange of the Company's shares and the receipt by Goldcom of an amount equivalent to the cash proceeds from the sales of the Company's shares upon exercise of put options by the South African Shareholders. In substance, Goldcom is acting in the role of an agent and the arrangement of loan note and the share subscription is only to facilitate the issuance of the Company's shares prior to the exercise of put options. Accordingly, the Company's shares issued for the loan note are accounted for as if they are treasury shares. The closing market price of the Company's share on 8 September 2011 was HK$0.46. The share capital and share premium relating to these shares issued to Goldcom for the exchange of a loan note amounting to HK$519,865,000 is recognised as other reserve in equity in the consolidated statement of changes in equity.

Pursuant to the put option agreements dated 8 September 2011, the South African Shareholders may sell their TGL shares to the Company through Goldcom who will sell on-market a number of the Company's shares representing the number of TGL shares being sold by the South African Shareholders multiplied by the share exchange ratio of about 53 Company's shares for every 1 TGL share. Goldcom will deliver the cash proceeds from such on-market sale to the South African Shareholders and will transfer the TGL shares to the Company. The principal amount outstanding under the loan note will be reduced by the market value of the corresponding number of the Company's shares upon the transfer of TGL shares to the Company. Such right to sell TGL shares to the Company through Goldcom may be exercised by the South African Shareholders at any time within three years from the 8 September 2011.

The put options may not be transferred by the South African Shareholders without the prior written consent of the other parties to the put option agreements. In addition, if any South African Shareholder wishes to sell all or part of the TGL shares held by him to a third party during the term of the put option agreements, he shall first be required to offer such TGL shares to the Company through Goldcom. If any South African Shareholder has not exercised his put options in full within three years from 8 September 2011, Goldcom shall sell through the Stock Exchange the remaining Company's shares it then holds and the cash proceeds from such sales shall be paid to the Company in repayment of the loan note. The risk of any reduction in value of the Company's shares is borne by the Company.

During the years ended 31 March 2014 and 2013, no put options were exercised by the South African Shareholders.

35. GROSS OBLIGATION UNDER PUT OPTIONS AND DERIVATIVE FINANCIAL INSTRUMENTS — PUT OPTIONS *(Continued)*

(b) Derivative financial instruments — put options *(Continued)*

Put options for the acquisition of additional interest in TGL *(Continued)*

(ii) Put options granted by the Company to the holders of options of TGL ("TG Optionholders")

Pursuant to the put option agreements dated 8 September 2011 entered into between the TG Optionholders, Goldcom, TGL and the Company, the Company and Goldcom will grant to the TG Optionholders the right to sell a maximum number of 18,916,168 TGL shares to the Company or to the Company through Goldcom for a maximum of 1,009,616,519 new shares of the Company upon their exercise of the options granted by TGL. The put options may be exercised by the TG Optionholders at any time within three years from 8 September 2011.

When the TG Optionholders are South African Shareholders, they may sell their TGL shares obtained from exercise of the options granted by TGL to the Company through Goldcom who will sell on-market a number of the Company's shares representing the number of TGL shares being sold by the South African Shareholders multiplied by the share exchange ratio of about 53 Company's shares for every 1 TGL share. Goldcom will deliver the cash proceeds from such on-market sale to the South African Shareholders and will transfer the TGL shares to the Company. When the TG Optionholders are not residents of South Africa, they may sell their TGL shares obtaining from exercise of the options granted by TGL to the Company and the Company will issue a corresponding number of the Company's shares to the TG Optionholders using an exchange ratio of about 53 Company's shares for every 1 TGL share.

The put options may not be transferred by the TG Optionholders without the prior written consent of the other parties to the put option agreements. In addition, if any TG Optionholders wishes to sell all or part of the TGL shares obtaining from exercise of the options granted by TGL to a third party during the term of the put option agreements, he shall first be required to offer such TGL shares to the Company.

The consideration payable by each of the TG Optionholders for the grant of the put option is ZAR 1.

During the years ended 31 March 2014 and 2013, no put options were exercised by the TG Optionholders.

The put options granted by the Company are classified as derivative financial instruments and stated at fair value.

35. GROSS OBLIGATION UNDER PUT OPTIONS AND DERIVATIVE FINANCIAL INSTRUMENTS — PUT OPTIONS *(Continued)*

(b) Derivative financial instruments — put options *(Continued)*

Put options for the acquisition of additional interest in TGL *(Continued)*

The fair values amounting to HK$23,640,000 and HK$40,985,000 of put options granted by the Company to South African Shareholders and TG Optionholders at 31 March 2014 and 31 March 2013 respectively were assessed using the binomial model. The following inputs were used:

	31 March 2014	31 March 2013
Time to maturity	**0.4 years**	1.4 years
Correlation	**1.00**	1.00
Risk free rate	**0.14%**	0.16%
Volatility of the Company	**12.95%**	14.46%
Expected dividend yield	**0%**	0%
Share price of TGL share	**HK$6.0**	HK$8.2

The share price of TGL shares is determined by net asset value of TGL, net asset value of the Company and price-to-book-ratio.

During the year ended 31 March 2014, change in fair value of HK$17,345,000 (2013: HK$7,307,000) was recognised in profit or loss. The movement of gross obligation under put options and derivative financial instruments for the years ended 31 March 2014 and 2013 is set out below.

	Gross obligation under put options HK$'000	Derivative financial instruments HK$'000
At 1 April 2012	385,156	48,292
Gain arising on changes in fair value	(21,397)	(7,307)
At 31 March 2013	363,759	40,985
Gain arising on changes in fair value	(106,988)	(17,345)
At 31 March 2014	256,771	23,640

36. NON-CONTROLLING INTERESTS

	Share of net assets of subsidiaries HK$'000	Share option reserve of subsidiaries HK$'000	Warrant reserves of subsidiaries HK$'000	Total HK$'000
At 1 April 2012	1,181,060	461,509	140,937	1,783,506
Share of profit for the year	22,932	–	–	22,932
Exchange difference arising on translation to presentation currency	(58,397)	–	–	(58,397)
At 31 March 2013	1,145,595	461,509	140,937	1,748,041
Share of loss for the year	(296,716)	–	–	(296,716)
Exchange difference arising on translation to presentation currency	(40,685)	–	–	(40,685)
Cancellation of warrants issued by a subsidiary (note 34(c))	43,803	–	(140,937)	(97,134)
At 31 March 2014	851,997	461,509	–	1,313,506

37. CAPITAL COMMITMENTS

	2014 HK$'000	2013 HK$'000
Capital expenditure in respect of the gold projects contracted for but not provided in the consolidated financial statements:		
— Pre-feasibility study consulting contracts	**–**	375
— Other contracts	**9,799**	12,580
	9,799	12,955

38. MAJOR NON-CASH TRANSACTIONS

(a) As set out in note 18, during the year ended 31 March 2013, the Group acquired 49% equity interest in H & M at a total consideration of HK$90,228,000 of which HK$47,500,000 was settled by cash and HK$42,500,000 was settled by a promissory note issued by Hua Xiong to the Group (see note 24) together with the interest receivable of HK$228,000.

(b) As set out in note 30, during the year ended 31 March 2013, the Group acquired 75% equity interest in Saint Ford at a total consideration of HK$95,025,000 of which HK$8,000,000 was settled by cash and HK$86,000,000 was settled by 2 promissory notes issued by Sharp Volition Limited, an independent third party, to the Group together with the interest receivable of HK$1,025,000.

(c) As set out in note 21, during the year ended 31 March 2014, the Group intended to acquire fully paid up 100% equity interest in Jun Mao at a total consideration of HK$93,000,000 of which HK$8,000,000 was settled by cash and HK$85,000,000 was settled by two promissory notes issued by Hua Xiong to the Group (see note 24) and the Group has fully paid up.

(d) As set out in note 21, during the year ended 31 March 2014, the Group intended to acquire fully paid up 35% equity interest in Wealthy Peace at a total consideration of HK$60,000,000 of which HK$17,500,000 was settled by cash and HK$42,500,000 was settled by a promissory note issued by Hua Xiong to the Group (see note 24) and the Group has fully paid up.

39. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Particulars of the Company's principal subsidiaries as at 31 March 2014 and 2013 are as follows:

Name of subsidiary	Country/ place of incorporation	Country/ place of operation	Issued share capital/paid up capital/ registered capital	Equity interest attributable to the Group as at 31 March				Principal activities
				Directly		Indirectly		
				2014	2013	2014	2013	
Wing Hing International (Holdings) Limited	Republic of Seychelles	Hong Kong	Ordinary US$1	**100%**	100%	**–**	–	Investment holding
Lee Hing Mining Industry Limited	Hong Kong	Hong Kong	Ordinary HK$100	**–**	–	**100%**	100%	Sale of minerals
TGL	South Africa	South Africa	Ordinary ZAR58,040,000	**–**	–	**68.92%**	68.92%	Exploration, development and mining of gold and associated minerals
Taung Gold Exploration (West) (Pty) Limited*	South Africa	South Africa	Ordinary ZAR7,875	**–**	–	**68.92%**	68.92%	Exploration, development and mining of gold and associated minerals
Taung Gold Exploration Limited*	South Africa	South Africa	Ordinary ZAR7,875	**–**	–	**68.92%**	68.92%	Exploration, development and mining of gold and associated minerals
Taung Gold (North West) (Pty) Limited*	South Africa	South Africa	Ordinary ZAR100	**–**	–	**68.92%**	68.92%	Exploration, development and mining of gold and associated minerals
Taung Gold (Free State) (Pty) Limited*	South Africa	South Africa	Ordinary ZAR100	**–**	–	**68.92%**	68.92%	Exploration, development and mining of gold and associated minerals
Ulinet (Pty) Limited*	South Africa	South Africa	Ordinary ZAR100	**–**	–	**68.92%**	68.92%	Exploration, development and mining of gold and associated minerals
Saint Ford	BVI	Indonesia	Ordinary US$100	**–**	–	**75%**	75%	Exploration, development and mining of gold

* These companies are wholly-owned subsidiaries of TGL

39. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY *(Continued)*

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

At the end of the reporting period, the Company has other subsidiaries that are not material to the Group. A majority of these subsidiaries operate in Hong Kong. The principal activities of these subsidiaries are either investment holding or inactive.

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

40. DETAILS OF A NON-WHOLLY OWNED SUBSIDIARY THAT HAS MATERIAL NON-CONTROLLING INTERESTS

The table below shows details of a non-wholly owned subsidiary of the Group that has material non-controlling interests:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		(Loss) profit allocated to non-controlling interests		Accumulated non-controlling interests	
		31.3.2014	31.3.2013	**31.3.2014**	31.3.2013	**31.3.2014**	31.3.2013
		HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
TGL	South Africa	**31.08%**	31.08%	**(296,716)**	22,932	**1,313,506**	1,748,041

Summarised financial information in respect of TGL and its subsidiaries is set out below on a consolidated basis. The summarised financial information below represents amounts before intragroup eliminations.

	2014	2013
	HK$'000	HK$'000
Current assets	**145,944**	220,448
Non-current assets	**4,184,129**	5,374,944
Current liabilities	**(8,028)**	(5,949)
Non-current liabilities	**–**	–
Equity attributable to owners of the Company	**3,008,539**	3,841,402
Non-controlling interests	**1,313,506**	1,748,041

40. DETAILS OF A NON-WHOLLY OWNED SUBSIDIARY THAT HAS MATERIAL NON-CONTROLLING INTERESTS *(Continued)*

	Year ended 31.3.2014 HK$'000	Year ended 31.3.2013 HK$'000
Revenue	**158,452**	83,653
Expenses	**(1,187,960)**	(24,834)
(Loss) profit for the year	**(1,029,508)**	58,819
(Loss) profit attributable to owners of the Company	**(732,792)**	35,887
(Loss) profit attributable to non-controlling interests	**(296,716)**	22,932
(Loss) profit for the year	**(1,029,508)**	58,819
Other comprehensive expense attributable to owners of the Company	**(90,218)**	(129,495)
Other comprehensive expense attributable to non-controlling interests	**(40,685)**	(58,397)
Other comprehensive expense for the year	**(130,903)**	(187,892)
Total comprehensive expense attributable to owners of the Company	**(823,010)**	(93,608)
Total comprehensive expense attributable to non-controlling interests	**(337,401)**	(35,465)
Total comprehensive expense for the year	**(1,160,411)**	(129,073)
Net cash outflow from operating activities	**(21,307)**	(40,178)
Net cash outflow from investing activities	**(26,700)**	(132,683)
Net cash inflow from financing activities	**–**	–
Net cash outflow	**(48,007)**	(172,861)

FINANCIAL SUMMARY OF THE COMPANY

A summary of the published results and of the assets, liabilities and minority interests of the Group for the last five financial years, as extracted from the audited financial statements, is set out below:

RESULTS

	Year ended 31 March				
	2010 HK$'000	2011 HK$'000 (restated)	2012 HK$'000	2013 HK$'000	**2014** **HK$'000**
Revenue					
Continuing operations	18,398	34,410	7,858	4,592	**4,156**
Discontinued operations	7,872	9,495	659	–	**–**
	26,270	43,905	8,517	4,592	**4,156**
(Loss) profit attributable to					
Owners of the Company	(14,404)	(21,359)	(217,812)	(150,196)	**(726,863)**
Non-controlling interests	2,216	(2,774)	130,428	22,932	**(296,716)**
	(12,188)	(24,133)	(87,384)	(127,264)	**(1,023,579)**

ASSETS AND LIABILITIES

	As at 31 March				
	2010 HK$'000	2011 HK$'000	2012 HK$'000	2013 HK$'000	**2014** **HK$'000**
Total assets	346,796	593,231	6,307,650	5,835,953	**4,561,119**
Total liabilities	4,513	60,286	572,300	415,759	**295,407**
Total equity	342,283	532,945	5,735,350	5,420,194	**4,265,712**

STATEMENT OF FINANCIAL POSITION OF THE COMPANY

At 31 March 2014

	2014 HK$'000	2013 HK$'000
Non-current assets		
Interests in subsidiaries	**3,544,460**	4,661,848
Amount due from an associate	**29,287**	29,287
	3,573,747	4,691,135
Current assets		
Amounts due from subsidiaries	**216,827**	138,005
Promissory notes	**–**	127,500
Other receivables	**–**	2,687
Cash and bank balances	**1,418**	1,637
	218,245	269,829
Current liabilities		
Other payables and accruals	**6,770**	5,048
Derivative financial liabilities	**23,640**	40,985
Gross liabilities on put options	**256,771**	363,759
	287,181	409,792
Net current liabilities	**(68,936)**	(139,963)
Total assets less current liabilities	**3,504,811**	4,551,172
Capital and reserves		
Share capital	**121,799**	121,799
Reserves	**3,383,012**	4,429,373
Total equity	**3,504,811**	4,551,172

RESERVES OF THE COMPANY

	Share premium HK$'000	Capital reserve HK$'000	Other reserve HK$'000	Contributed surplus HK$'000	Warrant reserve HK$'000	Share option reserve HK$'000	Retained Profit HK$'000	Total HK$'000
At 1 April 2012	4,758,396	(800)	(519,865)	147,828	14,216	1,750	186,818	4,588,343
Loss for the year	–	–	–	–	–	–	(158,970)	(158,970)
Transfer upon lapse share options	–	–	–	–	–	(135)	135	–
At 31 March 2013	4,758,396	(800)	(519,865)	147,828	14,216	1,615	27,983	4,429,373
Loss for the year	–	–	–	–	–	–	(1,046,361)	(1,046,361)
Transfer upon lapse of share options	–	–	–	–	–	(538)	538	–
At 31 March 2014	4,758,396	(800)	(519,865)	147,828	14,216	1,077	(1,017,840)	3,383,012