CRTG
China Resources and Transportation Group Ltd
中國資源交通集團有限公司

CHINA RESOURCES AND TRANSPORTATION GROUP LIMITED
中國資源交通集團有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 269

2015 ANNUAL REPORT

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Cao Zhong *(Chairman)*
Mr. Fung Tsun Pong *(Vice-Chairman)*
Mr. Duan Jingquan *(Chief Executive Officer)*
Mr. Tsang Kam Ching, David *(Finance Director)*
Mr. Gao Zhiping

Non-executive Director

Mr. Suo Suo Stephen *(appointed on 2 July 2014)*

Independent Non-executive Directors

Mr. Yip Tak On
Mr. Jing Baoli
Mr. Bao Liang Ming

Audit Committee

Mr. Yip Tak On *(Chairman)*
Mr. Jing Baoli
Mr. Bao Liang Ming

Remuneration Committee

Mr. Yip Tak On *(Chairman)*
Mr. Jing Baoli
Mr. Bao Liang Ming
Mr. Cao Zhong

Nomination Committee

Mr. Cao Zhong *(Chairman)*
Mr. Yip Tak On
Mr. Jing Baoli
Mr. Bao Liang Ming

COMPANY SECRETARY

Miss Ngan Wai Kam, Sharon

AUDITOR

BDO Limited

LEGAL ADVISOR

Sidley Austin
Louis K.Y. Pau & Company

PRINCIPAL BANKERS

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

REGISTERED OFFICE

Sterling Trust (Cayman) Limited
Caledonian House
69 Dr. Roy's Drive
P.O. Box 1043
Grand Cayman
KY1-1102
Cayman Islands

PRINCIPAL PLACE OF BUSINESS

Room 1801-07, 18/F
China Resources Building
26 Harbour Road
Wanchai
Hong Kong

SHARE REGISTRARS & TRANSFER OFFICE

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

STOCK CODE AT HONG KONG STOCK EXCHANGE

269

CONTACT DETAILS

Telephone no.: (852) 3176 7100
Facsimile no.: (852) 3176 7122

COMPANY WEBSITE

http://www.crtg.com.hk

STATEMENT OF CHAIRMAN

To all shareholders,

On behalf of the board of directors (the "Board") of China Resources and Transportation Group Limited 中國資源交通集團有限公司 (the "Company"), I am delighted to present the Annual Report 2015 and the audited financial statements of the Company and its subsidiaries (together the "Group") for the year ended 31 March 2015.

BUSINESS REVIEW

For the year ended 31 March 2015, the Group was principally engaged in expressway operations, trading and storage of petroleum and related products, compressed natural gas ("CNG") gas stations operations and timber operations. The Group's turnover was mainly derived from expressway operations and the trading and storage of petroleum and related products. During the year, the Group prudently expanded its petroleum and related products business, which includes the trading and storage of petroleum and related products and operation of CNG gas stations.

Operation of Zhunxing Expressway

For the year ended 31 March 2015, the Company's turnover is partly contributed by toll income from the 265-kilometre heavy-haul toll expressway ("Zhunxing Expressway") operated by Inner Mongolia Zhunxing Heavy Haul Expressway Company Limited (內蒙古准興重載高速公路有限責任公司) ("Zhunxing") which is indirectly held as to 86.87% by the Company.

For the year ended 31 March 2015, Zhunxing Expressway recorded an accumulated toll income of approximately RMB719 million (approximately HK$906 million), i.e. an average daily toll income of approximately RMB2.0 million (approximately HK$2.5 million) and an average daily traffic volume of approximately 5,000 vehicles (for the year ended 31 March 2014, was approximately RMB2.1 million (approximately HK$2.5 million) and the average daily traffic volume was approximately 4,000 vehicles). Upon traffic opening and commencement of toll collection of Zhunxing Expressway on 21 November 2013, the Group actively introduced measures and promotions to build client base, resulting in steady rise of the average daily traffic volume of Zhunxing Expressway. Yet, the growth of both traffic volume and toll income of Zhunxing Expressway was affected by the following factors during the year:

(1) The remaining sluggish coal market in China and the drop of price and demand has lessened the number and loading of coal transport vehicles;

(2) The interconnection with Beijing-Tibet Highway ("G6") and Er-Guang Expressway ("G55") has not yet been implemented;

(3) The opening of part of the Beijing–Lhasa Expressway ("G109") during the year has diverted some coal transport vehicles travelling to Hebei to run on G109, instead of using Zhunxing Expressway; and

(4) The auxiliary facilities of some service areas and major petrol and gas stations were not in operation, which caused inconvenience to some users of Zhunxing Expressway.

BUSINESS REVIEW *(Continued)*

Petroleum and Related Products Business

In March 2014, the Group commenced its operation on energy and chemical related business through its wholly owned subsidiary, Shenzhenshi Qianhai Zitong Energy Company Limited (深圳市前海資通能源有限公司) ("Zitong Energy"). Zitong Energy is the Group's intermediary holding company focusing on the overall development of the petroleum and related products business sector. By the efforts made over last year, the Group has preliminarily formed three ancillary business sectors, namely (1) the traditional energy business sector based on refined petroleum trading, (2) the clean energy business sector based on contemporary coal chemicals, and (3) the new energy business sector based on liquefied natural gas ("LNG"), CNG and charging pile for vehicles.

(1) Refined Petroleum Trading business:

Zitong Energy has achieved satisfactory progress on building of business platform for refined petroleum trading as well as expansion of business channels and market shares. During the year, Zitong Energy completed the merger, acquisition and reorganization in respect of 70% equity interest in Zhanjiang Dapeng Petrochemical Company Limited (湛江大鵬石化有限公司) ("Dapeng"); 65% equity interest in Guangdong Jinjing Energy Company Limited (廣東金晶能源股份有限公司) ("Jinjing") and 30% equity interest in Huizhoushi Dayawan Zhongyou Development Company Ltd. (惠州市大亞灣中油實業發展有限公司). So far, Zitong Energy has become the supplier of 14 provincial sales companies of the products of PetroChina Company Limited and Sinopec Corp. Its trading channels and market shares have been expanding rapidly and it has achieved a preliminarily annual sales capability of 1 million to 1.5 million tons of refined petroleum.

During the year, the international crude oil market has been particularly challenging due to significant accumulated decrease in the price of the international crude petroleum and weakened demand of the domestic refined petroleum market. Nevertheless, Zitong Energy stood up against market challenges and rapidly expanded its channels for the wholesale of refined petroleum, thus achieved rapid business growth. In the year, Zitong Energy, Dapeng and Jinjing recorded sales of petroleum products of approximately 636,000 tons in total, whereas revenue from principal business and the sales gross margin were approximately HK$4,085 million and HK$101 million respectively (2014: the sales of petroleum products was approximately 15,000 tons, revenue from principal business was approximately HK$117 million and the sales gross margin was approximately HK$0.4 million).

(2) Clean Energy Business:

In December 2014, Shenzhenshi Qianhai Zitong Clean Energy Company Limited (深圳市前海資通清潔能源有限公司) ("Zitong Clean Energy") was established by Zitong Energy and Shenzhenshi Qianhai Zhongshun Petrochemical Trading Company Ltd. (深圳市前海中順石化貿易有限公司). Through Zitong Energy, the Group holds 85% equity interest in Zitong Clean Energy. Zitong Clean Energy is principally engaged in the cooperation project with CNOOC Oil & Petrochemicals Company Limited (中海石油煉化有限責任公司) ("CNOOC Petrochemicals") in relation to the partial oxidation ("POX") coal-to-hydrogen plant under the Huizhou petrochemicals phase II project (the "Huizhou Petrochemicals II POX Coal-To-Hydrogen Project"). By leveraging on the advanced domestic and international technologies, such project utilizes coal and oxygen as raw materials to produce 150,000 tons per year of hydrogen and 117,300 tons per year of oxo-synthesis gas for use in oil refinery and ethylene projects. Currently, Zitong Clean Energy has built a team of technical experts in the coal-to-hydrogen field and has signed a letter of intent with CNOOC Petrochemicals in respect of the cooperation in January 2015.

BUSINESS REVIEW *(Continued)*

Petroleum and Related Products Business *(Continued)*

(3) New Energy Business:

In October 2014, Zitong Energy acquired the entire equity interests in Sichuan Leshan Zhongshun Oil and Gas Company Limited (四川樂山中順油氣有限公司) ("Leshan Zhongshun") which owned two petrol and gas stations located at Sichuan of the People's Republic of China (the "PRC"). The acquisition represented due commencement of the natural gas dispensing business of the Group for business vehicles. In January 2015, one of the gas dispensing stations of Leshan Zhongshun started operation and realized sales of HK$2.1 million for the year ended 31 March 2015. It is expected that the operation of the second natural gas dispensing station will be inaugurated in the second half of 2015.

Timber Operations

With an aim to focus its resources and manpower on expressway operations and petroleum and related products business of the Group, the Company will continue to look for opportunity to dispose its forestry related businesses.

FINANCIAL REVIEW

For the year ended 31 March 2015, the Group recorded a turnover of approximately HK$5,016.55 million (2014: HK$8,585.72 million) which is recognized under three reportable segments under the continuing operations of the Group, namely expressway operations, petroleum and related products business and timber operations, contributing approximately HK$905.79 million (18.06%), HK$4,093.69 million (81.60%) and HK$17.07 million (0.34%) (2014: HK$8,456.30 million (97.55%), HK$117.09 million (1.35%) and HK$12.32 million (0.14%)) respectively to the Group's consolidated turnover.

Turnovers from the new core businesses, i.e. HK$905.79 million toll income from expressway operations (2014: HK$307.67 million) and HK$4,091.58 million income from trading of petroleum and related products (2014: HK$117.09 million), constituted the main streams of the Group's revenue for the year ended 31 March 2015. However, due to the fact that there were no longer any construction revenue in respect of service concession arrangement being recognized during the year, i.e. HK$Nil (2014: HK$8,148.64 million), as a result of the traffic opening and commencement of toll collection by Zhunxing on 21 November 2013, the overall turnover of the Group declined by 42% as compared to the previous financial year. As the construction revenue in respect of service concession arrangement is non-cash in nature, the Board is of the view that it does not have any impact on the profitability of the Group.

During the year, the Group recorded a 9.6% rise in gross profit amounted to approximately HK$200.53 million (2014: HK$182.96 million) under continuing operations. The overall gross profit margin of the Group was about 4.0% (2014: 2.3%). Cost of sales under continuing operations for the year was approximately HK$4,816.02 million (2014: HK$8,402.75 million) which was primarily driven by the cost of sales of petroleum and related products amounted to HK$3,983.39 million (2014: HK$116.68 million), the amortization of the concession intangible asset of approximately HK$617.14 million (2014: HK$205.71 million) upon the commencement of toll collection of Zhunxing Expressway and the depreciation of fixed assets arising from expressway operations amounted to HK$92.19 million (2014: HK$27.88 million). No construction cost in respect of service concession arrangement was recognized after the construction phase of Zhunxing Expressway (2014: HK$8,026.88 million) and thereby resulting in a 43% reduction in cost of sales during the year.

FINANCIAL REVIEW *(Continued)*

For the year ended 31 March 2015, the Group recorded an increased positive EBITDA (defined as earnings before interest, tax, depreciation, amortization and non-cash changes in values of assets and liabilities) amounted to approximately HK$740.53 million compared to the EBITDA of approximately HK$159.87 million for the last financial year. The substantial increase in EBITDA was primarily driven by the toll income arising from expressway operations and the revenue from trading of petroleum and related product as discussed above. During the year, positive EBIT (defined as earnings before interest and tax) amounted to HK$61.08 million (2014: HK$60.56 million) and HK$33.41 million (2014: a negative EBIT of HK$0.02 million) were recorded for the expressway operations segment and the petroleum and related products business segment respectively, whereas a negative EBIT of HK$194.21 million (2014: HK$108.67 million) was recorded for timber operations segment. Detailed segment turnover and contribution to loss before tax expense of the Group are shown in Note 6 to the financial statements.

The loss before income tax credit from continuing operations was approximately HK$1,887.57 million (2014: HK$714.04 million) and net loss from continuing and discontinued operations was approximately HK$1,885.25 million (2014: HK$631.65 million) for the year ended 31 March 2015. The substantial increase in net loss was mainly attributable to the significant increase in finance costs arising from bank borrowings and convertible bonds issued by the Company (collectively the "Specific Borrowings") to finance the construction of Zhunxing Expressway. During the construction phase of Zhunxing Expressway, all finance costs arising from these Specific Borrowings were capitalized to the Group's concession intangible asset. Upon the traffic opening and commencement of toll collection of Zhunxing Expressway on 21 November 2013, the Group ceased capitalizing such finance costs and recognized them directly in the Group's consolidated income statement pursuant to HKAS 23, Borrowing Costs. The finance costs of approximately HK$1,748.75 million incurred for the year was entirely charged to the Group's consolidated income statement, whereas for the finance costs of approximately HK$1,580.19 million of the last financial year, HK$648.57 million was charged to the Group's consolidated income statement and HK$931.62 million was capitalized to the Group's concession intangible asset. Besides, the increase in net loss was also driven by the loss of HK$105.44 million (2014: a gain of HK$54.26 million) incurred on settling the debt component of old convertible bonds when new convertible bonds were issued during the year.

The loss attributable to owners of the Company from continuing and discontinued operations for the year was approximately HK$1,765.90 million (2014: HK$590.49 million). The basic and diluted loss per share attributable to owners of the Company from continuing and discontinued operations for the year was HK6.52 cents as compared with HK2.19 cents for the last corresponding year.

For the purpose of estimating the fair value of the Group's biological assets in the PRC and any impairment on the forest concession rights in Guyana as at 31 March 2015, independent valuations were performed by LCH (Asia-Pacific) Surveyors Limited (the "Valuer"), a firm of qualified professional surveyors and international valuation consultants with over 20 years of valuation experience. The Board is satisfied that the Valuer is independent and competent to conduct the valuations. As at 31 March 2015, the Group has recorded a gain on the change in fair value less costs to sell of biological assets amounted to approximately HK$3.09 million (2014: a loss of HK$5.47 million) and impairment losses of HK$112.57 million (2014: HK$55.30 million) and HK$32.30 million (2014: HK$Nil) in respect of forest concession rights and vessels included in property, plant and equipment respectively. Further details on the qualifications of the Valuer, valuation methodology and assumptions, material input used in the valuations and sensitivity analysis in relation to the valuation of the biological assets and forest concession rights are set out in Notes 21 and 22 to the financial statements.

LIQUIDITY REVIEW

As at 31 March 2015, the Group's net assets amounted to approximately HK$3,123.02 million (2014: HK$5,110.88 million), representing a decrease of 39%. The current assets of the Group decreased by about 44% from HK$2,289.10 million to HK$1,282.05 million, primarily contributed by reduced cash and cash equivalents to approximately HK$298.46 million (2014: HK$1,702.51 million) mainly arising from the interest payment of HK$1,459.12 million for bank loans and convertible bonds, newly pledged deposits and restricted cash of approximately HK$134.04 million (2014: HK$Nil), reduced amounts due from associates to approximately HK$116.16 million (2014: HK$185.22 million), increased inventories to approximately HK$288.86 million (2014: HK$123.33 million) and increased trade and other receivables to approximately HK$351.57 million (2014: HK$198.10 million). The significant increase in inventories and trade and other receivables during the year was primarily due to finished goods of approximately HK$166.78 million, the trade and other receivables amounted to approximately HK$207.54 million and prepayments of approximately HK$47.18 million arising from the petroleum and related products business sector.

During the year, the Group's current liabilities amounted to approximately HK$6,984.09 million (2014: HK$6,546.03 million) were basically contributed by reduced borrowings to approximately HK$1,865.88 million (2014: HK$2,635.52 million), reduced trade and other payables to approximately HK$2,183.23 million (2014: HK$2,876.34 million) primarily due to reduced construction cost payable of HK$1,647.98 million (2014: HK$2,287.34 million), and increased convertible bonds to approximately HK$2,630.10 million (2014: HK$731.23 million). The convertible bonds classified under current liabilities as at 31 March 2015 mainly represented the outstanding HK$1,592 million of convertible bonds maturing on 3 September 2015 and the HK$992 million of convertible bonds maturing on 10 February 2016.

As at 31 March 2015, the Group's outstanding borrowings, mainly dominated in RMB, amounted to approximately HK$13,600.59 million (2014: HK$12,400.38 million), of which about 14% were repayable within one year. Approximately HK$11,153.16 million (2014: HK$8,795.92 million) of the Group's borrowings were charged with floating rates whereas HK$2,447.43 million (2014: HK$3,604.46 million) of the Group's borrowings bore interest at fixed rates. The effective interest rate of the floating-rate borrowings and the fixed-rate borrowings were 6.88% and 8.40% per annum (2014: 6.88% and 8.83% per annum) respectively.

As expressway operation is a capital intensive industry, approximately 92.5% of the Group's outstanding borrowings amounted to RMB9,945.45 million (approximately HK$12,576.32 million), were obtained and drawn down primarily for the construction of Zhunxing Expressway as at 31 March 2015. The syndicated loan facilities of RMB8,895.45 million (approximately HK$11,248.56 million) granted by several PRC banks in December 2012, including short term loans of RMB108.55 million (approximately HK$137.26 million) and long term loans of RMB8,786.90 million (approximately HK$11,111.30 million), were secured by pledged deposits of RMB106 million (approximately HK$134.04 million) and Zhunxing's receivables of toll income. In addition, short term loans of RMB557 million (approximately HK$704.34 million) and long term loans of RMB493 million (approximately HK$623.41 million) were obtained and drawn down by Zhunxing from several authorized financial institutions in the PRC, in which approximately RMB500 million (approximately HK$632.27 million) were secured by certain Zhunxing's investments. The short term loan of RMB100 million (approximately HK$126.45 million) drawn down from the Hohhot Branch of China Merchants Bank was guaranteed by the Company.

On the other hand, about 7.5% of the Group's outstanding borrowings amounted to RMB810 million (approximately HK$1,024.27 million), all repayable within one year, were obtained and drawn down from several authorized financial institutions in the PRC to finance the petroleum and related products business. Amongst the aforesaid loans, RMB470 million (approximately HK$594.33 million) was secured by Dapeng's certain fixed asset and investment property with the aggregate carrying amount of approximately HK$187.2 million as at 31 March 2015.

Detailed borrowings of the Group are set out in Note 36 to the financial statements.

The gearing ratio of the Group, measured as total liabilities to total assets, was 87.0% (2014: 79.7%).

LIQUIDITY REVIEW *(Continued)*

During the year, the Group suffered a loss of HK$1,885.25 million and had a net operating cash outflow of HK$431.18 million and as at 31 March 2015, the Group's current liabilities exceeded its current assets by approximately HK$5,702.04 million. These conditions indicate the existence of a material uncertainty which may cast doubt on the Group's ability to continue as a going concern and therefore, the Group may not be able to realize its assets and discharge its liabilities in the normal course of business. However, having considered the measures set out in Note 3(b) to the financial statements and a cash flow forecast of the Group for the 18 months period ending 30 September 2016, the Board is of the view that the Group will have sufficient working capital to meet its financial obligations as and when they fall due in the next eighteen months from 31 March 2015.

The Group's capital commitments outstanding as at 31 March 2015 dropped 87% to approximately HK$60.23 million (2014: HK$456.27 million), representing the capital expenditure arising from the acquisition of property, plant and equipment under the expressway operations sector during the year. The Group had no further capital commitment on the investment on concession intangible asset under the expressway operation business during the financial year since the construction of Zhunxing Expressway has been completed (2014: HK$314.71 million). All construction costs payable were recognized in the accounts and no further construction contracts were signed or authorized.

The Group's business operations, assets and liabilities are denominated mainly in Hong Kong dollars, Renminbi and US dollars, thus appreciation in Renminbi has resulted in a net exchange gain. Save as aforesaid, the Board considered foreign exchange risk being minimal. The management will review from time to time of the potential foreign exchange exposure and will take appropriate measures to minimise the risk of foreign exchange exposure in the future.

The Group did not use any financial instruments for hedging purposes and did not have foreign currency investments being hedged by foreign currency borrowings and other hedging instruments.

Details of the Group's financial risk management are set out in Note 49 to the financial statements.

MATERIAL EVENTS

Issue of the 2017 Convertible Bonds

On 27 September 2014, the Company as issuer and China Life Insurance (Overseas) Company Limited ("China Life") as subscriber entered into a convertible bond subscription agreement for the issue of convertible bonds in the principal amount of HK$600 million with an interest rate of 9% per annum to be due on the date falling on the third anniversary of the issue date (the "2017 Convertible Bonds"). The 2017 Convertible Bonds were issued on 3 October 2014 under the general mandate granted to the directors of the Company on 28 August 2014.

The 2017 Convertible Bonds shall be convertible at HK$0.40 (subject to the normal adjustments) per new share of the Company at any time during the period commencing from the date of issuance till maturity and therefore will be convertible into a total of 1,500 million new shares with a nominal value of approximately HK$15 million and a market value of approximately HK$382.5 million based on the closing price of the shares of HK$0.255 on 26 September 2014, being the last trading day prior to the date of the subscription agreement.

The total net proceeds from the issue of the 2017 Convertible bonds was approximately HK$600 million, and has been applied to refinance the HK$600 million 9% convertible bonds due 2014 issued to China Life maturing on 29 September 2014 without cash settlement. On 10 February 2015, China Life surrendered the 2017 Convertible Bonds as part of the subscription price for the HK$700 million convertible bonds due 2018 issued by the Company, further details of which are set out in the next section headed "Issue of the 2016 and 2018 Convertible Bonds".

MATERIAL EVENTS *(Continued)*

Issue of the 2016 and 2018 Convertible Bonds

On 28 November 2014 the Company entered into convertible bonds subscription agreements with several subscribers, pursuant to which the Company issue an aggregate amount of HK$3,192 million (the "Total Subscription Price") convertible bonds (the "2016 and 2018 Convertible Bonds"). The Company intended to reschedule the existing convertible bonds due variously in 2015, 2016 and 2017 so that the convertible bond subscribers may be incentivized to convert all or part of the convertible bonds, and to better align the repayment schedule of the convertible bonds with the Company's cash flow position and repayment capabilities. The 2016 and 2018 Convertible Bonds are convertible into shares of the company at HK$0.20 each and bear interest of 9% per annum. Details of the 2016 and 2018 Convertible Bonds issued on 10 February 2015 are set out below:

2016 and 2018 Convertible Bondholders	Principal amount	Maturity date	Conversion shares	Net proceeds	Actual use of proceeds as at 31 March 2015
China Life Insurance (Overseas) Company Limited ("China Life")	HK$700 million	10 February 2018	3,500,000,000	Approximately HK$700 million with HK$100 million in cash and approximately HK$600 million with no cash settlement.	Approximately HK$100 million has been applied to repay borrowings and accrued interests. Net proceeds of HK$600 million was set-off against the HK$600 million 2017 Convertible Bonds issued to China Life on 3 October 2014.
	HK$800 million	10 February 2016	4,000,000,000	Approximately HK$800 million without cash settlement.	The net proceeds of HK$800 million was set-off against the HK$800 million 9% convertible bonds due 2015 issued to China Life, which would mature on 3 September 2015.
VMS Private Investment Partners III Limited ("VMS")	HK$160 million	10 February 2016	800,000,000	Approximately HK$160 million without cash settlement.	The net proceeds of HK$160 million was set-off against the HK$160 million 9% convertible bonds due 2015 issued to VMS, which would mature on 3 September 2015.

MATERIAL EVENTS *(Continued)*

Issue of the 2016 and 2018 Convertible Bonds *(Continued)*

2016 and 2018 Convertible Bondholders	Principal amount	Maturity date	Conversion shares	Net proceeds	Actual use of proceeds as at 31 March 2015
Cross-Strait Capital Limited ("Cross-Strait")	HK$32 million	10 February 2016	160,000,000	Approximately HK$32 million without cash settlement.	The net proceeds of HK$32 million was set-off against the HK$32 million 9% convertible bonds due 2015 issued to Cross-Strait, which would mature on 3 September 2015.
Strait Capital Service Limited ("Strait Capital")	HK$800 million	24 October 2016	4,000,000,000	Approximately HK$800 million without cash settlement.	The net proceeds of HK$800 million was set-off against the HK$800 million 9% convertible bonds due 2016 issued to Strait Capital on 26 November 2013 and 28 November 2013.
Strait CRTG Fund, L.P. ("Strait Fund")	HK$700 million	24 October 2016	3,500,000,000	Approximately HK$700 million without cash settlement.	The net proceeds of HK$700 million was set-off against the HK$700 million 9% convertible bonds due 2016 issued to Strait Fund on 22 October 2013.

Assuming full conversion of the 2016 and 2018 Convertible Bonds, 15,960,000,000 conversion shares will be allotted and issued pursuant to the specific mandate granted by the shareholders to the Directors in the extraordinary general meeting of the Company held on 28 January 2015. The conversion shares have a nominal value of HK$159.6 million and a market value of approximately HK$2,856.8 million based on the closing price of HK$0.179 on 28 November 2014, being the date of the subscription agreements.

The Total Subscription Price was satisfied by (i) setting-off against HK$3,092 million of the total principal amount of (a) part of the convertible bonds to be due in 2015, (b) all convertible bonds to be due in 2016, and (c) all the 2017 Convertible Bonds; and (ii) HK$100 million in cash. The net proceeds of HK$100 million has been applied to repay borrowings and accrued interests.

For details of the issue of the 2016 and 2018 Convertible Bonds, please refer to the announcement of the Company dated 28 November 2014 and the circular of the Company dated 9 January 2015.

Adjustment to the Conversion Price of the 2015 Convertible Bonds

As the conversion price of the 2016 and 2018 Convertible Bonds is HK$0.20 per share, pursuant to the terms and conditions (the "CB Terms and Conditions") of the subscription agreements dated 14 June 2013 entered into between the Company and each of the subscribers of the convertible bonds in aggregate principal amount of HK$2,584 million to be due in 2015 (the "2015 Convertible Bonds"), if the conversion price of the 2016 and 2018 Convertible Bonds is less than 90% of the current market price per share on 27 November 2014, being the last trading day preceding the date of the announcement for the issue of the 2016 and 2018 Convertible Bonds, the conversion price per share of the 2015 Convertible Bonds shall be adjusted according to the CB Terms and Conditions from HK$0.32 to HK$0.30 effective from 10 February 2015, being the date of issue of the 2016 and 2018 Convertible Bonds (the "Adjustment").

MATERIAL EVENTS *(Continued)*

Adjustment to the Conversion Price of the 2015 Convertible Bonds *(Continued)*

The Adjustment is only applicable to part of the 2015 Convertible Bonds in the amount of HK$1,592 million which are not set off by the 2016 and 2018 Convertible Bonds. The Adjustment is not applicable to convertible bonds which were issued before 10 February 2015 and were set off by the 2016 and 2018 Convertible Bonds. Following the Adjustment, the number of conversion shares issuable by the Company upon full conversion of the remaining 2015 Convertible Bonds was increased by 331,666,666 shares and the maximum number of conversion shares to be issued by the Company upon full conversion of the remaining 2015 Convertible Bonds has become 5,306,666,666 shares. Such conversion shares will be issued and allotted pursuant to the specific mandate granted by the shareholders to the Directors in the extraordinary general meeting of the Company held on 26 August 2013.

The Company's auditor, BDO Limited, had performed certain factual finding procedures on the Adjustment in accordance with Hong Kong Standard on Related Services 4400 "Engagements to Perform Agreed-Upon Procedures Regarding Financial Information" issued by the Hong Kong Institute of Certified Public Accountants. The auditor had issued a report of factual findings to the Board stating that the computation of the Adjustment is mathematically accurate and is in compliance with the CB Terms and Conditions. Apart from the Adjustment, there is no change in the CB Terms and Conditions.

Increase in Authorised Share Capital

The authorised share capital of the Company was increased from HK$500,000,000, divided into 50,000,000,000 shares of HK$0.01 each to HK$700,000,000 divided into 70,000,000,000 shares of HK$0.01 each by the creation of additional 20,000,000,000 new shares on 28 January 2015 in order to facilitate the issue of the conversion shares upon full conversion of the convertible bonds issued by the Company.

PROSPECTS

The Board has been striving to look out for opportunities to enhance the competitive edge of Zhunxing Expressway and proactively push forward the expansion on the petroleum and related products business to achieve sustainable growth of the Group and maximize the benefits of the shareholders as a whole:

Operation of Zhunxing Expressway

In order to improve both the traffic volume and toll income of Zhunxing Expressway, the Group is actively implementing the following measures to promote and attract more coal transport vehicles to use Zhunxing Expressway on a regular basis:

(1) active promotion and marketing strategy to reduce the impact of sluggish coal market in the PRC as well as to maintain and raise the number and the loading of the coal vehicles of using Zhunxing Expressway. These include the offer of discounts to long distance heavy-haul vehicles and implementation of bonus card policy for major customers which helps to develop a stable customer base. In addition, the Group by taking advantage of the tunnel-free Zhunxing Expressway, is planning to carry out incentive measures to attract hazardous chemicals vehicles going from Baotou to the east;

(2) facilitating the interconnection with Beijing-Tibet Highway (京藏高速公路) ("G6") and Er-Guang Expressway (二廣高速公路) ("G55"). Interconnection with G6 and G55 has commenced in mid of June 2015. Prior to the interconnection with G6 and G55, light-haul vehicles traveling from east to west and heavy-haul vehicles traveling from west to east have to make a detour between the coal areas and the destination. After interconnecting with G6 and G55, vehicles running on Zhunxing Expressway are expected to enjoy a considerable saving on traveling cost and time, thereby increasing the traffic volume and toll income of Zhunxing Expressway;

PROSPECTS *(Continued)*

Operation of Zhunxing Expressway *(Continued)*

(3) enhancing the coordination of toll collection network with nearby expressways by participating in the Electronic Toll Collection System of Inner Mongolia Autonomous Region, such that coal vehicles can pay the toll by using Electronic Toll Collection cards ("ETC Card"). The use of ETC Card is expected to enhance the efficiency and reduce the operating costs of Zhunxing Expressway;

(4) completing and perfecting auxiliary facilities of service areas and major petrol and gas stations – the construction of service areas and petrol and gas stations in the neighborhood of the Zhunxing Expressway was completed this year. These auxiliary facilities will come into operation after obtaining approvals from relevant government authorities. It is expected that such services areas and petrol and gas stations will provide supplementary services and convenience to road users, such as petrol and gas dispensing, maintenance services, and supply of oil, food, beverages and other necessities;

(5) to expedite the construction of logistics bases at both ends of the Zhunxing Expressway – with the opening and establishment of Qingshuihe Logistics Base to the west and Miaoliang Logistics Base to the east of the Zhunxing Expressway, a linear transport model of two points and one line will commence. These logistics bases are still under expansion and are expected to attract a steady growth of coal transport vehicles running on Zhunxing Expressway.

This year is the first full financial year after the official opening of the Zhunxing Expressway. Based on the experience of other expressway operators, an expressway usually needs to undergo an incubation stage of two to three years after opening. With the implementation of the above measures, the Board expects that the average daily toll income and average daily traffic volume of the Zhunxing Expressway will increase steadily, and thus it is full of confidence in the business prospects of the Zhunxing Expressway.

Petroleum and Related Products Business

Zitong Energy undertook upgrade and transformation of the petroleum depot of Dapeng in Zhanjiang of the PRC and the petroleum delivery device for vehicles at the petroleum depot. This has considerably enhanced the market competitiveness and liquidity of Dapeng's petroleum depot. The upgraded petroleum depot of Dapeng has commenced operation in February 2015 and is expected to record a refined petroleum storage capacity of 700,000 tons for the year 2015.

Looking forward, Zitong Energy will endeavour to further consolidate and expand the sources of resources, continue to optimize the client base and improve tracking services by providing tailor-made service to client. At the same time, the Company by employing system formulation, design of business flows and comprehensive risk controls will strengthen the operational management level, control the operating costs strictly and strive to increase gross profit per ton of petroleum, thus realizing the operational objectives of the Company.

In addition, Zitong Clean Energy will focus on technological coordination and business negotiation for the Huizhou Petrochemicals II POX Coal-To-Hydrogen Project and actively facilitate the forming of the related joint venture. It will also take proactive approach in the preliminary works including optimization of technologies, selection of equipment and construction. Besides, Zitong Clean Energy will also deploy further effort in the study of the coal chemical industry so as to explore a larger room for development.

PROSPECTS *(Continued)*

Electric Vehicle Charging and CNG/LNG Dispensing stations

The Company entered into cooperative framework agreements with PetroChina Guangdong Marketing Company ("PetroChina Guangdong") and PetroChina Henan Marketing Company ("PetroChina Henan") on 28 August 2014 and 18 September 2014 respectively (the "Framework Agreements"), under which the Company has obtained first right for the installation and operation of electric vehicle charging and CNG and/or LNG dispensing stations in over 1,940 gas stations owned by PetroChina in Guangdong and Henan provinces. The framework agreements permit the Company to select locations for and construct such charging and dispensing stations in batches, and thereby obtain the right to operate them, and the revenue sharing arrangement will be determined with PetroChina Guangdong and PetroChina Henan in accordance with the situation of each individual charging or dispensing station. The relevant arrangements will be valid for not more than 20 years from the date of the Framework Agreements.

Building on the Framework Agreements, Zitong Energy formed a wholly-owned company, Shenzhenshi Qianhai Zitong New Energy Company Limited (深圳市前海資通新能源有限公司) ("Zitong New Energy") at the end of 2014. Zitong New Energy will be responsible for the implementation of the cooperative framework agreements, site selection of the relevant projects and upgrade and transformation of the respective PetroChina gas stations. Up till now, Zitong New Energy has initially completed the project preliminary approval procedures for the transformation of 7 PetroChina gas stations at Huizhou, Guangdong Province of the PRC with new gas dispensing capability added. The relevant cooperation and construction works will be carried out soon.

In the coming financial year, Zitong New Energy will further expedite the transformation progress of the PetroChina gas stations in Guangdong Province and, leveraging on such experience, reinforce the cooperation with enterprises engaging in pipeline gas resources, CNG and LNG. It is aimed at achieving effective provision of resources to the market and thereby realizing the strategic development objective of the Group.

ACKNOWLEDGEMENTS

I wish to take this opportunity to extend my appreciation and gratitude to all shareholders for their continual support and to thank my fellow Directors and colleagues for their tremendous energy, dedication and hard work in the past year.

Mr. Cao Zhong
Chairman

Hong Kong, 19 June 2015

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

PRINCIPAL ACTIVITIES

During the year under review, the Company was principally engaged in investment holding.

The activities of the Company's subsidiaries as at 31 March 2015 are set out in Note 47 to the financial statements. During the year under review, the Group was principally engaged in expressway operations, trading and storage of petroleum and related products, compressed natural gas ("CNG") gas stations operations and timber operations.

SEGMENT INFORMATION

Details of the segment information are set out in Note 6 to the financial statements.

RESULTS AND DIVIDENDS

The results of the Group are set out in the consolidated income statement on page 36 of this Annual Report and in the accompanying notes to the financial statements.

The Directors do not recommend any payment of final dividend for the year ended 31 March 2015 (2014: HK$Nil).

SHARE PREMIUM AND RESERVES

Movements in the share premium and reserves of the Group and the Company during the year are set out on pages 41 to 44 of this Annual Report.

PROPERTY, PLANT AND EQUIPMENT

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

PROPERTIES

Particulars of properties of the Group as at 31 March 2015 are set out on page 150 of this Annual Report.

SUBSIDIARIES

Particulars of the principal subsidiaries of the Group as at 31 March 2015 are set out in Note 47 to the financial statements.

CHARGES ON ASSETS

As at 31 March 2015, the Group has pledged the following assets to secure part of the Group's borrowings:

i) Zhunxing's equity interests in Guo Kai Rui Ming (Beijing) Investment Fund Co., Limited (國開瑞明(北京)投資基金有限公司), Inner Mongolia Berun New Energy Company Limited (內蒙古博源新型能源有限公司) and Inner Mongolia Zhunxing Expressway Service Areas Management Company Limited (內蒙古准興高速服務區管理有限責任公司);

ii) Deposits of RMB106 million (approximately HK$134.04 million);

iii) Dapeng's petroleum storage tanks of 80,000m^3 located in Zhanjiang, the Guangdong Province of the People's Republic of China (the "PRC"), with a carrying amount of HK$62.93 million; and

iv) Dapeng's investment property located in Guangzhou, the Guangzhou Province of the PRC, with a carrying amount of HK$124.27 million.

CONTINGENT LIABILITIES

As at 31 March 2015, the Group did not have any material contingent liabilities.

BORROWINGS

Particulars of borrowings of the Group as at 31 March 2015 are set out in Note 36 to the financial statements.

SHARE CAPITAL

Details of the movements in the Company's share capital are set out in Note 39 to the financial statements.

CONVERTIBLE BONDS

There was no conversion of convertible bonds during the year. Details of convertible bonds of the Group are shown in Note 38 to the financial statements.

WARRANTS

No conditional warrants were exercised during the year. Details of conditional warrants of the Group are shown in Note 41 to the financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

The percentages of purchases and sales for the year attributable to the Group's major customers and suppliers are as follows:

Purchases	
– the largest supplier	31.0%
– five largest suppliers in aggregate	84.2%
Sales	
– the largest customer	34.3%
– five largest customers in aggregate	68.5%

The Group's five largest customers and suppliers are originated from the petroleum and related products business segment.

At no time during the year have the directors, their associates or any shareholder of the company (which to the knowledge of the directors owns more than 5% of the company's issued shares) had any interest in these major customers and suppliers.

RELATED PARTY TRANSACTIONS

The related party transactions in Note 46 to the financial statements have been disclosed in accordance with the Hong Kong Accounting Standard 24 "Related Party Disclosures" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and did not constitute connected transactions nor continuing connected transactions under the definition of Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Stock Exchange") ("Listing Rules").

FIVE YEAR FINANCIAL SUMMARY

A summary of the published results and of the assets and liabilities of the Group for the past five financial years, as extracted from the audited financial statements and reclassified as appropriate, is set out on page 149 herein. The summary does not form part of the financial statements.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Articles of Association, or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 March 2015, the Company repurchased a total of 165,200,000 ordinary shares of the Company on the Stock Exchange at an aggregate consideration (before expenses) of HK$52,686,500. All the repurchased shares were subsequently cancelled.

Particulars of the repurchases are as follows:

Month	Number of shares repurchased	Purchase price		Aggregate consideration (before expenses)
		Highest (HK$)	Lowest (HK$)	(HK$)
July 2014	36,000,000	0.325	0.320	11,545,000
August 2014	129,200,000	0.325	0.310	41,141,500
	165,200,000			52,686,500

The repurchases were made for the benefit of the Company and its shareholders as a whole with a view to enhancing the earnings per share of the Company.

Save as disclosed above, there were no purchases, sales or redemptions of the company's listed securities by the company or any of its subsidiaries during the year ended 31 March 2015.

DIRECTORS

The Directors of the Company during the year and up to the date of this Annual Report were:

Executive Directors:
Mr. Cao Zhong
Mr. Fung Tsun Pong
Mr. Duan Jingquan
Mr. Tsang Kam Ching, David
Mr. Gao Zhiping

Non-executive Director:
Mr. Suo Suo Stephen *(appointed on 2 July 2014)*

Independent Non-executive Directors:
Mr. Yip Tak On
Mr. Jing Baoli
Mr. Bao Liang Ming

DIRECTORS *(Continued)*

In accordance with Article 117 of the Company's Articles of Association, the Directors of the Company, including the executive and independent non-executive Directors, are subject to retirement by rotation and, being eligible, may offer themselves for re-election. Accordingly, Mr. Duan Jingquan, Mr. Jing Baoli ("Mr. Jing") and Mr. Bao Liang Ming shall retire at the forthcoming annual general meeting, and being eligible, shall offer themselves for re-election. Moreover, Mr. Jing has served the Company as an independent non-executive Director ("INED") for more than 9 years, thus the Company is also seeking approval from shareholders for his reappointment.

CONFIRMATION OF INDEPENDENCE

The Company has received annual confirmation from each of the INEDs as regards to their independence to the Company and considered that each of them is independent to the Company.

BIOGRAPHICAL DETAILS OF DIRECTORS

Executive Directors

Mr. Cao Zhong, aged 55, has been appointed as an executive Director and the chairman of the Board of the Company since 19 November 2010. Mr. Cao was graduated from Zhejiang University and the Graduate School of the Chinese Academy of Social Sciences with a bachelor degree in engineering and a master degree in economics, respectively. Since 1988, Mr. Cao had served various institutions such as the National Development and Reform Commission of China, Guangdong Province Huizhou Municipal People's Government, Beijing International Trust and Investment Company Limited, Shougang Corporation and the Development Research Centre of the State Council of China.

Mr. Cao is currently an executive director, chief executive officer and chairman of FDG Electric Vehicles Limited (Stock Code: 729), and an executive director and executive vice-chairman of CIAM Group Limited (Stock Code: 378), both being companies whose shares are listed on the Stock Exchange. From May 2010 to December 2012, Mr. Cao was a non-executive director and vice chairman of Shougang Concord International Enterprises Company Limited (Stock Code: 697), a company listed on the Stock Exchange. In addition, he was a non-executive director of Mount Gibson Iron Limited, a company listed on the Australian Securities Exchange (Stock Code: MGX), from December 2008 to February 2012.

Mr. Fung Tsun Pong, aged 55, has been appointed as an executive Director since 22 September 2004. Mr. Fung has over 20 years of experience in property development, logistics, investment banking and company management. Mr. Fung has held senior management positions in various companies incorporated in Hong Kong, British Virgin Islands and Samoa.

Mr. Duan Jingquan, aged 59, has been appointed as an executive Director and the chief executive officer of the Company since 7 November 2011. He was the managing director of the Accounting Society of China, a member of the Specialist Advisory Committee of the China Association of Actuaries, an adjunct professor of The Peking University HSBC Business School and a member of the Steering and Consultation Committee for Innovative Development of Shenzhen Insurance Industry. Mr. Duan graduated from Dongbei University of Finance and Economics (formerly known as Liaoning Institute of Finance and Economics) in 1982. He served the Ministry of Finance for around 20 years and assumed different positions, including as the chief officer of the Commerce Bureau of the Finance Department, the deputy head and the head of the Central Planning Office from 1982 to 1994, the deputy head of the Supervision Department from 1994 to 1998, the head of the Finance Supervision Department and the Supervision and Inspection Department from 1998 to 2002. Between 2002 and 2005, he was positioned as the deputy general manager of China Export and Credit Insurance Corporation.

BIOGRAPHICAL DETAILS OF DIRECTORS *(Continued)*

Executive Directors *(Continued)*

From 2005 to 2009, he was appointed as the secretary of the party committees, general manager and director of Mingsheng Life Insurance Company Limited. In August 2009, Mr. Duan joined Sino Life Insurance Company Limited ("Sino Life") and served as its general manager and director and he was then appointed as the vice chairman of Sino Life in October 2010. From October 2011 to April 2013, he took up the role as the Chairman of the Supervisory Committee of Sino Life. Mr. Duan was the major author of "Introduction to Financial and Political Supervision"《財政監督學概論》, his first treatise on finance and politic. He has been selected by China Insurance Journal as one of the"Top Ten Persons of 2009 in the Insurance Industry". Mr. Duan has over 20 years' experience in management of state agencies and enterprises. While he was with the Ministry of Finance, he developed and implemented various state finance management mechanisms which still exert significant influences nowadays. During his years with commercial enterprises, he pushed forward various reform programs, exercised assiduity at company management and operation, thus remarkably enhanced the performance of the enterprises.

Mr. Tsang Kam Ching, David, aged 58, has been appointed as an executive Director since 17 February 2004. Mr. Tsang has extensive financial management experience over the past 20 years which covers merchant banking, stock broking and corporate finance business. Mr. Tsang is also a fellow member of the Chartered Association of Certified Accountants in the United Kingdom and a member of the HKICPA.

Mr. Gao Zhiping, aged 53, has been appointed as an executive Director since 17 June 2013. Mr. Gao was graduated from China Europe International Business School (中歐國際工商學院) with a Master of Business Administration and is a Senior Economist certified by the State Grid Corporation of China (國家電網公司). He has received the awards of Distinctive Young Enterprise Management Personnel and Distinctive Pilot Project Construction Personnel of Henan Province. From 1979 to 1994, he served various departments in the local administrative office of Nanyang Prefecture in Henan as secretary of finance office as well as the chief officer of the finance office of Nanyang city government. From 1994 to 2009, he was positioned as the deputy general manager and the secretary of the party committees of Nanyang YaHeKou Electricity Company Limited (南陽鴨河口發電有限責任公司) and Nanyang Tianyi Power Generation Co., Ltd.(南陽天益發電有限責任公司), both being subsidiary of Henan Investment Group (河南投資集團). He also took up the post as the deputy general manager of Tianjin Hangfa (Jinji) Expressway Company Limited (天津航發(津薊)高速公路有限公司) and the chairman of the board of directors of Nan Yang WDX Expressway Construction Co., Ltd. (南陽宛達昕高速公路建設有限責任公司) in 2010. Since October 2010, he has been appointed as the general manager of Inner Mongolia Zhunxing Heavy Haul Expressway Company Limited (內蒙古准興重載高速公路有限責任公司) ("Zhunxing"), an indirect subsidiary of the Company, and has made great contribution to the management of Zhunxing and construction of the expressway of Zhunxing.

Non-executive Director

Mr. Suo Suo Stephen, aged 43, has been appointed as a non-executive Director since 2 July 2014. He is a Chartered Financial Analyst and an asset manager with over 18 years' experience in banking, private equity and asset management sectors. Mr. Suo received his Master in Business Administration from University of Rochester in the United States in March 2000. During the period from June 2011 to 2014, he was the Asia Head and Executive Director of EIG Global Energy Partners ("EIG"), a global private equity fund. Before joining EIG, Mr. Suo was a portfolio manager of Trust Company of the West from 2005 to 2011. From late 1999 to 2005, Mr. Suo worked for Fortis Capital Corp. in the United States and had served as Group Head of its United States Leveraged Finance team.

BIOGRAPHICAL DETAILS OF DIRECTORS *(Continued)*

Independent Non-executive Directors

Mr. Yip Tak On, aged 68, has been appointed as an INED since 22 September 2004. Mr. Yip is a fellow member of the Association of Chartered Certified Accountants, HKICPA, Taxation Institute of Hong Kong, and a full member of the Hong Kong Securities Institute. Mr. Yip has founded his own Certified Public Accountants firm for more than 20 years and he is the managing director of T. O. Yip & Co., Limited. Mr. Yip is the president of a charitable institution, the Neighborhood Advice-Action Council. Mr. Yip has not held directorships in other listed company in the last three years.

Mr. Jing Baoli, aged 50, has been appointed as an INED since 28 February 2006. Mr. Jing was graduated from Beijing University Law School with a Bachelor's degree in Laws in 1987 and acquired a Master's degree in Laws from Lanzhou University in 1997. After graduation from Beijing University, he was assigned to the High Court of Gansu Province and worked in various positions till 1997. In 1997, Mr. Jing joined Gansu Tianhe Law Firm as a partner and in 1999, he joined Beijing Shuang Cheng Law Firm as an attorney-at-laws. In August 2007, Mr. Jing joined China Commercial Law Company, Guangdong.

Mr. Bao Liang Ming, aged 59, has been appointed as an INED of the Company since 1 February 2007. Mr. Bao has vast executive and management experience. He has held various directorships in state owned enterprises in Tianjin and Beijing of the People's Republic of China.

DIRECTORS' SERVICE CONTRACTS

None of the existing Directors has a service contract with the Company which is not terminable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' EMOLUMENT, THE FIVE HIGHEST PAID EMPLOYEES AND THE GROUP'S EMOLUMENT POLICY

Details of the Directors' emolument and of the five highest paid employees in the Group are set out in Notes 12 and 13 to the financial statements. The Group ensures that pay scales of its employees are rewarded on performance-related basis within the general framework of the Group's remuneration strategy. The Directors' remuneration is determined by the Company with reference to their responsibilities to undertake the Company's performance and profitability, remuneration benchmark, prevailing market conditions and recommendation of the Remuneration Committee of the Company.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES, AND DEBENTURES

Save as disclosed below, as at 31 March 2015, according to the register of interest kept by the Company under Section 336 of the Securities and Futures Ordinance (the "SFO") and so far as was known to the Directors, none of the Directors and chief executive of the Company held any interest or short positions on the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning or Part XV of the SFO) which (i) where required to be notified to the Company and Stock Exchange pursuant to Divisions 7 and 8 Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO); or (ii) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 of the Listing Rules, to be notified to the Company and Stock Exchange.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES, AND DEBENTURES *(Continued)*

Long positions in issued shares and underlying shares of the Company

Name of Director	Number of shares		Number of underlying shares		Total number of shares and underlying shares held	Approximate percentage (%) of issued shares
	Personal interests	Corporate interests	Personal interests	Corporate interests		
Mr. Cao Zhong *(Note 1)*	135,200,000	2,993,300,000	NIL	NIL	3,128,500,000	11.58
Mr. Fung Tsun Pong *(Note 2)*	1,242,362,449	1,829,300,000	NIL	NIL	3,071,662,449	11.37
Mr. Tsang Kam Ching, David	51,624,499	NIL	28,000,000 *(Note 3)*	NIL	79,624,499	0.29
Mr. Duan Jingquan	NIL	NIL	28,000,000 *(Note 3)*	NIL	28,000,000	0.10
Mr. Gao Zhiping	NIL	NIL	28,000,000 *(Note 3)*	NIL	28,000,000	0.10
Mr. Yip Tak On	NIL	NIL	5,000,000 *(Note 3)*	NIL	5,000,000	0.01
Mr. Jing Baoli	NIL	NIL	5,000,000 *(Note 3)*	NIL	5,000,000	0.01
Mr. Bao Liang Ming	NIL	NIL	5,000,000 *(Note 3)*	NIL	5,000,000	0.01

Notes:

1. Champion Rise International Limited ("CRIL") being wholly owned by Mr. Cao Zhong was interested in 2,993,300,000 shares, representing approximately 11.08% in the issued share capital of the Company. CRIL is a substantial shareholder of the Company and its shareholding in the Company is set out in the section headed "Substantial Shareholders".

2. Ocean Gain Limited ("OGL") being wholly owned by Mr. Fung Tsun Pong was interested in 1,829,300,000 shares, representing approximately 6.77% in the issued share capital of the Company. OGL is a substantial shareholder of the Company and its shareholding in the Company is set out in the section headed "Substantial Shareholders".

3. The interests in underlying shares of the Company represent interests in options granted to the directors to subscribe for ordinary shares of HK$0.01 each of the Company at the subscription price of HK$0.45 per share, further details of which are set out in the section headed "Share Option Schemes".

DIRECTORS' INTERESTS IN CONTRACTS

No contract of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

Save as disclosed under the paragraphs headed "Directors' Interests and Short Positions in Shares, Underlying Shares, and Debentures" above, at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Directors or their respective spouse or children under 18 years of age, or were any such rights exercised by them, or was the Company, its holding company, or any of its subsidiaries and fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS

Save as disclosed below, as at 31 March 2015, according to the register of interest kept by the Company, under section 336 of the SFO and so far as was known to the Directors, no other person or companies had an interest or short positions in the shares or underling shares which fall to be disclosed to the Company under the provision of Divisions 2 and 3 of part XV of the SFO or who were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any other members of the Group.

Long Position in Shares

	Number of shares		Number of underlying shares				
Name of shareholder	Personal interests	Corporate interests	Personal interests	Corporate interests	Total number of shares and underlying shares held	Approximate percentage (%) of issued shares *(Note k)*	Approximate percentage (%) of issued shares upon full conversion of outstanding convertible bonds *(Note l)*
Champion Rise International Limited *(Note a)*	NIL	2,993,300,000	NIL	NIL	2,993,300,000	11.08	6.20
Vivid Beyond Securities Limited *(Note b)*	NIL	2,500,000,000	NIL	NIL	2,500,000,000	9.25	5.17
China Alliance International Holding Group Limited *(Note c)*	NIL	2,025,862,068	NIL	NIL	2,025,862,068	7.50	4.19
Ocean Gain Limited *(Note d)*	NIL	1,829,300,000	NIL	NIL	1,829,300,000	6.77	3.78
Turbo View Investment Limited *(Note e)*	NIL	1,500,000,000	NIL	NIL	1,500,000,000	5.55	3.10
China Life Insurance (Overseas) Company Ltd. *(Note f)*	NIL	1,497,600,000	NIL	7,500,000,000	8,997,600,000	33.31	18.63
Strait Capital Service Limited *(Note g)*	NIL	NIL	NIL	7,500,000,000	7,500,000,000	27.76	15.53
Li Ka Shing (Canada) Foundation *(Note h)*	NIL	NIL	NIL	4,333,333,333	4,333,333,333	16.04	8.97
Joint Gain Holdings Limited *(Note i)*	NIL	NIL	NIL	2,000,000,000	2,000,000,000	7.40	4.14
Jiao Xuding *(Note j)*	1,000,000	NIL	NIL	2,000,000,000	2,001,000,000	7.40	4.14

SUBSTANTIAL SHAREHOLDERS *(Continued)*

Long Position in Shares *(Continued)*

Notes:

a. Champion Rise International Limited ("CRIL") is wholly owned by Mr. Cao Zhong, the Chairman and an executive Director of the Company whose interest in shares or underlying shares of the Company is set out in the above section headed "Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures".

b. Vivid Beyond Securities Limited is wholly owned by Mr. Hu Wei.

c. China Alliance International Holding Group Limited is wholly owned by Ms. Zhang Lei.

d. Ocean Gain Limited is wholly owned by Mr. Fung Tsun Pong, an executive Director and the Vice-Chairman of the Company whose interest in shares or underlying shares of the Company is set out in the above section headed "Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures"

e. Turbo View Investment Limited is wholly owned by Mr. Gao Xiao Rui.

f. China Life Insurance (Overseas) Company Ltd. ("CLIOCL") was interested in an aggregate of HK$1,500,000,000 convertible bonds issued by the Company on 10 February 2015, of which (i) HK$800,000,000 convertible bonds maturing in February 2016 are convertible into 4,000,000,000 shares at HK$0.20 per share; and (ii) HK$700,000,000 convertible bonds maturing in February 2018 are convertible into 3,500,000,000 shares at HK$0.20 per share. Besides, CLIOCL is further interested in 1,497,600,000 (5.54%) shares. China Life Insurance (Group) Company is the holding company of CLIOCL and is deemed to be interest in the shares and underlying shares held by CLIOCL.

g. Strait Capital Service Limited ("SCSL") was interested in HK$1,500,000,000 convertible bonds issued on 10 February 2015 by the Company which are convertible into 7,500,000,000 shares at HK$0.20 per share. SCSL is the general partner of Strait CRTG Fund, L.P. ("SCFLP") and is deemed to be interested in the HK$700,000,000 convertible bonds issued on 10 February 2015 by the Company to SCFLP which are convertible into 3,500,000,000 shares at HK$0.20 per share, representing approximately 12.95% in the issued share capital of the Company.

h. Li Ka Shing (Canada) Foundation ("LKSCF") was interested in HK$1,300,000,000 convertible bonds issued on 3 September 2013 by the Company which are convertible into 4,333,333,333 shares at HK$0.30 per share. The conversion price per share was adjusted from HK$0.32 to HK$0.30 with effect from 10 February 2015. Each of Mr. Li Ka-Shing and Mr. Li Tzar Kuoi, Victor may be regarded as having the ability to exercise or control the exercise of one-third or more of the voting power at the general meetings of LKSCF, thus is deemed to be interested in the underlying shares held by LKSCF.

i. Joint Gain Holdings Limited ("Joint Gain") is interested in 2,000,000,000 conditional warrants issued by the Company on 19 April 2013 exercisable subject to certain conditions on or before 20 December 2015 at HK$0.48 per share. Joint Gain is held as to 50% by Success Pacific Holdings Limited ("Success Pacific") and 50% by Billion Grant Limited ("Billion Grant"). Billion Grant is held as to 50% by each of Mr. Ho Kee Cheung Louis and Mr. Tsang Ka Lun as trustee and Mr. Jiao Xuding is the beneficiary of the trust. Success Pacific is wholly owned by Mr. Yang Yong. Thus Billion Grant, Mr. Ho Kee Cheung Louis, Mr. Tsang Ka Lun, Mr. Jiao Xuding, Success Pacific and Mr. Yang Yong are all deemed to be interested in the warrants held by Joint Gain.

j. Mr. Jiao Xuding is the beneficial owner of 1,000,000 shares and is deemed to be interested in the warrants held by Joint Gain as a beneficiary of a trust under Billion Grant.

k. Based on 27,009,583,895 shares in issue as at 31 March 2015.

l. The outstanding convertible bonds as at 31 March 2015 included HK$1,592 million of the convertible bonds issued on 3 September 2013 and HK$3,192 million of the convertible bonds issued on 10 February 2015. Full conversion of the outstanding convertible bonds at their respective conversion price would result in the issue of 21,266,666,665 new shares, equivalent to 78.7% of the existing shares in issue as at 31 March 2015. It is only for illustrative purpose and has not taken into account the effects of exercise of the rights of warrants and share options issued by the Company.

SHARE OPTION SCHEMES

The share option scheme adopted by the Company on 16 July 2004 (the "Old Scheme") expired on 15 July 2014. No further options can be granted under the Old Scheme; however, the options granted under the Old Scheme before 15 July 2014 remains exercisable.

A new share option scheme of the Company was adopted on 28 August 2014 (the "New Scheme"). Directors of the Company are authorized, at their discretion, to invite employees of the Group, including directors of any company in the Group, to take up options to subscribe for a maximum number of 2,704,988,389 shares of the Company which represents 10% of the issued shares of the Company as at the date of adoption. The purpose of the scheme is to provide the Company with a flexible means of giving incentives and rewards to eligible participants to encourage them to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole. The New Scheme shall be valid and effective for a period of 10 years ending on 27 August 2024, unless otherwise terminated or amended.

The subscription price in respect of each share issued pursuant to the exercise of options granted is at least the highest of (a) the nominal value of a share, (b) the closing price of the shares on Stock Exchange on the date of grant and (c) the average closing price of the shares on the Stock Exchange for the five business days immediately preceding the date of grant.

The maximum number of securities available for issue under the New Scheme and any other share option scheme of the Company as at 31 March 2015 was 3,051,488,389 shares (including options for 346,500,000 shares that have been granted under the Old Scheme but not yet lapsed or exercised).

During the year ended 31 March 2015, options granted under the Old Scheme to subscribe for 4,000,000 shares of the Company had lapsed due to cessation of employment. As at 31 March 2015, the options to subscribe for 346,500,000 shares are valid, outstanding and exercisable till 15 October 2018 under the Old Scheme. No options granted under the Old Scheme were exercised and thus no securities were issued during the year ended 31 March 2015.

SHARE OPTION SCHEMES *(Continued)*

Details of the options granted under the Old Scheme for the year ended 31 March 2015 are as follows:

	Date of grant being approved	No. of options outstanding as of 01/04/2014	No. of options granted during the year	No. of options exercised during the year	No. of options cancelled/ lapsed during the year	No. of options outstanding as of 31/03/2015	Exercise period	Exercise price per share (HK$) *(Note 1)*	Market value per share at date of approval of grant (HK$) *(Note 1)*
Directors									
Duan Jingquan	16 October 2013	28,000,000	-	-	-	28,000,000	23 May 2014 to 15 October 2018	0.45	0.42
Tsang Kam Ching, David	16 October 2013	28,000,000	-	-	-	28,000,000	23 May 2014 to 15 October 2018	0.45	0.42
Gao Zhiping	16 October 2013	28,000,000	-	-	-	28,000,000	23 May 2014 to 15 October 2018	0.45	0.42
Jing Baoli	16 October 2013	5,000,000	-	-	-	5,000,000	23 May 2014 to 15 October 2018	0.45	0.42
Yip Tak On	16 October 2013	5,000,000	-	-	-	5,000,000	23 May 2014 to 15 October 2018	0.45	0.42
Bao Liang Ming	16 October 2013	5,000,000	-	-	-	5,000,000	23 May 2014 to 15 October 2018	0.45	0.42
Employees	16 October 2013	251,500,000	-	-	(4,000,000) *(Note 2)*	247,500,000	23 May 2014 to 15 October 2018	0.45	0.42
		350,500,000	-	-	(4,000,000)	346,500,000			

Notes:

1. Each option entitles a grantee to subscribe for one ordinary share of HK$0.01 each of the Company (market value per share as at 31 March 2015 was HK$0.144) at the subscription price of HK$0.45 per share. The options are unlisted.

2. Options to subscribe for 4,000,000 shares had lapsed during the year ended 31 March 2015 following the cessation of two grantees to be employees of the Company.

Save as aforesaid, no share option has been granted, exercised, cancelled or lapsed under the Old Scheme and the New Scheme as at 31 March 2015.

Particulars of the above share options offered are set out in Note 40 to the financial statements.

EMPLOYEES AND RETIREMENT BENEFIT SCHEME

The Group had approximately 861 employees in Hong Kong, the PRC and Guyana as at 31 March 2015. The Group implements remuneration policy, bonus and share options schemes to ensure that pay scales of its employees are rewarded on performance-related basis within the general framework of the Group's remuneration strategy.

The emoluments payable to the Directors are determined based on the scope of work, level of involvement, experience and seniority.

PUBLIC FLOAT OF THE LISTED SECURITIES

Based on the publicly available information to the Company and within the knowledge of the Board, none of the Directors, up to the date of this Annual Report, is aware of any information which would indicate the Company has not maintained sufficient public float of its shares in the open market.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

THE MODEL CODE

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less than the required standard set out in the Model Code in Appendix 10 of the Listing Rules and the Directors have confirmed that they have complied with the required standard set out in the Model Code and the Company's code of conduct regarding Directors' securities transactions.

THE AUDIT COMMITTEE

The Company has established the Audit Committee in accordance with the requirements of the Listing Rules. The Audit Committee, comprising all INEDs, namely Mr. Yip Tak On (Chairman), Mr. Jing Baoli and Mr. Bao Liang Ming, is responsible for reviewing the Group's accounting practice and policies, the external audit, internal control and risk evaluation.

Detailed information related to the Audit Committee is set out in the Corporate Governance Report on page 30 herein.

REMUNERATION COMMITTEE

Detailed information related to the Remuneration Committee is set out in the Corporate Governance Report on page 31 herein.

NOMINATION COMMITTEE

Detailed information related to the Nomination Committee is set out in the Corporate Governance Report on pages 31 and 32 herein.

AUDITORS

The financial statements have been audited by BDO Limited which shall retire and a resolution for its reappointment will be proposed at the forthcoming annual general meeting of the Company.

On behalf of the Board

Mr. Cao Zhong
Chairman

Hong Kong, 19 June 2015

CORPORATE GOVERNANCE PRACTICES

The Board is committed to maintaining a high standard of corporate governance practices with emphasis on enhancing accountability and transparency of the management of the Company for the sake of safeguarding the long-term interest of the shareholders as a whole. The Board will review and improve the corporate governance practices from time to time.

Save as disclosed herein below, the Company has complied with the code provisions and to a large extent, the recommended best practices set out in the Corporate Governance Code (the "CG Code") in Appendix 14 of the Listing Rules for the year ended 31 March 2015.

The purpose of this report is to provide shareholders with information on the principles and corporate governance practices adopted by the Company.

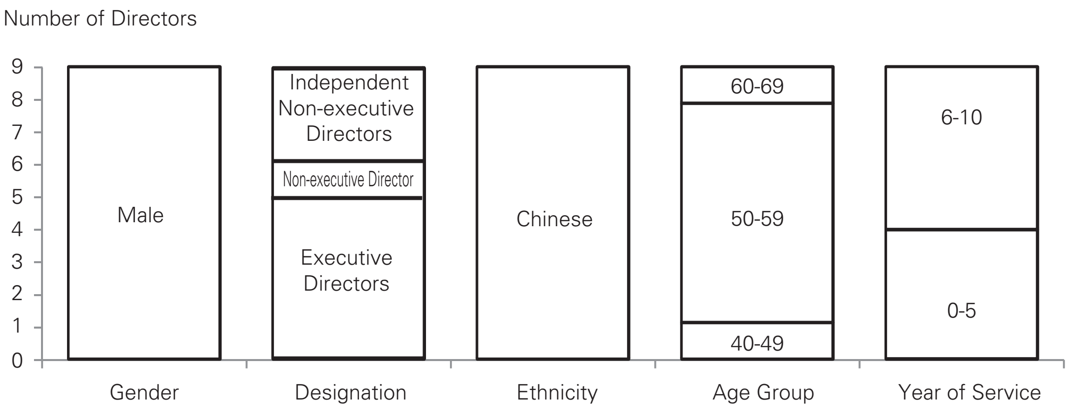
THE BOARD

The Company is headed by an effective Board which assumes responsibility for guiding corporate strategy, risk control, monitoring the performance of management and optimizing return for shareholders. Directors, as members of the Board, jointly share responsibility for the proper direction and management of the Company in the best interest of the shareholders.

Board Composition

As at 31 March 2015, the Board comprised five executive Directors, one non-executive Director and three INEDs. Mr. Suo Suo Stephen was appointed as non-executive Director with effect from 2 July 2014. The names and brief biographies of the Directors are set out on pages 17 to 19 of this Annual Report. A list setting out the names of the Directors and their roles and functions is posted on the websites of the Company and the Stock Exchange.

As at the date of this report, the diversity profile of the Board is as follows:



Each new Director appointed by the Board during the year shall hold office until the next following general meeting and thereafter the same Director, if re-elected, shall be subject to retirement by rotation. There exists no relationship among Board members and senior management, including financial, operational, family or other relevant material relations.

THE BOARD *(Continued)*

The Roles of the Chairman and the Board

The Chairman, Mr. Cao Zhong, is responsible for overseeing the management of the Board to ensure that the Board acts in the best interests of the Company and provides leadership to the Company. During the year, the role of the Chairman is segregated from the chief executive officer ("CEO") and performed by different individual to ensure balance of power and authority.

The Board's focus is on the formulation of overall business strategy, development direction, investment policies, management objectives, and internal control policy. Matters reserved for the Board are those affecting the Company's overall strategic policies, management, finance and shareholders rights. These include, but not limited to, deliberation of investment plans, staff management, annual budgets, financing arrangements, internal controls, material contracts, dividend policy, financial statements and other major corporate activities. Clear directions have been given to the management on the matters that must be approved by the Board and the Board reviews the arrangement periodically.

The Board regularly reviews its composition and structure to ensure its expertise and independence are attained and maintained. With the support of the Company's secretarial staff, the Board ensures that all Board members receive sufficient, complete and reliable information and are properly briefed on issues to be discussed at Board meetings by dispatching materials to the Directors in advance, such that the Directors could work effectively and discharge their responsibility.

During the regular Board meetings, the Board reviewed the Company's internal control policies, overall development direction and provision of continuous professional development of Directors and senior management; approved insurance policies for all Directors, monitored the Company's policies and practices on compliance with the CG Code, legal and regulatory requirements, and reviewed the code of conduct and compliance manual for employees.

All Directors are provided upon reasonable request made to the Board with means, at the Company's expense, to take independent professional advice in furtherance of their duties if necessary.

The Company also engages external service provider as its company secretary to assist the Board and the primary contact person of the Company is its Finance Director, Mr. Tsang Kam Ching, David.

The Roles of the Chief Executive Officer and its Management Team

The CEO, Mr. Duan Jingquan, is responsible for overseeing the day-to-day management, administration and operation of the Company and the implementation of policies decided by the Board. The functions and tasks delegated to the CEO were supervised and periodically reviewed by the Board to ensure efficiency of management.

THE BOARD *(Continued)*

The independent non-executive Directors

The INEDs are professions or executive of high caliber with diversified industry expertise and bring a wide range of skills and experience to the Group. They bring to the Company independent judgment on issues of performance, risk and internal control through their contribution at Board meetings, thus safeguarding the interests of shareholders and the Company as a whole. Pursuant to Rules 3.10(1) and 3.10(2) of the Listing Rules, the Company has appointed Mr. Yip Tak On whom has appropriate professional qualifications or accounting or related financial management expertise.

The Company has received, from each of the INEDs, an annual confirmation of his independence and the Board considers that the three INEDs are independent in character and judgment and they also meet the independence criteria set out in Rule 3.13 of the Listing Rules. All the INEDs are appointed for a specific term of two years and all Directors are required to submit themselves for re-election at least once every three years under the Company's Articles of Association.

Mr. Jing Baoli ("Mr. Jing") has served the Company for nine years, and will retire and being eligible, has offered himself for re-election at the forthcoming annual meeting of the Company. Mr. Jing is a qualified lawyer practicing in the People's Republic of China (the "PRC"). As the Group's business operation mainly takes place in the PRC, Mr. Jing's professional legal knowledge in relation to laws, rules, and regulations in the PRC is very beneficial to the Board. During his tenure of service, Mr. Jing has demonstrated his ability to provide an independent legal advice to the Board in relation to the Company's business operation in the PRC. As such, the Board is of the view that Mr. Jing remains independent notwithstanding the length of his service and is able to continue to fulfill his role as an INED of the Company.

In addition, the Chairman is a member and the chairman of the Remuneration Committee and Nomination Committee respectively, as such, the Chairman is well positioned to meet with the INEDs regularly without the executive Directors present to encourage active discussion and effective contribution of the INEDs.

Board Meetings

The Board held meetings during the financial year and the attendance of Directors were set forth below:

	Name of Directors	**Attended/ Eligible to Attend**
Executive Directors	Cao Zhong	7/7
	Fung Tsun Pong	7/7
	Duan Jingquan	5/7
	Tsang Kam Ching, David	7/7
	Gao Zhiping	7/7
Non-executive Director	Suo Suo Stephen	6/6
Independent non-executive Directors	Yip Tak On	7/7
	Jing Baoli	7/7
	Bao Liang Ming	7/7

THE BOARD *(Continued)*

Board Meetings *(Continued)*

All Directors attended the annual general meeting of the Company held on 28 August 2014. All Directors except Mr. Suo Suo Stephen attended the extraordinary general meeting of the Company held on 28 January 2015.

The procedures for convening all Board meetings were in compliance with the Company's Articles of Association. Amongst the Board meetings held during the financial year, two were also regular Board meetings with written notice of the meeting dispatched to all Directors at least 14 days before the meeting and an agenda with all supporting documents at least 3 days in advance of the meeting. The regular Board meetings have achieved active participation of the Directors. The Directors note that the CG Code requires the Board to hold at least four regular meetings a year at approximately quarterly intervals. However, in view of the fact that two regular meetings and five ad hoc meetings were convened during the year and all Directors have very high attendance rate in relation to these meetings, the Directors considered holding four regular meetings to be unnecessary. Save as the number of regular meetings not reaching the required level, the Company has complied with all the code provisions set out in the CG Code for this financial year.

In addition to the regular Board meetings, the Chairman had meetings with the INEDs without the presence of the executive Directors during the financial year.

The Directors have access to the advice and services of the Company's secretarial team and all applicable rules and regulations in respect of the Board meetings are followed. Drafts with sufficient details and final versions of the minutes of Board and the various committees were circulated to the Directors for their comment and record respectively. Originals of such minutes, being kept by the Company Secretary, are open for inspection at office hours on reasonable notice by any Director.

The Company has maintained the Directors and officers' liability insurance for members of the Board to provide protection against claims arising from the lawful discharge of duties by the Directors.

Directors' Training and Professional Development

On appointment, every newly appointed Director has been given a comprehensive, formal and tailored induction including the duties and responsibilities of being a Director, the relevant laws and regulations applicable to the Directors, duty of disclosure of interest and business of the Group.

During this financial year, the Company has sent training materials prepared by qualified professions to all the Directors and relevant staff. The training materials covered areas such as the Listing Rule amendments to connected transaction requirements under Chapter 14A. All Directors have confirmed to the Company of completing the training. In addition, Mr. Tsang Kam Ching, David and Mr. Yip Tak On also attended other external seminars or briefings and read relevant materials on regulatory updates.

Board Committees

The Board has established the following committees: the Audit Committee, the Remuneration Committee and the Nomination Committee, with the participation of all the INEDs. In addition, the Board has also adopted good corporate governance practices and procedures and taken appropriate steps to provide effective communication with shareholders.

AUDIT COMMITTEE

The terms of reference of the Audit Committee was revised on 28 November 2011 to bring them in line with the revised CG Code. The Audit Committee is accountable to the Board and consists of all the three INEDs namely of Messrs Yip Tak On (the chairman), Jing Baoli and Bao Liang Ming.

The Committee reviewed the completeness and accuracy of the Company's financial statements, annual reports and accounts and half-year reports and provided assurance to the Board that these documents comply with the respective accounting policies, the standards and practices, the Stock Exchange and legal requirements. The Committee also reviewed the adequacy and effectiveness of the financial controls, internal control and risk management systems. It also made recommendation to the Board on the appointment and removal of external auditors and their terms of engagement as well as monitor the external auditors' independence and effectiveness and recommended appropriate actions required.

The Audit Committee held 3 meetings during the financial year, the attendances of which were as follows: Mr. Yip Tak On (3/3), Mr. Jing Baoli (3/3) and Mr. Bao Liang Ming (2/3).

A summary of the work performed by the Audit Committee for the financial year ended 31 March 2015 is set out below:

(a) approve the remuneration and terms of engagement of the external auditors, review their independence and the effectiveness of the audit process;

(b) make recommendation to the Board on the re-appointment of external auditors;

(c) review with the Finance Director and/or the external auditors the accounting principles and practices adopted by the Group, the accuracy and fairness of the annual and interim financial statements before submission to the Board;

(d) review the external audit findings and audit plan;

(e) review the effectiveness of the financial control, internal control and risk management systems of the Group; and

(f) review the Group's financial and accounting policies and practices.

The Group's annual results for the year ended 31 March 2015 have been reviewed by the Audit Committee. Special attention of the Audit Committee was drawn to Note 3(b) to the financial statements that the Group incurred net loss of HK$1,885.25 million and had an operating cash outflow of HK$431.18 million during the year ended 31 March 2015 and, as of that date, the Group's current liabilities exceeded its current assets by approximately HK$5,702.04 million. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the ability of the Group to continue as a going concern. The Audit Committee noted that the Board has been implementing various measures as described in Note 3(b) to improve the Group's financial position, as such, the Group will have sufficient working capital to meet its financial obligation as and when they fall due in the next eighteen months from 31 March 2015.

REMUNERATION COMMITTEE

The terms of reference of the Remuneration Committee was revised on 28 November 2011 to bring them in line with the revised CG Code. The Remuneration Committee comprises all the three INEDs and Mr. Cao Zhong, i.e. a majority of the members are independent non-executive Directors.

The primary objectives of the Remuneration Committee are to make recommendations on the Company's policy for all Directors' and Senior Management remuneration, assess performance of executive directors and approving the terms of their service contracts, review and determine management's remuneration proposals, to ensure that no Director or any of his/her associates is involved in determining his/her own remuneration.

During the year, the Remuneration Committee was responsible for, among others, approving the service contract of Mr. Suo Suo Stephen, with delegated responsibility, the remuneration packages of the all Directors and the senior management, assessing their performance and reviewing individual remuneration package including bonuses, incentive payments and share options within the terms of reference.

In order to be able to attract and retain staff of suitable calibre, the Company provides a competitive remuneration package. This comprises salary, provident fund, share options, leave passage and discretionary bonus. The remuneration policy has contributed considerably to the maintenance of a stable, motivated and high-calibre management team in the Company.

The remuneration policy and the levels of remuneration paid to the executive Directors and senior management staff were reviewed by the Remuneration Committee every year.

No Director has taken part in any discussion about his own remuneration. The remuneration of INEDs is determined by the Board in consideration of their responsibility involved. Each of the INEDs is appointed for a fixed term of service and entitled to an annual director's fee of HK$120,000.

The Remuneration Committee held 1 meeting during this financial year, the attendance of which is as follows: the Chairman, Mr. Yip Tak On (1/1), Mr. Jing Baoli (1/1), Mr. Bao Liang Ming (1/1) and Mr. Cao Zhong (1/1).

NOMINATION COMMITTEE

The Nomination Committee was established on 28 November 2011 and chaired by the Chairman of the Board, Mr. Cao Zhong, with all the three INEDs as members, i.e. a majority of the members are INEDs.

The primary function of the Nomination Committee is to determine the policy for the nomination of new directors, conduct interviews with qualified candidates, make recommendations to the Board on appointment of new Directors and advice the Board on the independency of INEDs.

During the year, the Nomination Committee have reviewed the size, composition and diversity policy of the Board, made recommendations on the appointment of Mr. Suo Suo Stephen as a non-executive Director, advised on the re-appointment of Directors, assessed the independence of INEDs, conducted interviews with qualified candidates and ensure that all nominations are fair and transparent.

The Nomination Committee held 1 meeting during this financial year, the attendance of which is as follows: the Chairman, Mr. Cao Zhong (1/1), Mr. Yip Tak On (1/1), Mr. Jing Baoli (1/1) and Mr. Bao Liang Ming (1/1).

NOMINATION COMMITTEE *(Continued)*

The Company recognizes and embraces the benefits of a Board that possesses a balance of skills, experience and diversity of perspectives appropriate to the business nature of the Company. Since November 2013, the Board has adopted a board diversity policy. Selection of candidates of board members will be based on a range of diversity perspectives, including but not limited to educational background, professional experience, industry expertise, knowledge and skills. The ultimate decision will be based on merit as well as complementing and expanding the skills, knowledge and experience of the Board as a whole. The Board will review and monitor from time to time the implementation of this policy to ensure its effectiveness and will set measurable objectives for achieving board diversity when appropriate.

INTERNAL CONTROL

The Board is responsible for the system of internal control and for reviewing its effectiveness. During this financial year, the Directors have conducted two reviews on the effectiveness of the internal control systems of the Company, including but not limited to, financial, operational and compliance controls and risk management functions, and considered that the internal control systems effective and adequate and the Company has complied with the code provisions on internal control of the CG Code in view of the latest business development and the management structure of the Company.

Detailed control guidelines have been set and made available to all employees of the Company regarding handling and dissemination of inside information. Systems and procedures are in place to identify, control and report on major risks, including business, legal, financial, and reputational risks. Exposures to these risks are monitored by the Board with the assistance of its external professional advisers.

SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding the securities transactions by directors (the "Securities Code") on terms no less than the required standard set out in the Model Code. A copy of the Securities Code has been sent to each Director first on his appointment and thereafter reminders were sent to the Directors twice annually, with a notice that the Directors cannot deal in the securities and derivatives of the Company until after the results announcement has been published. The Company has made specific enquiries on Directors' dealings in the securities of the Company and all Directors have confirmed that they have complied with the required standard set out in the Securities Code throughout the year.

Under the Securities Code, Directors are required to notify the Chairman and receive a dated written acknowledgement before dealing in any securities of the Company and, in the case of the Chairman himself, he must notify the Board at a Board meeting or alternatively, another executive Director and receive a dated written acknowledgement before any dealing. Directors' interests as at 31 March 2015 in the shares of the Company and its associated corporations (within the meaning of Part XV of the SFO) are set out on pages 19 and 20 of this Annual Report.

EXTERNAL AUDITORS

The external auditors are primarily responsible for auditing and reporting on the annual financial statements. Nevertheless, the Directors acknowledged that they have the primary duties on preparing the accounts of the Company. In this financial year, the total remuneration paid to the external auditors was approximately HK$2.91 million, of which HK$2.63 million and HK$0.28 million were respectively paid for audit service and advice, and other non-audit services.

INVESTOR RELATIONS AND COMMUNICATION WITH SHAREHOLDERS

The Company continues to enhance relationships and communication with its investors and shareholders. Corporate communications providing extensive information about the Company's performance and activities are published on the website of the Company in a timely manner. Information on financial statements, transactions or activities of the Company which are required to be disclosed under the Listing Rules are also published on the website of the Stock Exchange and if necessary, delivered to shareholders.

During the year, there is no change to the constitutional documents of the Company. Copy of the latest Memorandum and Articles of the Association is available on the Company's and the Stock Exchange's respective websites.

Procedures for sending enquiries to the Board

In order to maintain an on-going dialogue with shareholders, all shareholders are encouraged to attend the annual general meeting of the Company to discuss matters relating to the Company. Shareholders may at any time send their enquiries and concerns to the Board by addressing them to its principal place of business in Hong Kong by post or by fax for the attention of the Company Secretarial Department.

Procedures for shareholders to convene an extraordinary general meeting

Shareholders may request an extraordinary general meeting to be convened in accordance with Article 73 of the Articles of Association of the Company, which provides that members holding at the date of deposit of the requisition not less than one-twentieth of the paid up capital of the Company carrying the right of voting at general meetings shall at all times have the right, by written requisition to the Board or the Company Secretary, to require an extraordinary general meeting to be convened by the Board for the transaction of any business specified in such requisition.

If the Directors do not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting, the requisitionists themselves may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Directors, and all reasonable expenses incurred by the requisitionists as a result of the failure of the Directors shall be reimbursed to them by the Company. The procedure for shareholders to convene an extraordinary general meeting is also posted on the official website of the Company.

Procedures for shareholders to put forward proposals at shareholders' meeting

There are no provisions allowing shareholders to propose new resolutions at general meetings under the Cayman Islands Companies Law. However, shareholders who wish to propose a resolution may request to convene an extraordinary general meeting following the procedures set out above.

BDO

Tel : +852 2218 8288
Fax: +852 2815 2239
www.bdo.com.hk

電話：+852 2218 8288
傳真：+852 2815 2239
www.bdo.com.hk

25th Floor Wing On Centre
111 Connaught Road Central
Hong Kong

香港干諾道中111號
永安中心25樓

TO THE SHAREHOLDERS OF CHINA RESOURCES AND TRANSPORTATION GROUP LIMITED
(中國資源交通集團有限公司)
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of China Resources and Transportation Group Limited (the "Company") and its subsidiaries (hereinafter referred to as the "Group") set out on pages 36 to 148, which comprise the consolidated and company statements of financial position as at 31 March 2015, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, in accordance with the terms of our engagement, 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.

OPINION

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

EMPHASIS OF MATTER

Without qualifying our opinion, we draw attention to note 3(b) to the financial statements, which indicates that the Group incurred a net loss of HK$1,885,247,000 and had a net operating cash outflow of HK$431,181,000 during the year ended 31 March 2015 and, as of that date, the Group's current liabilities exceeded its current assets by HK$5,702,041,000. These conditions, along with other matters as set forth in note 3(b), indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

BDO Limited
Certified Public Accountants
Alfred Lee
Practising Certificate no. P04960

Hong Kong, 19 June 2015

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2015

	Notes	2015 HK$'000	2014 HK$'000
Continuing operations:			
Turnover	5	**5,016,547**	8,585,715
Cost of sales and other direct operating costs		**(4,816,021)**	(8,402,754)
Gross profit		**200,526**	182,961
Loss on change in fair value of investment properties	17	**(3,562)**	(3,814)
Gain/(loss) on change in fair value less costs to sell of biological assets	21	**3,088**	(5,465)
(Loss)/gain on settling debt component of old convertible bonds by issuing new convertible bonds	38	**(105,437)**	54,261
Change in fair value of derivative financial instrument	38	**142,083**	29,767
Impairment loss on forest concession rights	22	**(112,567)**	(55,300)
Other income and other gains or losses	7	**(6,378)**	(2,676)
Selling and administrative expenses		**(256,919)**	(263,371)
Finance costs	8	**(1,748,754)**	(648,567)
Share of results of associates		**348**	(1,837)
Loss before income tax credit	9	**(1,887,572)**	(714,041)
Income tax credit	10	**2,325**	522
Loss for the year from continuing operations		**(1,885,247)**	(713,519)
Discontinued operations:			
Profit for the year from discontinued operations	11	**–**	81,865
Loss for the year		**(1,885,247)**	(631,654)
Loss attributable to:			
Owners of the Company	14		
Loss for the year from continuing operations		**(1,765,900)**	(672,629)
Profit for the year from discontinued operations		**–**	82,144
Loss for the year attributable to owners of the Company		**(1,765,900)**	(590,485)
Non-controlling interests			
Loss for the year from continuing operations		**(119,347)**	(40,890)
Loss for the year from discontinued operations		**–**	(279)
Loss for the year attributable to non-controlling interests		**(119,347)**	(41,169)
		(1,885,247)	(631,654)
		HK cents	HK cents
Loss per share attributable to owners of the Company			
From continuing and discontinued operations	16		
– Basic and diluted		**(6.52)**	(2.19)
From continuing operations	16		
– Basic and diluted		**(6.52)**	(2.50)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2015

	2015 HK$'000	2014 HK$'000
Loss for the year	**(1,885,247)**	(631,654)
Other comprehensive income:		
Items that will not be reclassified subsequently to profit or loss:		
– Gain on revaluation of property occupied by the Group, net of tax	**5,175**	3,048
Items that may be reclassified subsequently to profit or loss:		
– Exchange differences on translation of financial statements of foreign operations	**43,362**	53,753
– Share of other comprehensive income of associates	**(93)**	(393)
– Release of translation reserve upon disposal of subsidiaries	**–**	(84,435)
– Net movements in fair value reserve for available-for-sale investments	**(55,000)**	35,728
	(11,731)	4,653
Other comprehensive income for the year, net of tax	**(6,556)**	7,701
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**(1,891,803)**	(623,953)
Total comprehensive income attributable to:		
– Owners of the Company	**(1,773,885)**	(611,951)
– Non-controlling interests	**(117,918)**	(12,002)
	(1,891,803)	(623,953)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2015

	Notes	2015 HK$'000	2014 HK$'000
NON-CURRENT ASSETS			
Investment properties	17	155,671	38,700
Property, plant and equipment	18	1,420,561	1,414,045
Prepaid lease payments	19	44,451	28,894
Goodwill and other intangible assets	20	400,782	–
Biological assets	21	79,710	74,984
Forest concession rights	22	138,417	278,570
Concession intangible asset	23	19,001,931	19,543,099
Long-term deposits and prepayments	24	661,127	640,103
Interests in associates	26	480,907	449,064
Available-for-sale investments	27	405,229	459,687
TOTAL NON-CURRENT ASSETS		22,788,786	22,927,146
CURRENT ASSETS			
Inventories	28	288,858	123,329
Trade and other receivables	29	351,567	198,102
Prepaid lease payments	19	1,042	665
Amounts due from non-controlling shareholders of subsidiaries	30	28,705	16,359
Amounts due from associates	30	116,156	185,216
Available-for-sale investments	27	63,227	62,919
Pledged deposits and restricted cash	31	134,040	–
Cash and cash equivalents	32	298,458	1,702,510
TOTAL CURRENT ASSETS		1,282,053	2,289,100
TOTAL ASSETS		24,070,839	25,216,246
CURRENT LIABILITIES			
Trade and other payables	33	2,183,225	2,876,336
Promissory note	34	302,345	297,876
Deferred government grants	35	2,548	5,071
Borrowings	36	1,865,877	2,635,516
Convertible bonds	38	2,630,099	731,233
TOTAL CURRENT LIABILITIES		6,984,094	6,546,032
NET CURRENT LIABILITIES		(5,702,041)	(4,256,932)
TOTAL ASSETS LESS CURRENT LIABILITIES		17,086,745	18,670,214

	Notes	2015 HK$'000	2014 HK$'000
NON-CURRENT LIABILITIES			
Borrowings	*36*	**11,734,712**	9,764,867
Deferred tax liabilities	*37*	**58,119**	9,696
Convertible bonds	*38*	**2,160,444**	3,774,231
Acreage fees payable		**10,454**	10,545
TOTAL NON-CURRENT LIABILITIES		**13,963,729**	13,559,339
TOTAL LIABILITIES		**20,947,823**	20,105,371
NET ASSETS		**3,123,016**	5,110,875
CAPITAL AND RESERVES			
Share capital	*39*	**270,096**	271,748
Reserves		**2,198,371**	4,016,433
Equity attributable to owners of the Company		**2,468,467**	4,288,181
Non-controlling interests		**654,549**	822,694
TOTAL EQUITY		**3,123,016**	5,110,875

On behalf of the Board

Mr. Cao Zhong
Director

Mr. Tsang Kam Ching, David
Director

STATEMENT OF FINANCIAL POSITION

As at 31 March 2015

	Notes	2015 HK$'000	2014 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	18	1,399	2,516
Interests in subsidiaries	25	6,365,044	6,641,544
Available-for-sale investments	27	258,500	313,500
TOTAL NON-CURRENT ASSETS		6,624,943	6,957,560
CURRENT ASSETS			
Trade and other receivables	29	3,551	3,769
Cash and cash equivalents	32	2,535	270,053
TOTAL CURRENT ASSETS		6,086	273,822
CURRENT LIABILITIES			
Trade and other payables	33	246,086	191,642
Promissory note	34	302,345	297,876
Convertible bonds	38	2,630,099	731,233
TOTAL CURRENT LIABILITIES		3,178,530	1,220,751
NET CURRENT LIABILITIES		(3,172,444)	(946,929)
TOTAL ASSETS LESS CURRENT LIABILITIES		3,452,499	6,010,631
NON-CURRENT LIABILITIES			
Convertible bonds	38	2,160,444	3,774,231
TOTAL NON-CURRENT LIABILITIES		2,160,444	3,774,231
NET ASSETS		1,292,055	2,236,400
CAPITAL AND RESERVES			
Share capital	39	270,096	271,748
Reserves		1,021,959	1,964,652
TOTAL EQUITY		1,292,055	2,236,400

On behalf of the Board

Mr. Cao Zhong
Director

Mr. Tsang Kam Ching, David
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2015

THE GROUP

	Share capital HK$'000	Share premium HK$'000	Warrants reserve HK$'000 *(Note (i))*	Share options reserve HK$'000 *(Note (ii))*	Capital redemption reserve HK$'000	Capital reserve HK$'000 *(Note (iii))*	Assets revaluation reserve HK$'000 *(Note (iv))*	Available-for-sale financial assets reserve HK$'000 *(Note (v))*	Convertible bonds reserve HK$'000 *(Note (vi))*	Translation reserve HK$'000 *(Note (vii))*	Retained profits HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 April 2013	256,058	1,624,202	–	–	3,800	20,918	33,529	–	457,587	134,020	153,735	2,683,849	2,430,548	5,114,397
Loss for the year	–	–	–	–	–	–	–	–	–	–	(590,485)	(590,485)	(41,169)	(631,654)
Exchange differences on translation of financial statements of foreign operations	–	–	–	–	–	–	–	–	–	24,586	–	24,586	29,167	53,753
Share of other comprehensive income of associates	–	–	–	–	–	–	–	–	–	(393)	–	(393)	–	(393)
Release of translation reserve upon disposal of equity interests in subsidiaries *(Note 43)*	–	–	–	–	–	–	–	–	–	(84,435)	–	(84,435)	–	(84,435)
Net movements in fair value for available-for-sale investments	–	–	–	–	–	–	–	35,728	–	–	–	35,728	–	35,728
Revaluation surplus, net of tax	–	–	–	–	–	–	3,048	–	–	–	–	3,048	–	3,048
Total comprehensive income for the year	–	–	–	–	–	–	3,048	35,728	–	(60,242)	(590,485)	(611,951)	(12,002)	(623,953)
Issue of ordinary shares *(Note 39)*	25,000	725,000	–	–	–	–	–	–	–	–	–	750,000	–	750,000
Purchase of own shares for cancellation *(Note 39)*	(9,310)	(367,899)	–	–	–	–	–	–	–	–	–	(377,209)	–	(377,209)
Expense for purchase of own shares for cancellation	–	(697)	–	–	–	–	–	–	–	–	–	(697)	–	(697)
Equity-settled share options granted *(Note 40)*	–	–	–	31,370	–	–	–	–	–	–	–	31,370	–	31,370
Capital reorganisation of a subsidiary	–	–	–	–	–	774,445	–	–	–	–	–	774,445	(774,445)	–
Capital contribution by non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	–	31,872	31,872
Disposal of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	–	59	59
Issue of convertible bonds *(Note 38)*	–	–	–	–	–	–	–	–	166,723	–	–	166,723	–	166,723
Issue of conditional warrants *(Note 41)*	–	–	21,630	–	–	–	–	–	–	–	–	21,630	–	21,630
Change in equity component arising from exchange in convertible bonds *(Note 38)*	–	–	–	–	–	–	–	–	74,060	–	–	74,060	–	74,060
Share of non-controlling interests transferred to the Group *(Note 48)*	–	–	–	–	–	–	–	–	–	–	775,961	775,961	(853,338)	(77,377)
Gain on settling equity component of old convertible bonds by issuing a new convertible bond *(Note 38)*	–	–	–	–	–	–	–	–	(142,766)	–	142,766	–	–	–
At 31 March 2014	271,748	1,980,606	21,630	31,370	3,800	795,363	36,577	35,728	555,604	73,778	481,977	4,288,181	822,694	5,110,875

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2015

	Share capital HK$'000	Share premium HK$'000	Warrants reserve HK$'000 *(Note (i))*	Share options reserve HK$'000 *(Note (ii))*	Capital redemption reserve HK$'000	Capital reserve HK$'000 *(Note (iii))*	Assets revaluation reserve HK$'000 *(Note (iv))*	Available-for-sale financial assets reserve HK$'000 *(Note (v))*	Convertible bonds reserve HK$'000 *(Note (vi))*	Translation reserve HK$'000 *(Note (vii))*	Retained profits HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 April 2014	271,748	1,980,606	21,630	31,370	3,800	795,363	36,577	35,728	555,604	73,778	481,977	4,288,181	822,694	5,110,875
Loss for the year	-	-	-	-	-	-	-	-	-	-	(1,765,900)	(1,765,900)	(119,347)	(1,885,247)
Exchange differences on translation of financial statements of foreign operations	-	-	-	-	-	-	-	-	-	41,933	-	41,933	1,429	43,362
Share of other comprehensive income of associates	-	-	-	-	-	-	-	-	-	(93)	-	(93)	-	(93)
Net movements in fair value for available-for-sale investments	-	-	-	-	-	-	-	(55,000)	-	-	-	(55,000)	-	(55,000)
Revaluation surplus, net of tax	-	-	-	-	-	-	5,175	-	-	-	-	5,175	-	5,175
Total comprehensive income for the year	-	-	-	-	-	-	5,175	(55,000)	-	41,840	(1,765,900)	(1,773,885)	(117,918)	(1,891,803)
Purchase of own shares for cancellation *(Note 39)*	(1,652)	(51,035)	-	-	-	-	-	-	-	-	-	(52,687)	-	(52,687)
Expense for purchase of own shares for cancellation	-	(96)	-	-	-	-	-	-	-	-	-	(96)	-	(96)
Lapse of share options *(Note 40)*	-	-	-	(358)	-	-	-	-	-	-	358	-	-	-
Acquisition of subsidiaries *(Note 42)*	-	-	-	-	-	-	-	-	-	-	-	-	(51,169)	(51,169)
Non-controlling interest of a newly incorporated subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	942	942
Issue of convertible bonds *(Note 38)*	-	-	-	-	-	-	-	-	6,954	-	-	6,954	-	6,954
Change in equity component arising from exchange in convertible bonds *(Note 38)*	-	-	-	-	-	-	-	-	54,805	-	(54,805)	-	-	-
At 31 March 2015	270,096	1,929,475	21,630	31,012	3,800	795,363	41,752	(19,272)	617,363	115,618	(1,338,370)	2,468,467	654,549	3,123,016

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2015

THE COMPANY

	Share capital HK$'000	Share premium HK$'000	Share options reserve* HK$'000 *(Note (ii))*	Capital redemption reserve HK$'000	Available for-sale financial assets reserve HK$'000 *(Note (v))*	Contributed surplus HK$'000 *(Note (viii))*	Convertible bonds reserve HK$'000 *(Note (vi))*	Retained Profits/ (accumulated losses) HK$'000	Total HK$'000
At 1 April 2013	256,058	1,624,202	–	3,800	–	64,314	457,587	(306,142)	2,099,819
Loss for the year	–	–	–	–	–	–	–	(543,394)	(543,394)
Net movements in fair value for available-for-sale investments	–	–	–	–	35,728	–	–	–	35,728
Total comprehensive income for the year	–	–	–	–	35,728	–	–	(543,394)	(507,666)
Issue of ordinary shares *(Note 39)*	25,000	725,000	–	–	–	–	–	–	750,000
Purchase of own shares for cancellation *(Note 39)*	(9,310)	(367,899)	–	–	–	–	–	–	(377,209)
Expense for purchase of own shares for cancellation	–	(697)	–	–	–	–	–	–	(697)
Equity-settled share options granted *(Note 40)*	–	–	31,370	–	–	–	–	–	31,370
Issue of convertible bonds *(Note 38)*	–	–	–	–	–	–	166,723	–	166,723
Change in equity component arising from exchange in convertible bonds	–	–	–	–	–	–	74,060	–	74,060
Gain on settling equity component of old convertible bonds by issuing a new convertible bond *(Note 38)*	–	–	–	–	–	–	(142,766)	142,766	–
At 31 March 2014	271,748	1,980,606	31,370	3,800	35,728	64,314	555,604	(706,770)	2,236,400
Loss for the year	–	–	–	–	–	–	–	(843,516)	(843,516)
Net movements in fair value for available-for-sale investments	–	–	–	–	(55,000)	–	–	–	(55,000)
Total comprehensive income for the year	–	–	–	–	(55,000)	–	–	(843,516)	(898,516)
Purchase of own shares for cancellation *(Note 39)*	(1,652)	(51,035)	–	–	–	–	–	–	(52,687)
Expense for purchase of own shares for cancellation	–	(96)	–	–	–	–	–	–	(96)
Laspe of share options *(Note 40)*	–	–	(358)	–	–	–	–	358	–
Issue of convertible bonds *(Note 38)*	–	–	–	–	–	–	6,954	–	6,954
Change in equity component arising from exchange in convertible bonds *(Note 38)*	–	–	–	–	–	–	54,805	(54,805)	–
At 31 March 2015	270,096	1,929,475	31,012	3,800	(19,272)	64,314	617,363	(1,604,733)	1,292,055

* *Share options reserve has been separately disclosed.*

Notes:

(i) The warrants reserve represents the conditional warrants issued in relation to the Financing Arrangement as detailed in Note 36(iii).

(ii) The share options reserve represents the cumulative expenses recognised on the granting of share options during the reporting period.

(iii) The capital reserve represented capitalisation of payables to non-controlling interests.

(iv) The assets revaluation reserve represents gains/losses arising on the revaluation of property.

(v) The available-for-sale financial assets reserve represents gains/losses arising on recognising financial assets classified as available-for-sale at fair value.

(vi) The convertible bonds reserve represents the equity component of outstanding convertible bonds issued by the Company recognised in accordance with the accounting policy adopted for convertible bonds in Note 3(r)(iii).

(vii) Translation reserve represents all exchange differences arising from the translation of the financial statements of operations outside Hong Kong.

(viii) The contributed surplus of the Company represents the difference between the consolidated shareholders' funds of subsidiaries when they were acquired by the Company and the nominal amount of the Company's share capital issued for the acquisition.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2015

	Notes	**2015 HK$'000**	2014 HK$'000
Cash flows from operating activities			
Loss before income tax credit – continuing operations		**(1,887,572)**	(714,041)
Profit before income tax expense – discontinued operations		**–**	89,358
		(1,887,572)	(624,683)
Adjustments for:			
Interest income		**(13,385)**	(8,191)
Dividend income		**(1,915)**	–
Finance costs		**1,748,754**	648,567
Impairment loss of forest concession rights		**112,567**	55,300
Impairment loss of property, plant and equipment		**32,303**	–
Depreciation of property, plant and equipment		**121,481**	53,211
Change in fair value of derivative financial instrument		**(142,083)**	(29,767)
Loss on change in fair value of investment properties		**3,562**	3,814
(Gain)/loss on change in fair value less costs to sell of biological assets		**(3,088)**	5,465
Impairment loss of trade and other receivables		**9,221**	3,793
Amortisation of prepaid lease payments		**732**	664
Amortisation of forest concession rights		**27,586**	27,586
Amortisation of concession intangible asset		**617,143**	205,714
Amortisation of customer relationships		**5,193**	–
Amortisation of deferred government grants		**(2,538)**	(2,539)
Gain on disposal of property, plant and equipment and prepaid lease payments, net		**–**	(510)
Share of results of associates		**(348)**	1,837
Loss/(gain) on settling debt component of old convertible bonds by issuing new convertible bonds		**105,437**	(54,261)
Gain on loss of control in subsidiaries		**–**	(82,667)
Equity-settled share-based payment expense		**–**	31,370
Operating profit before changes in working capital		**733,050**	234,703
Increase in inventories		**(165,529)**	(2,523)
Increase in trade and other receivables		**(165,375)**	(93,724)
Decrease in trade and other payables		**(866,751)**	(546,456)
Decrease in deposits from sales of properties		**–**	(17,776)
Increase in properties under development for sale		**–**	(315,847)
Decrease in completed properties held for sale		**–**	331,932
Decrease in investments held for trading		**–**	6,179
Decrease in acreage fees payable		**(91)**	(322)
Increase of biological assets		**(1,131)**	(1,906)
Effect of foreign exchange differences		**35,131**	6,530
Cash used in operations		**(430,696)**	(399,210)
PRC tax paid		**(485)**	(7,514)
Net cash used in operating activities		**(431,181)**	(406,724)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2015

	Notes	2015 HK$'000	2014 HK$'000
Cash flows from investing activities			
Net (increase)/decrease in long-term deposits and prepayments		**(17,891)**	1,483,720
Proceeds from disposal of subsidiaries, net of cash disposed	43	**47,308**	495,989
Acquisition of subsidiaries, net of cash acquired	42	**(113,314)**	–
Acquisition of an associate	26	**(31,588)**	–
(Increase)/decrease in pledged deposits and restricted cash		**(134,040)**	54,488
Purchase of property, plant and equipment		**(23,352)**	(1,191,805)
Purchase of available-for-sale investments		**–**	(313,222)
Decrease/(increase) in amounts due from associates		**69,060**	(185,216)
Additions of concession intangible asset		**–**	(7,725,894)
Additions of other properties under development		**–**	(10,111)
Proceeds from disposal of prepaid lease payments		**24**	982
Proceeds from disposal of property, plant and equipment		**–**	464
Interest received		**13,385**	8,191
Dividends received from available-for-sale investments		**1,915**	–
Net cash used in investing activities		**(188,493)**	(7,382,414)
Cash flows from financing activities			
Proceeds from borrowings		**1,277,176**	5,971,803
Proceeds from issue of convertible bonds		**100,000**	2,684,000
Proceeds from issue of new shares		**–**	750,000
Repayment of borrowings		**(657,557)**	(1,268,705)
Payment for repurchase of own shares		**(52,783)**	(377,906)
Acquisition of additional interests in a subsidiary		**–**	(77,377)
Capital injection by a non-controlling shareholder of a subsidiary		**942**	31,872
Interest paid		**(1,459,116)**	(332,821)
Changes in amount due to a non-controlling shareholder of a subsidiary		**–**	(293)
Net cash (used in)/generated from financing activities		**(791,338)**	7,380,573
Net decrease in cash and cash equivalents		**(1,411,012)**	(408,565)
Effect of foreign exchange rate changes on cash and cash equivalents		**6,960**	35,197
Cash and cash equivalents at beginning of year		**1,702,510**	2,075,878
Cash and cash equivalents at end of year representing cash and bank balances		**298,458**	1,702,510

1. CORPORATE INFORMATION

China Resources and Transportation Group Limited (the "Company") is an exempted Company incorporated in the Cayman Islands with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the registered office is the office of Sterling Trust (Cayman) Limited, Caledonian House, 69 Dr. Roy's Drive, P.O. Box 1043, Grand Cayman, KY1-1102, Cayman Islands. Its principal place of business is located at Room 1801-07, 18/F, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong.

The principal activities of the Company and its subsidiaries (collectively refer to as the "Group") are expressway operations, trading and storage of petroleum and related products, compressed natural gas ("CNG") gas stations operations and timber operations.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Adoption of new/revised HKFRSs – effective 1 April 2014

Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment Entities
Amendments to HKAS 36	Recoverable Amount Disclosures
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK (IFRIC) 21	Levies

The adoption of the new HKFRSs had no material effect on the results and financial position for the current or prior accounting periods which have been prepared and presented. Accordingly, no restatement has been recognised.

Detailed impacts of the adoption of the new or amended HKFRSs are discussed below:

Amendments to HKAS 32, Offsetting financial assets and financial liabilities

The amendments to HKAS 32 clarify the offsetting criteria in HKAS 32. The amendments do not have an impact on these financial statements as they are consistent with the policies already adopted by the Group.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011), Investment entities

The amendments provide consolidation relief to those parents which qualify to be an investment entity as defined in the amended HKFRS 10. Investment entities are required to measure their subsidiaries at fair value through profit or loss. These amendments do not have an impact on these financial statements as the Company does not qualify to be an investment entity.

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

The amendments to HKAS 36 modify the disclosure requirements for impaired non-financial assets. Among them, the amendments expand the disclosures required for an impaired asset or cash-generating units whose recoverable amount is based on fair value less costs of disposal.

Amendments to HKAS 39, Novation of derivatives and continuation of hedge accounting

The amendments to HKAS 39 provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. The amendments do not have an impact on these financial statements as the Group has not novated any of its derivatives.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

(a) Adoption of new/revised HKFRSs – effective 1 April 2014 *(Continued)*

HK(IFRIC) 21, Levies

The Interpretation provides guidance on when a liability to pay a levy imposed by a government should be recognised. The amendments do not have an impact on these financial statements as the guidance is consistent with the Group's existing accounting policies.

(b) New/revised HKFRSs that have been issued but are not yet effective

The following new/revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

Amendments to HKAS 1	Disclosure Initiative[3]
HKFRSs (Amendments)	Annual Improvements 2010–2012 cycle[2]
HKFRSs (Amendments)	Annual Improvements 2011–2013 cycle[1]
HKFRSs (Amendments)	Annual Improvements 2012–2014 cycle[3]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[3]
HKFRS 9 (2014)	Financial Instruments[5]
HKFRS 15	Revenue from Contracts with Customers[4]

1 Effective for annual periods beginning on or after 1 July 2014
2 Effective for annual periods beginning, or transactions occurring, on or after 1 July 2014
3 Effective for annual periods beginning on or after 1 January 2016
4 Effective for annual periods beginning on or after 1 January 2017
5 Effective for annual periods beginning on or after 1 January 2018

HKFRS 9 (2014) – Financial Instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at fair value through other comprehensive income ("FVTOCI") if the objective of the entity's business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at fair value through profit or loss ("FVTPL").

HKFRS 9 includes a new expected loss impairment model for all financial assets not measured at FVTPL replacing the incurred loss model in HKAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

(b) New/revised HKFRSs that have been issued but are not yet effective *(Continued)*

HKFRS 15 – Revenue from Contracts with Customers

The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and related interpretations.

HKFRS 15 requires the application of a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to each performance obligation
Step 5: Recognise revenue when each performance obligation is satisfied

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

The Group is in the process of making an assessment of the potential impact of these new/revised HKFRSs and the directors so far concluded that the application of these new/revised HKFRSs will have no material impact on the Group's financial statements.

(c) New Hong Kong Companies Ordinance provisions relating to the preparation of financial statements

The provisions of the new Hong Kong Companies Ordinance, Cap. 622, in relation to the preparation of financial statements will apply to the Company in its first financial year beginning on or after 3 March 2014 (i.e. the financial year ending 31 March 2016).

The directors consider that there will be no impact on the Group's financial position or performance, however the new Hong Kong Companies Ordinance, Cap. 622, would have impacts on the presentation and disclosures in the consolidated financial statements. The statement of financial position of the Company will be presented in the notes rather than a separate statement and the related notes generally need not be included, while the statutory disclosures will be simplified.

3. PRINCIPAL ACCOUNTING POLICIES

A summary of significant accounting policies adopted by the Group is set out below.

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange.

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(b) Basis of measurement and going concern assumption

The consolidated financial statements have been prepared under historical cost basis except for investment properties, office building included in property, plant and equipment, derivative financial instrument, available-for-sale investments with quoted market price, and biological assets, which are measured at revalued amounts, fair values or fair value less costs to sell as explained in the accounting policies set out below.

During the year, the Group suffered a loss of HK$1,885,247,000 and had a net operating cash outflow of HK$431,181,000 and at the end of reporting period, the Group's current liabilities exceeded its current assets by approximately HK$5,702,041,000. These conditions indicate the existence of a material uncertainty which may cast doubt on the Group's ability to continue as a going concern and therefore, the Group may not be able to realise its assets and discharge its liabilities in the normal course of business.

The directors of the Company have considered the following factors when preparing the consolidated financial statements of the Group for the year ended 31 March 2015:

i) Since the opening of the Group's 265 km long heavy-haul toll expressway designed for coal transportation in the Inner Mongolia Province ("Zhunxing Expressway") on 21 November 2013, daily toll income has been providing a major source of operating cash flows to the Group. The average daily toll income before any sales tax has been steady at approximately HK$2.5 million during the year (2014: HK$2.5 million) while average daily traffic volume have been increasing steadily, from 4,000 vehicles during the year ended 31 March 2014 to 5,000 vehicles during the year ended 31 March 2015. Zhunxing Expressway is still at its initial stage of operations and the Group is pushing forward various methods to promote the use of Zhunxing Expressway like the commencement of operations of auxiliary facilities. The directors of the Company expect that revenue and cash flows from the operations of Zhunxing Expressway will have a steady growth in the coming years;

ii) the Group has substantially expanded its petroleum and related products business during the year with several business acquisitions (Details in Note 42). The directors of the Company expect that income from this business segment (including revenue from trading of petroleum and related products and CNG gas station service income) will contribute as another major source of operating cash flows to the Group in the coming years;

iii) on 28 September 2014, Inner Mongolia Zhunxing Heavy Haul Expressway Company Limited ("Zhunxing"), one of the Group's subsidiaries, entered into a loan agreement with an authorised financial institution in the People's Republic of China (the "PRC") for obtaining a new loan of Renminbi ("RMB") 1,500 million, which is repayable within three years upon drawdown. On 3 March 2015, Zhunxing entered into another loan agreement with another financial institution in the PRC for obtaining a new loan of RMB1,000 million, which is repayable within three years upon drawdown. As of 31 March 2015, the Group still has not utilised any of such loan facilities. Besides, the Group is also in active negotiation with financial institutions to obtain other new borrowings, and the aggregate amount of unutilised available banking facilities of the Group as at 31 March 2015 amounted to HK$3,571,728,000;

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(b) Basis of measurement and going concern assumption *(Continued)*

iv) on 10 February 2015, the Company issued convertible bonds of HK$3,192 million (i.e. CB2016B, CB2016C and CB2018 as defined in Note 38(a)) (collectively referred to as the "New CBs") which set off against part of CB2015, whole amount of CB2016A and whole amount of CB2017, as defined in Note 38(a) (collectively referred to as the "Old CBs"). The New CBs have a conversion price of HK$0.20 which is lower than that of the Old CBs, ranging from HK$0.32 to HK$0.40. Following the recent movements of the market price of the Company's ordinary shares, the directors of the Company believe that the issue of the New CBs can, a) increase the likelihood that the relevant subscribers will convert all or part of the New CBs and b) if not previously converted, the repayment schedules of the New CBs may be more in alignment and better matched with the cash flow position and repayment capabilities of the Company; and

v) the Group is actively considering raising new capital by obtaining new bank borrowings and carrying out fund raising activities including but not limited to rights issue, open offer, placing of new shares and issuance of other convertible bonds.

The directors have prepared a cash flow forecast of the Group for the eighteen months period ending 30 September 2016. Based on the forecast which has taken into account of the above measures, the directors are of the opinion that the Group will have sufficient working capital to meet its financial obligations as and when they fall due in the next eighteen months from 31 March 2015. Accordingly, the financial statements have been prepared on a going concern basis.

Should the Group be unable to continue in business as a going concern, adjustments would have to be made to restate the value of assets to their recoverable amounts, to reclassify non-current assets and liabilities as current assets and liabilities respectively, and to provide for any further liabilities which may arise. The effects of these potential adjustments have not been reflected in these financial statements.

(c) Functional and presentation currency

The financial statements are presented in Hong Kong dollars ("HK$" or "HKD"), which is the same as the functional currency of the Company.

(d) Group accounting

(i) Business combination and basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective dates of acquisition or up to the effective dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(d) Group accounting *(Continued)*

(i) Business combination and basis of consolidation *(Continued)*

Acquisition of subsidiaries or businesses is accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. The Group's previously held equity interest in the acquiree is re-measured at acquisition-date fair value and the resulting gains or losses are recognised in profit or loss. The Group may elect, on a transaction-by-transaction basis, to measure the non-controlling interest that represent present ownership interests in the subsidiary either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other non-controlling interests are measured at fair value unless another measurement basis is required by HKFRSs. Acquisition-related costs incurred are expensed unless they are incurred in issuing equity instruments in which case the costs are deducted from equity.

Any contingent consideration to be transferred by the acquirer is recognised at acquisition-date fair value. Subsequent adjustments to consideration are recognised against goodwill only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

Contingent consideration balances arising from business combinations whose acquisition dates preceded 1 January 2010 (i.e. the date the Group first applied HKFRS 3 (2008)) have been accounted for in accordance with the transition requirements in the standard. Such balances are not adjusted upon first application of the standard. Subsequent revisions to estimates of such consideration are treated as adjustments to the cost of these business combinations and are recognised as part of goodwill.

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

When the Group loses control of a subsidiary, the profit or loss on disposal 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 interest. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

Subsequent to acquisition, the carrying amount of non-controlling interest that represent present ownership interests in the subsidiary is the amount of those interests at initial recognition plus the non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interest having a deficit balance.

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(d) Group accounting *(Continued)*

(ii) Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: (1) power over the investee, (2) exposure, or rights, to variable returns from the investee, and (3) the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

(iii) Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over those policies.

Associates are accounted for using the equity method whereby they are initially recognised at cost and thereafter, their carrying amount are adjusted for the Group's share of the post-acquisition change in the associates' net assets except that losses in excess of the Group's interest in the associate are not recognised unless there is an obligation to make good those losses.

Profits and losses arising on transactions between the Group and its associates are recognised only to the extent of unrelated investors' interests in the associate. The investor's share in the associate's profits and losses resulting from these transactions is eliminated against the carrying value of the associate. Where unrealised losses provide evidence of impairment of the asset transferred they are recognised immediately in profit or loss.

Any premium paid for an associate above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised as goodwill and included in the carrying amount of the associate. Where there is objective evidence that the investment in an associate has been impaired, the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

(iv) Goodwill

Goodwill is initially recognised at cost being the excess of the aggregate of consideration transferred and the amount recognised for non-controlling interests over the fair value of identifiable assets, liabilities and contingent liabilities acquired.

Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is recognised in profit or loss on the acquisition date, after reassessment.

Goodwill is measured at cost less impairment losses. For the purpose of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units that are expected to benefit from the synergies of the acquisition. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired.

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(d) Group accounting *(Continued)*

(iv) Goodwill (Continued)

For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro-rata on the basis of the carrying amount to each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss and is not reversed in subsequent periods.

(e) Foreign currency

(i) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the rates ruling at the end of the reporting period of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

(ii) On consolidation

The results and financial position of group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities of foreign operations are translated at the closing rate at the end of the reporting period;

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

(iii) all resulting exchange differences are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve.

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(e) Foreign currency *(Continued)*

(ii) On consolidation *(Continued)*

Exchange differences recognised in profit or loss of group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the foreign operation concerned are reclassified to other comprehensive income and accumulated in equity as translation reserve on consolidation. When a foreign operation is sold, such exchange differences are reclassified to the consolidated income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the rate of exchange prevailing at the end of the reporting period. Exchange differences arising are recognised in translation reserve.

(f) Investment properties

Investment properties are properties held either to earn rentals or for capital appreciation or for both, but not held for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties are measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss.

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

(g) Property, plant and equipment

Property, plant and equipment, other buildings and construction in progress are stated at cost less accumulated depreciation and any impairment losses. The cost of assets comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after the asset has been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the property, plant and equipment, the expenditure is capitalised as an additional cost of that asset.

Office building is stated at revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair values at the end of the reporting period. Increases in value arising on revaluation are recognised in other comprehensive income and accumulated in equity under the heading of assets revaluation reserve per consolidated statement of changes in equity. Decreases in value arising on revaluation are first offset against increases on earlier valuations in respect of the same property and thereafter recognised in profit or loss. Any subsequent increases are recognised in profit or loss up to the amount previously charged and thereafter to the asset revaluation reserve.

Upon disposal, the relevant portion of the revaluation reserve realised in respect of previous valuations is released from the asset revaluation reserve to retained profits.

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(g) Property, plant and equipment *(Continued)*

Depreciation is calculated on the straight-line basis to write off the cost or valuation of each asset other than construction in progress over its estimated useful life. 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. The principal annual rates used for this purpose are as follows:

Buildings	
– Temporary houses and structures	30 years
– Office building	Over the remaining term of the relevant lease but not exceeding 25 years
– Other buildings	Over the remaining term of the relevant lease but not exceeding 25 years
Leasehold improvements	Over the remaining life of the leases but not exceeding 5 years
Furniture, machinery and equipment	5 to 20 years
Motor vehicles	5 to 8 years
Vessels	10 years
Safety equipment	10 years
Communication and signalling systems	10 years
Toll collection equipment	10 years

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

Construction in progress represents property, plant and equipment in the course of construction for production or for its own use purposes. Construction in progress is stated at cost less accumulated impairment losses, if any. Cost includes the costs of construction and interest charges arising from borrowings used to finance these assets during the period of construction or installation and testing, if any. No provision for depreciation is made on construction in progress until such time as the relevant assets are completed and are available for intended use.

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

(h) Prepaid lease payments

The cost of acquiring land under an operating lease is amortised on a straight-line basis over the period of the lease term except where the lands are classified as properties under development for sale (Note 3(n)) or and other properties under development (Note 3(o)).

(i) Intangible assets (other than goodwill)

Intangible assets acquired separately are initially recognised at cost. The cost of intangible assets acquired in a business combination is fair value at the date of acquisition. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is provided on a straight-line basis over their useful lives as follows. Intangible assets with indefinite useful lives are carried at cost less any accumulated impairment losses. The amortisation expense is recognised in profit or loss.

Customer relationships	20 years

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(j) Biological assets

Biological assets are living plants involved in the agricultural activities of the transformation of biological assets into agricultural produce for sale or into additional biological assets. Biological assets, agricultural produce and seedlings, are measured at fair value less costs to sell at initial recognition and at the end of each reporting period. The fair value less costs to sell at the time of harvest is deemed as the cost of agricultural produce for further processing, if applicable.

If an active market exists for a biological asset or agricultural produce with reference to comparable specie, growing condition and expected yield of the crops, the quoted price in that market is adopted for determining the fair value of that asset. If an active market does not exist, the Group uses the most recent market transaction price, provided that there has not been a significant change in economic circumstances between the transaction date and the end of the reporting period, or the market prices for similar assets adjusted to reflect differences to determine fair values. The gain or loss arising on initial recognition and subsequent changes in fair values less costs to sell of biological assets is recognised in profit or loss in the period in which it arises. Upon the sale of the agricultural produce as forestry products, the carrying amount is transferred to cost of sales in the income statement.

Seedlings and camellia trees that have little biological transformation taken place since initial cost incurrence are stated at cost less any impairment loss.

(k) Forest concession rights

Forest concession licenses acquired by the Group are stated at cost, being the fair value at the date of acquisition in a business combination less accumulated amortisation and any accumulated impairment losses. These licenses give the Group the rights to harvest trees in the allocated concession forests in designated area in Guyana.

The costs of forest concession rights include the acreage fees payable to Guyana Forestry Commission, costs of necessary exploratory, geological, geophysical and other research studies incurred prior to obtaining the right.

Forest concession rights are amortised over the remaining license period. The amortisation expense is recognised in profit or loss.

(l) Concession intangible asset

Concession intangible asset represents the rights to charge users of the public service, that the Group obtained under the service concession arrangements. Concession intangible asset is stated at cost, that is, the fair value of the consideration received or receivable in exchange for the construction services provided under the service concession arrangements, less accumulated amortisation and any impairment losses.

Amortisation of the concession intangible asset starts upon commencement of the operation of the concession intangible asset.

Amortisation for concession intangible asset with finite useful lives is provided on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(l) Concession intangible asset *(Continued)*

It is the Group's policy to review regularly the projected total traffic volume throughout the concession periods of the respective concession intangible asset. If it is considered appropriate, independent professional traffic studies will be performed. Appropriate adjustment will be made should there be a material change in the projected total traffic volume.

Costs incurred during the period of construction of underlying concession intangible asset are recorded in concession intangible asset. Subsequent expenditures are capitalised in the concession intangible asset when it increases the future economic benefits embodied in the concession intangible asset. All other expenditures are recognised in profit or loss as incurred.

(m) Impairment of tangible and intangible assets excluding goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible assets and intangible assets with finite lives to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased. 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). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

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

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

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(n) Properties under development for sale

Properties under development for sale are stated at the lower of cost and net realisable value. Net realisable value is determined by reference to the sale proceeds of properties sold in the ordinary course of business under prevailing market conditions, less applicable variable selling expenses and the anticipated costs to completion.

Development cost of property comprises cost of land use rights, construction costs, depreciation of machinery and equipment, borrowing costs capitalised for qualifying assets and professional fees incurred during the development period. On completion, the properties are transferred to completed properties held for sale.

Properties under development for sale are classified as current assets when the construction of the relevant properties commences unless the construction period of the relevant property development project is expected to complete beyond normal operation cycle.

(o) Other properties under development

Other properties under development are stated at cost less accumulated impairment losses, if any. Development cost of properties comprises cost of land use rights, construction costs, depreciation of machinery and equipment, borrowing costs capitalised for qualifying assets and professional fees incurred during the development period. On completion, the properties are transferred to property, plant and equipment. No provision for depreciation is made on other property under development until such time as the relevant assets are completed and are available for intended use.

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

(p) Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Cost of inventories is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The cost of timber harvested from biological assets is its fair value less costs to sell at the date of harvest, determined in accordance with the accounting policy for biological assets (Note 3(j)).

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(q) Financial assets

The Group classifies its financial assets at initial recognition, depending on the purpose for which the asset was acquired. Financial assets at fair value through profit or loss are initially measured at fair value and all other financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition of the financial assets. Regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned. Financial assets are subsequently accounted for as follows, depending on their classification:

(i) Financial assets at fair value through profit or loss

These assets include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value, with changes in fair value recognised in profit or loss in the period in which they arise.

(ii) Loans and receivables

Trade and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, they are carried at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

(iii) Available-for-sale financial assets

These assets are non-derivative financial assets that are designated as available-for-sale or are not included in other categories of financial assets. Subsequent to initial recognition, these assets are carried at fair value with changes in fair value recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses on monetary instruments, which are recognised in profit or loss.

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses.

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(q) Financial assets *(Continued)*

(iv) Impairment loss on financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been impacted.

Objective evidence of impairment could include:

– significant financial difficulty of the debtor;

– a breach of contract, such as default or delinquency in interest or principal payments;

– granting concession to a debtor because of debtor's financial difficulty; and

– it becoming probable that the debtor will enter bankruptcy or other financial reorganisation.

For loans and receivables

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade and other receivables directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

For available-for-sale financial assets

Where a decline in the fair value constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognised in profit or loss.

For available-for-sale equity investment, any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income.

For available-for-sale equity investment that is carried at cost, the amount of impairment loss is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss is not reversed.

(v) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or where appropriate, a shorter period.

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(q) Financial assets *(Continued)*

(vi) Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKAS 39.

(r) Financial liabilities and equity instrument issued by the Group

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted in respect of financial liabilities and equity instruments are set out below:

(i) Equity instruments

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

(ii) Financial liabilities

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in profit or loss.

Where a contract contains one or more embedded derivatives, the entire hybrid contract may be designated as a financial liability at fair value through profit or loss, except where the embedded derivative does not significantly modify the cash flows or it is clear that separation of the embedded derivative is prohibited.

Financial liabilities may be designated upon initial recognition as at fair value through profit or loss if the following criteria are met: (i) the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the liabilities or recognising gains or losses on them on a different basis; (ii) the liabilities are part of a group of financial liabilities which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management strategy; or (iii) the financial liability contains an embedded derivative that would need to be separately recorded.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value, with changes in fair value recognised in profit or loss in the period in which they arise.

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(r) Financial liabilities and equity instrument issued by the Group *(Continued)*

(ii) Financial liabilities (Continued)

Financial liabilities at amortised cost

Financial liabilities at amortised cost including trade and other payables, borrowings, debt element of convertible bonds issued by the Group, deferred government grants and promissory note are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

(iii) Convertible bonds

Convertible bonds issued by the Company that contain liability component, embedded derivative and equity component are classified separately into respective items on initial recognition. At the date of issue, both the liability component and embedded derivative are recognised at fair value. The equity component is determined by deducting the amount of the liability component and embedded derivative from the fair value of the compound instrument as a whole. This is recognised and included in equity as convertible bonds reserve, net of income tax effects, and is not subsequently remeasured.

In subsequent reporting periods, the liability component of the convertible bonds is carried at amortised cost using the effective interest method. The embedded derivative is measured at fair value with change in fair value recognised in profit or loss. The equity component represented by the option to convert the liability component into ordinary shares of the Company will remain in the convertible bonds reserve until the conversion option is exercised, in which case, the convertible bonds reserve and the carrying value of the liability component at the time of conversion, is transferred to share capital and share premium as consideration for the shares issued. Where the conversion option remains unexercised at the maturity date, the balance stated in the convertible bonds reserve will be released to retained profits. No gain or loss isrecognised in profit or loss upon conversion or expiration of the conversion option.

(iv) 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 through the expected life of the financial liability, or where appropriate, a shorter period.

(v) Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expires.

Where the Group issues its own equity instruments to a creditor to settle a financial liability in whole or in part as a result of renegotiating the terms of that liability, the equity instruments issued are the consideration paid and are recognised initially and measured at their fair value on the date the financial liability or part thereof is extinguished. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments are measured to reflect the fair value of the financial liability extinguished. The difference between the carrying amount of the financial liability or part thereof extinguished and the consideration paid is recognised in profit or loss for the year.

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(s) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(t) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Transaction costs are incremental costs that are directly attributable to the acquisition, issue of disposal of a financial asset or financial liability, including fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Borrowings are subsequently stated at amortised cost, any differences between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

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

(u) Taxation

Income taxes for the year comprise current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for goodwill and recognised assets and liabilities that affect neither accounting nor taxable profits, deferred tax liabilities are recognised for all temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates expected to apply in the period when the liability is settled or the asset is realised based on tax rates that have been enacted or substantively enacted at the end of reporting period.

An exception to the general requirement on determining the appropriate tax rate used in measuring deferred tax amount is when an investment property is carried at fair value under HKAS 40 "Investment Property". Unless the presumption is rebutted, the deferred tax amounts on these investment properties are measured using the tax rates that would apply on sale of these investment properties at their carrying amounts at the reporting date. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all the economic benefits embodied in the property over time, rather than through sale.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, associates and jointly controlled entities, 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.

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income.

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(v) Employee benefits

(i) Employee leave entitlements

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

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

(ii) Defined contribution retirement benefits schemes

The Company's subsidiaries located in the PRC (excluding Hong Kong) participate in defined contribution retirement schemes organised by the local government authorities in the PRC. All of the PRC employees are entitled to an annual pension equivalent to a fixed portion of their basic salaries at their retirement dates. The Company's PRC subsidiaries are required to contribute certain percentage ranged from 10% to 20% of the basic salaries of their PRC employees to the retirement schemes and have no further obligation for post-retirement benefits. The contributions are charged to profit or loss of the Group as they become payable in accordance with the rules of scheme.

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for all of its employees in Hong Kong. Contributions are made based on a percentage of the employees' basic 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.

(iii) Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is recognised in profit or loss over the vesting period with a corresponding increase in the employee share based compensation reserve within equity. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at the end of each reporting period so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also recognised in profit or loss over the remaining vesting period.

Equity-settled share-based payments transactions with other parties are measured at the fair value of the goods or services received, except where the fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(w) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee is initially recognised as deferred income within trade and other payables. The fair value of financial guarantees issued at the time of issuance is determined by reference to fees charged in an arm's length transaction for similar services, when such information is obtainable, or is otherwise estimated by reference to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

The amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised in accordance with Note 3(w)(ii) if and when (i) it becomes probable that the holder of the guarantee will call upon the Group under the guarantee, and (ii) the amount of that claim on the Group is expected to exceed the amount currently carried in trade and other payables in respect of that guarantee i.e. the amount initially recognised, less accumulated amortisation.

(ii) Other provisions and contingent liabilities

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

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

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

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

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(x) Revenue recognition

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

(i) Revenue from sales of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer.

(ii) Revenue from sales of properties is recognised when the risks and rewards of properties are transferred to the purchasers, which is when the construction of relevant properties has been completed and the properties have been delivered to the purchasers and collectability of related receivables is reasonably assured. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the consolidated statement of financial position as deposits from sales of properties under current liabilities.

(iii) The Group recognises income and expenses associated with construction services provided under the service concession arrangements in accordance with HKAS 11 "Construction Contracts".

Revenue generated by construction services rendered by the Group is measured at fair value of the consideration received or receivable. The consideration represents the rights to attain an intangible asset.

The Group uses the percentage of completion method to determine the appropriate amount of income and expenses to be recognised in a given period, provided that the revenue, the costs incurred and the estimated costs to completion can be measured reliably. The stage of completion is measured by reference to the construction costs of the related infrastructure incurred up to the end of the reporting period as a percentage of the total estimated costs for each contract. Provision is made for foreseeable losses as soon as they are anticipated by management.

(iv) Toll income from the operation of toll road is recognised when the tolls are received or become receivable.

(v) Rental income from operating leases is recognised in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the time pattern of benefits to be derived from the use of the leased assets. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

(vi) Service income is recognised when services are provided.

(vii) Interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and the effective interest rates applicable.

(viii) Dividend income is recognised when the shareholders' rights to receive payment is established.

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(y) Leases

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

(i) The Group as lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

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

(ii) The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

(z) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants are deferred and recognised in profit or loss over the period necessary to match them with the costs that the grants are intended to compensate. Government grants relating to the purchase of assets are included in liabilities as deferred government grants in the statement of financial position and are recognised in profit or loss on straight-line method over the expected lives of the related assets.

(aa) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors that makes strategic decisions.

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(bb) Capitalisation of borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Borrowing costs consists of interest and other costs that an entity incurs in connection with the borrowing of funds.

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

(cc) Related parties

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

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

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

- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).

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

- (i) that person's children and spouse or domestic partner;
- (ii) children of that person's spouse or domestic partner; and
- (iii) dependents of that person or that person's spouse or domestic partner.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the 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 estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Fair value measurement

A number of assets and liabilities included in the Group's financial statements require measurement at, and/or disclosure of, fair value.

The fair value measurement of the Group's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the 'fair value hierarchy'):

- Level 1: Quoted prices in active markets for identical items (unadjusted);
- Level 2: Observable direct or indirect inputs other than Level 1 inputs;
- Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

The Group measures a number of items at fair value:

- Investment properties (Note 17);
- Revalued buildings – property, plant and equipment (Note 18);
- Biological assets (Note 21); and
- Financial instruments (Note 51).

For more detailed information in relation to the fair value measurement of the items above, please refer to the applicable notes.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

(b) Useful lives of property, plant and equipment

The Group's management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management will increase depreciation charges where useful lives are less than previously technically obsolete or non-strategic assets that have been abandoned or sold.

(c) Impairment of goodwill and intangible asset acquired through acquisitions

Determining whether goodwill and intangible asset acquired through acquisitions is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value-in-use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value.

(d) Fair value of biological assets

Management estimates the current market prices less costs to sell of biological assets at the end of each reporting period with reference to market prices and professional valuations. Un-anticipated volatile changes in market prices of the underlying agricultural produce could significantly affect the fair values of these biological assets and result in fair value re-measurement losses in future accounting periods.

The Group's forestry business is subject to the usual agricultural hazards from fire, wind and insects. Forces of nature such as temperature and rainfall may also affect harvest efficiency. Management considers adequate preventive measures are in place and the relevant legislation under forestry laws in the PRC will assist in minimising exposure. Nevertheless, to the extent that un-anticipated factors affecting harvestable agricultural produce may result in re-measurement or harvest losses in future accounting periods.

(e) Impairment of forest concession rights

Determining whether forest concession right is impaired requires an estimation of the value-in-use of the cash-generating units. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value.

(f) Impairment of concession intangible asset

Concession intangible asset is the key operating asset for the Group's business operation (the "Key Operating Asset"). Management tests whether the Key Operating Asset has suffered any impairment in accordance with the accounting policy as stated in Note 3(l). Management has assessed the recoverable amounts of the Key Operating Asset based on value-in-use calculations which require the use of estimate on the projections of cash inflows from continual use of the Key Operating Asset and discount rate.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

(g) Percentage of completion of construction services provided under service concession arrangements

In accordance with Hong Kong (IFRIC) Interpretation 12 "Service Concession Arrangements", income and expenses associated with construction work and project management provided under the concession service arrangement are recognised as per HKAS 11 "Construction Contracts" using the percentage of completion method. Revenue generated by construction services rendered by the Group is measured at the fair value of the consideration received or receivable.

Due to the fact that there was no real cash inflow realised/realisable during the construction phase of the infrastructure assets under the service concession arrangement, in order to determine the construction revenue to be recognised during the year, the directors of the Company made estimates of the respective amounts by making reference to the service rendered by other relevant competitors on similar industry for construction of toll road for respective PRC local government without the corresponding grant of the related toll road operating rights and entitlement to future toll revenues. The directors of the Company have drawn an analogy of the construction of toll road under the service concession arrangement as if the Group were providing construction and management services. Accordingly, construction revenue under the respective service concession arrangement is recognised at the total expected construction costs of the toll road plus management fees, computed at an estimated percentage of the costs.

In ascertaining the total construction costs, the directors of the Company made estimates based on information available such as budgeted project costs, actual project costs incurred/settled to date, and relevant independent party evidence such as signed construction contracts and their supplements, the related variation orders placed and the underlying construction and design plans. In ascertaining the amount of management fees, the directors have made reference to the practice for determining management fees for management construction contracts transacted by the Group, whereby the fee is determined as an estimated percentage on the total budgeted costs of the project. Actual outcomes in terms of total cost or revenue may be higher or lower than estimated at the end of the reporting period, which would affect the revenue and profit recognised in future years as an adjustment to the amounts recorded to date.

(h) Impairment of available-for-sale investments

The directors of the Company review available-for-sale investments at the end of each reporting period to assess whether they are impaired. The Group records impairment charges on available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is significant or prolonged requires judgement. In making this judgement, the directors evaluate, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost.

(i) Net realisable value of inventories

Management reviews the conditions of timber and other inventories at the end of each reporting period, and makes allowances for obsolete and slow-moving inventory items identified that are no longer suitable for use in production and/or sales in the market. These estimates are based on current market conditions and the historical experience of selling goods of similar nature. It could change significantly as a result of change in market condition. Management will reassess the estimations at the end of reporting period.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

(j) Income tax

The Group is subject to income taxes in several jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that are initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

5. TURNOVER

Turnover represents the revenue from the principal activities of the Group, net of any sales taxes. The amounts of each significant category of revenue recognised in turnover during the year are as follows:

	2015 HK$'000	2014 HK$'000
Continuing operations:		
Toll income from toll road operations	**905,788**	307,665
Construction revenue in respect of service concession arrangement	**–**	8,148,639
Trading of petroleum and related products	**4,091,582**	117,089
CNG gas station service income	**2,106**	–
Income from timber logging and trading	**10,308**	5,702
Sales of seedlings	**4,540**	3,255
Sales of plant-oil	**2,223**	3,365
	5,016,547	8,585,715
Discontinued operations:		
Sales of completed properties held for sale	**–**	83,309

6. SEGMENT INFORMATION

The Group has four reportable segments. The segments are managed separately as each business offers different products or provides different services and requires different business strategies.

During the year, consistent with the way how the Group's chief operating decision makers evaluate financial information, assess performance and allocate resources, the Group combined its timber logging and trading segment and other timber operation segment into one single segment, namely the timber operations segment. Accordingly, the comparative figures have been represented.

The property development and asset management segment was disposed of on 16 September 2013 and was presented as discontinued operations during the year ended 31 March 2014.

The following summary describes the operations in each of the Group's reportable segments:

Continuing operations:

– Expressway operations – the operations, management, maintenance and auxiliary facility investment of Zhunxing Expressway;

– Petroleum and related products business – trading of petroleum and related products, provision of petroleum storage and ancillary services, and operations of CNG gas stations; and

– Timber operations – sales of timber logs from forest concession, tree plantation area and outside suppliers, sales of seedlings and refined plant oil.

Discontinued operations:

– Property development and asset management

There was no inter-segment sale or transfer during the year (2014: HK$Nil). Central revenue and expenses are not allocated to the operating segments as they are not included in the measure of the segments' results that is used by the chief operating decision makers for assessment of segment performance.

The measure used for reportable segment profit or loss is EBIT (i.e. earnings before interest and tax).

Segment assets exclude investment property in Australia, interest in associates – Yichang Group (as defined in Note 26), available-for-sale investments, amounts due from non-controlling shareholders of subsidiaries, amounts due from associates, pledged deposits and restricted cash, cash and cash equivalents and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude promissory note, convertible bonds, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

6. SEGMENT INFORMATION *(Continued)*

(a) Reportable Segment

For the year ended 31 March 2015

	Continuing operations			Discontinued operations	
	Expressway operations HK$'000	Petroleum and related products business HK$'000	Timber operations HK$'000	Property development and asset management HK$'000	Total HK$'000
REVENUE					
Revenue from external customers	905,788	4,093,688	17,071	–	5,016,547
Inter-segment revenue	–	–	–	–	–
Reportable segment revenue	905,788	4,093,688	17,071	–	5,016,547
Reportable segment profit/(loss)	61,080	33,413	(194,213)	–	(99,720)
Reportable segment assets	20,909,238	1,139,735	436,944	–	22,485,917
Reportable segment liabilities	(14,495,354)	(1,093,346)	(41,714)	–	(15,630,414)

6. SEGMENT INFORMATION *(Continued)*

(a) Reportable Segment *(Continued)*

For the year ended 31 March 2015 *(Continued)*

	Continuing operations			Discontinued operations	
	Expressway operations HK$'000	Petroleum and related products business HK$'000	Timber operations HK$'000	Property development and asset management HK$'000	Total HK$'000
Other segment information					
Additions of property, plant and equipment	1,859	147,699	882	–	150,440
Unallocated additions of property, plant and equipment					542
Total additions of property, plant and equipment					150,982
Additions of prepaid lease payments	–	16,554	–	–	16,554
Additions of goodwill and other intangible assets	–	403,650	–	–	403,650
Additions of biological assets	–	–	2,448	–	2,448
Depreciation of property, plant and equipment	98,131	7,881	13,150	–	119,162
Unallocated depreciation of property, plant and equipment					2,319
Total depreciation of property, plant and equipment					121,481
Amortisation of prepaid lease payments	–	71	580	–	651
Unallocated amortisation of prepaid lease payments					81
Total amortisation of prepaid lease payments					732

6. SEGMENT INFORMATION *(Continued)*

(a) Reportable Segment *(Continued)*

For the year ended 31 March 2015 *(Continued)*

	Continuing operations			Discontinued operations	
	Expressway operations HK$'000	Petroleum and related products business HK$'000	Timber operations HK$'000	Property development and asset management HK$'000	Total HK$'000
Other segment information *(Continued)*					
Amortisation of customer relationships	–	5,193	–	–	5,193
Amortisation of forest concession rights	–	–	27,586	–	27,586
Amortisation of concession intangible asset	617,143	–	–	–	617,143
Impairment loss of forest concession rights	–	–	112,567	–	112,567
Impairment loss of property, plant and equipment	–	–	32,303	–	32,303
Interest income	6,286	285	6,029	–	12,600
Unallocated interest income					785
Total interest income					13,385

6. SEGMENT INFORMATION *(Continued)*

(a) Reportable Segment *(Continued)*

For the year ended 31 March 2014

	Continuing operations			Discontinued operations	
	Expressway operations HK$'000	Petroleum and related products business HK$'000	Timber operations HK$'000	Property development and asset management HK$'000	Total HK$'000
REVENUE					
Revenue from external customers	8,456,304	117,089	12,322	83,309	8,669,024
Inter-segment revenue	–	–	–	–	–
Reportable segment revenue	8,456,304	117,089	12,322	83,309	8,669,024
Reportable segment profit/(loss)	60,563	(19)	(108,670)	81,865	33,739
Reportable segment assets	21,573,010	77,749	616,240	–	22,266,999
Reportable segment liabilities	(15,099,007)	(285)	(81,078)	–	(15,180,370)

6. SEGMENT INFORMATION *(Continued)*

(a) Reportable Segment *(Continued)*

For the year ended 31 March 2014 *(Continued)*

	Continuing operations			Discontinued operations	
	Expressway operations HK$'000	Petroleum and related products business HK$'000	Timber operations HK$'000	Property development and asset management HK$'000	Total HK$'000
Other segment information					
Additions of property, plant and equipment	1,319,829	2,829	2,677	–	1,325,335
Unallocated additions of property, plant and equipment					808
Total additions of property, plant and equipment					1,326,143
Additions of biological assets	–	–	6,073	–	6,073
Addition of concession intangible asset	9,080,261	–	–	–	9,080,261
Depreciation of property, plant and equipment	36,325	2	15,671	–	51,998
Unallocated depreciation of property, plant and equipment					1,213
Total depreciation of property, plant and equipment					53,211
Amortisation of prepaid lease payments	–	–	583	–	583
Unallocated amortisation of prepaid lease payments					81
Total amortisation of prepaid lease payments					664

6. SEGMENT INFORMATION *(Continued)*

(a) Reportable Segment *(Continued)*

For the year ended 31 March 2014 *(Continued)*

	Continuing operations			Discontinued operations	
	Expressway operations HK$'000	Petroleum and related products business HK$'000	Timber operations HK$'000	Property development and asset management HK$'000	Total HK$'000
Other segment information *(Continued)*					
Gain on loss of control in subsidiaries	–	–	–	82,667	82,667
Amortisation of forest concession rights	–	–	27,586	–	27,586
Amortisation of concession intangible asset	205,714	–	–	–	205,714
Impairment loss of forest concession rights	–	–	55,300	–	55,300
Interest income	5,162	222	1,959	–	7,343
Unallocated interest income					848
Total interest income					8,191

6. SEGMENT INFORMATION *(Continued)*

(b) Reconciliation of reportable segment results, assets and liabilities

	2015 HK$'000	2014 HK$'000 (restated*)
Reportable segment (loss)/profit before interest and income tax expense		
– from continuing operations	**(99,720)**	(48,126)
– from discontinued operations	**–**	81,865
Loss on change in fair value of investment properties	**(5,199)**	(3,814)
(Loss)/gain on settling debt component of old convertible bonds by issuing new convertible bonds	**(105,437)**	54,261
Change in fair value of derivative financial instrument	**142,083**	29,767
Other income and other gains or losses	**1,487**	1,967
Finance costs	**(1,748,754)**	(648,567)
Share of results of associates	**(295)**	(1,837)
Unallocated corporate expenses	**(71,737)**	(97,692)
Consolidated loss before income tax credit	**(1,887,572)**	(632,176)
Assets		
Reportable segment assets	**22,485,917**	22,266,999
Investment properties	**31,400**	38,700
Interests in associates	**448,665**	449,064
Cash and cash equivalents	**298,458**	1,702,510
Pledged deposits and restricted cash	**134,040**	–
Available-for-sale investments	**468,456**	522,606
Amounts due from non-controlling shareholders of subsidiaries	**28,705**	16,359
Amounts due from associates	**116,156**	185,216
Unallocated corporate assets	**59,042**	34,792
Consolidated total assets	**24,070,839**	25,216,246
Liabilities		
Reportable segment liabilities	**15,630,414**	15,180,370
Deferred tax liabilities	**58,119**	9,696
Promissory note	**302,345**	297,876
Convertible bonds	**4,790,543**	4,505,464
Unallocated corporate liabilities	**166,402**	111,965
Consolidated total liabilities	**20,947,823**	20,105,371

* Certain figures have been reclassified to conform with current year's presentation.

6. SEGMENT INFORMATION *(Continued)*

(c) Geographical information

The Group operates in two principal geographical areas – the PRC and Guyana.

The following table provides an analysis of the Group's revenue from external customers and non-current assets other than financial instruments ("Specified non-current assets").

	Revenue from external customers		Specified non-current assets	
	2015	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000
PRC	**5,006,239**	8,663,322	**22,172,372**	22,068,659
Hong Kong	**–**	–	**33,556**	32,761
Australia	**–**	–	**31,400**	38,700
Guyana	**10,308**	5,702	**146,229**	327,339
	5,016,547	8,669,024	**22,383,557**	22,467,459

(d) Information about major customers

The Group's customer base is diversified. Individual external customers accounting for 10% or more of the Group's revenue for the years ended 31 March 2015 and 2014 are as follows:

	2015	2014
	HK$'000	HK$'000
Customer A	**1,721,446**	–
Customer B	**859,118**	–
	2,580,564	–

For the above presentation purpose, sales to entities which are known to the Group to be under common control by the same ultimate parent company are grouped as a single customer. All of the revenue disclosed above is derived from the Group's petroleum and related products business segment in the PRC.

During the year ended 31 March 2014, revenue of approximately HK$8,148,639,000 was derived from the construction of the toll expressway under a service concession arrangement in the expressway operations segment, which amounted to 90% or more of the total revenue. Accordingly, none of the customers have transactions exceeded 10% of the Group's revenues in any segments during the year ended 31 March 2014.

Details of concentrations of credit risk are set out in Note 49(c).

7. OTHER INCOME AND OTHER GAINS OR LOSSES

Other income and other gains or losses comprises:

	2015 HK$'000	2014 HK$'000
Continuing operations:		
Interest income	13,385	8,191
Dividend income	1,915	–
Exchange gain/(loss), net	47	(15,259)
Government grants	2,538	2,539
Gain on disposals of property, plant and equipment and prepaid lease payments, net	–	510
Rental income	4,104	1,109
Impairment loss on property, plant and equipment	(32,303)	–
Others	3,936	234
	(6,378)	(2,676)
Discontinued operations:		
Interest income	–	83
Management fee income	–	175
Others	–	11
	–	269

8. FINANCE COSTS

	2015 HK$'000	2014 HK$'000
Continuing operations:		
Interest and finance costs on bank and other borrowings:		
– wholly repayable within five years	291,265	702,857
– not wholly repayable within five years	679,080	339,819
Interest expenses on convertible bonds	719,582	480,775
Interest expenses on promissory note	4,469	2,380
Default interest on promissory note	54,358	54,359
Total finance costs	1,748,754	1,580,190
Less: Amount capitalised in concession intangible asset *(Note)*	–	(931,623)
	1,748,754	648,567
Discontinued operations:		
Interest and finance costs on bank and other borrowings:		
– wholly repayable within five years	–	4,609
Default interest on promissory note	–	2,038
Total finance costs	–	6,647
Less: Amount capitalised in properties under development for sale and other properties under development *(Note)*	–	(6,647)
	–	–

Note:

Borrowing costs capitalised during the year arose on specific borrowings to expenditure on qualifying assets.

9. LOSS BEFORE INCOME TAX CREDIT

Loss before income tax credit is stated after charging:

	2015 HK$'000	2014 HK$'000
Continuing operations:		
Auditor's remuneration		
– Audit services	**2,625**	3,108
– Non-audit services	**280**	242
Depreciation of property, plant and equipment *(Note i)*	**121,481**	53,039
Amortisation of prepaid lease payments *(Note ii)*	**732**	664
Amortisation of customer relationships	**5,193**	–
Amortisation of forest concession rights included in selling and administrative expenses	**27,586**	27,586
Amortisation of concession intangible asset included in cost of sales	**617,143**	205,714
Operating lease payments recognised as expenses	**17,107**	14,706
Cost of inventories sold	**3,996,710**	123,774
Impairment loss of trade and other receivables	**9,221**	3,793
Staff costs (excluding directors' remuneration):		
– Salaries and allowances *(Note iii)*	**83,501**	58,738
– Defined contributions pension costs	**6,112**	3,559
– Equity-settled share-based payment expense *(Note 40)*	**–**	31,370
Discontinued operations:		
Depreciation of property, plant and equipment *(Note i)*	**–**	172
Staff costs (excluding directors' remuneration)	**–**	1,300

Note (i): An analysis of the Group's depreciation of property, plant and equipment is as follows:

	2015 HK$'000	2014 HK$'000
Amounts included in cost of sales	**92,190**	27,881
Amounts included in selling and administrative expenses	**29,291**	25,330
	121,481	53,211

Note (ii): An analysis of the Group's amortisation of prepaid lease payments is as follows:

	2015 HK$'000	2014 HK$'000
Amounts included in biological assets	**580**	583
Amounts included in selling and administrative expenses	**152**	81
	732	664

9. LOSS BEFORE INCOME TAX CREDIT *(Continued)*

Note (iii): An analysis of the Group's salaries and allowances is as follows:

	2015 HK$'000	2014 HK$'000
Amounts included in cost of sales	**37,161**	7,058
Amounts included in selling and administrative expenses	**46,340**	51,680
	83,501	58,738

10. INCOME TAX (CREDIT)/EXPENSE

The income tax (credit)/expense comprises:

	2015 HK$'000	2014 HK$'000
Continuing operations:		
PRC enterprise income tax		
– Current tax	**485**	20
Deferred tax credit *(Note 37)*	**(2,810)**	(542)
	(2,325)	(522)
Discontinued operations:		
PRC enterprise income tax		
– Current tax	**–**	3,423
PRC land appreciation tax		
– Current tax	**–**	4,070
	–	7,493
Total	**(2,325)**	6,971

10. INCOME TAX (CREDIT)/EXPENSE *(Continued)*

The income tax (credit)/expense for the year can be reconciled to the loss per consolidated income statement as follows:

	2015 HK$'000	2014 HK$'000
(Loss)/profit before income tax (credit)/expense:		
– from continuing operations	**(1,887,572)**	(714,041)
– from discontinued operations	**–**	6,691
	(1,887,572)	(707,350)
Tax calculated at 25% (2014: 16.5%)	**(471,893)**	(116,713)
Net effect of non-taxable/deductible items	**393,426**	138,880
Net effect of tax losses and temporary differences not recognised	**656**	1,696
Effect of different tax rates of subsidiaries operating in other jurisdictions	**75,486**	(16,892)
Income tax (credit)/expense	**(2,325)**	6,971

The PRC State Council released the Implementation Rules to the Corporate Income Tax Law on 6 December 2007 (the "Implementation Rules"). According to the Implementation Rules, an entity engaged in forestry business is entitled to full exemption from PRC enterprise income tax commencing from 1 January 2008. 樹人木業(大埔)有限公司 and 樹人苗木組培(大埔)有限公司, subsidiaries of the Company, are qualified as forestry operation enterprise by the local tax authorities and so they are fully exempted from PRC enterprise income tax.

Inner Mongolia Zhunxing Heavy Haul Expressway Company Limited ("Zhunxing"), a subsidiary of the Company, is entitled to a three-year exemption from PRC enterprise income tax followed by a 50% reduction in PRC enterprise income tax for subsequent three years (the "Tax Holiday"). As Zhunxing has started operations during the year ended 31 March 2014, the Tax Holiday has been started in 2014. Consequently, Zhunxing is subject to a 0% PRC enterprise income tax rate from 2014 to 2016 and a 12.5% PRC enterprise income tax rate from 2017 to 2019.

For the year ended 31 March 2015, the statutory PRC enterprise income tax rate applicable to all other subsidiaries established and operating in the PRC is 25% (2014: 25%).

PRC land appreciation tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including cost of land use rights and all property development expenditures.

According to the PRC Corporate Income Tax Law and its implementation rules, dividends receivable by non-PRC resident corporate investors from PRC-resident enterprises are subject to withholding income tax at a rate of 10%, unless reduced by tax treaties or arrangements, for profits earned since 1 January 2008. Since the Group can control the quantum and timing of distribution of profits of the Group's subsidiaries in the PRC, deferred tax liabilities are only provided to the extent that such profits are expected to be distributed in the foreseeable future.

10. INCOME TAX (CREDIT)/EXPENSE *(Continued)*

The statutory tax rate for Hong Kong profits tax is 16.5% (2014: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. No provision for the Hong Kong profits tax has been made as the Group did not earn any income subject to Hong Kong profits tax during the years ended 31 March 2015 and 2014.

The subsidiaries in Guyana are liable to Guyana income tax at a rate of 45% (2014: 45%). No provision for Guyana income tax has been made as the subsidiaries in Guyana sustained losses for taxation purposes for the years ended 31 March 2015 and 2014.

The subsidiaries in Australia are liable to Australian income tax at a rate of 30% (2014: 30%). No provision for Australian income tax has been made as the subsidiaries in Australia sustained losses for taxation purposes for the years ended 31 March 2015 and 2014.

11. DISCONTINUED OPERATIONS

On 15 September 2012, the Company entered into a share transfer agreement (the "Share Transfer Agreement") with an independent third party (the "Purchaser"), pursuant to which the Company conditionally agreed to sell, and the Purchaser conditionally agreed to purchase, 55% equity interest in the property development and asset management business of the Group at a consideration of HK$550 million. The share transfer has been completed on 16 September 2013.

The property development and asset management business was classified as discontinued operations and the related results for the year ended 31 March 2014 were as follows:

	Notes	2014 HK$'000
Turnover	*5*	83,309
Cost of sales		(69,509)
Gross profit		13,800
Other income and other gains or losses	*7*	269
Selling and administrative expenses		(7,378)
Profit before income tax expense		6,691
Income tax expense	*10*	(7,493)
Gain on loss of control of subsidiaries	*43*	82,667
Profit for the year from discontinued operations		81,865

11. DISCONTINUED OPERATIONS *(Continued)*

The net cash flows of the discontinued operations for the year ended 31 March 2014 were as follows:

	2014 HK$'000
Net cash inflows from operating activities	18,665
Net cash outflows from investing activities	(14,567)
Net cash outflows from financing activities	(40,228)
Net cash flows incurred by the discontinued operations	(36,130)

Earnings per share from discontinued operations:

	2014 HK cents
– Basic and diluted	0.30

The calculations of basic and diluted earnings per share from discontinued operations are based on below:

	2014 HK$'000
Profit for the purposes of basic and diluted earnings per share from discontinued operations	82,144
	'000
Number of shares:	
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	26,952,255

For the year ended 31 March 2014, the computation of diluted earnings per share from discontinued operations does not assume the exercise of share options and warrants and the conversion of those outstanding convertible bonds which had an anti-dilution effect on the earnings per share calculation.

12. DIRECTORS' REMUNERATION

Details of remuneration of each director are shown below:

Year ended 31 March 2015

Name of director	Fees HK$'000	Basic salaries, allowances and other benefits HK$'000	Defined contribution retirement benefits scheme HK$'000	Share-based payments *(Note i)* HK$'000	Total HK$'000
Executive directors					
Cao Zhong	–	3,600	17	–	3,617
Fung Tsun Pong	–	3,700	17	–	3,717
Tsang Kam Ching, David	–	3,549	17	–	3,566
Duan Jingquan	–	2,760	17	–	2,777
Gao Zhiping	–	2,826	74	–	2,900
Non-executive director					
Suo Suo Stephen (appointed on 2 July 2014)	90	–	–	–	90
Independent non-executive directors					
Yip Tak On	120	–	–	–	120
Jing Baoli	120	–	–	–	120
Bao Liang Ming	120	–	–	–	120
	450	16,435	142	–	17,027

12. DIRECTORS' REMUNERATION *(Continued)*

Year ended 31 March 2014

Name of director	Fees	Basic salaries, allowances and other benefits	Defined contribution retirement benefits scheme	Share-based payments *(Note i)*	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Executive directors					
Cao Zhong	–	3,600	15	–	3,615
Fung Tsun Pong	–	3,000	15	–	3,015
Tsang Kam Ching, David	–	2,400	15	2,506	4,921
Duan Jingquan	–	2,760	14	2,506	5,280
Gao Zhiping (appointed on 17 June 2013)	–	1,893	–	2,506	4,399
Independent non-executive directors					
Yip Tak On	120	–	–	448	568
Jing Baoli	120	–	–	448	568
Bao Liang Ming	120	–	–	448	568
	360	13,653	59	8,862	22,934

Notes:

(i) These represent the estimated value of share options granted to the directors during the year ended 31 March 2014 under the Company's share option scheme. The value of these share options is measured according to the Group's policy for share-based payment transactions as set out in Note 3(v)(iii). The details of these benefits in kind, including the principal terms and number of options granted, are disclosed under the section "Share Option Schemes" in the directors' report and Note 40.

(ii) During the years ended 31 March 2015 and 2014, no emoluments were paid by the Group to the directors as an inducement to join, or upon joining the Group, or as compensation for loss of office of the Company. There were no arrangements under which a director waived or agreed to waive any remuneration during the current and prior years.

13. INDIVIDUALS WITH HIGHEST EMOLUMENTS

During the year, the five highest paid individuals included five (2014: five) directors, details of whose emoluments are set out in Note 12.

14. LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY

The consolidated loss attributable to owners of the Company for the year ended 31 March 2015 includes a loss of approximately HK$811,125,000 (2014: HK$543,394,000) which has been dealt with in the financial statements of the Company.

15. DIVIDEND

The directors of the Company do not recommend the payment of a dividend for the year ended 31 March 2015 (2014: HK$Nil).

16. LOSS PER SHARE

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

Loss attributable to owners of the Company:

	Group 2015 HK$'000	Group 2014 HK$'000
For continuing and discontinued operations:		
Loss for the purposes of basic and diluted loss per share	**(1,765,900)**	(590,485)
For continuing operations:		
Loss for the purposes of basic and diluted loss per share	**(1,765,900)**	(672,629)
Number of shares:	**'000**	'000
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	**27,068,649**	26,952,255

For the years ended 31 March 2015 and 2014, the computation of diluted loss per share does not assume the conversion of the Company's outstanding convertible bonds as they had an anti-dilutive effect on the loss per share calculation.

The computation of diluted loss per share for the years ended 31 March 2015 and 2014 does not assume the exercise of the Company's outstanding share options as the exercise price of those options is higher than the average market price for shares.

17. INVESTMENT PROPERTIES

	Group 2015 HK$'000	Group 2014 HK$'000
At valuation:		
At 1 April	**38,700**	44,100
Acquired through business combinations *(Note 42)*	**121,857**	–
Loss on change of fair value of investment properties	**(3,562)**	(3,814)
Exchange difference	**(1,324)**	(1,586)
At 31 March	**155,671**	38,700

The Group's investment properties include (a) a cold storage warehouse situated on a freehold land in Australia and (b) an office premise in the PRC.

The Group's investment properties were revalued at 31 March 2015 by an independent firm of chartered surveyors, LCH (Asia-Pacific) Surveyors Limited (the "Valuer"), who has among its staff members of the Hong Kong Institute of Surveyors with recent experience in the category of properties being valued.

17. INVESTMENT PROPERTIES *(Continued)*

The loss from the change in fair value of the Group's investment properties estimated by the Valuer on 31 March 2015 amounted to HK$3,562,000 (2014: HK$3,814,000) has been recognised in profit or loss for the year ended 31 March 2015.

(a) Fair value measurement of the cold storage warehouse situated on a freehold land in Australia

Due to the lack of an established market upon which to base on comparable transactions of actual sales of comparable properties, the cold storage warehouse investment property has been valued on the basis of its depreciated replacement cost. Depreciated replacement cost is defined as "an estimate of the new replacement cost of the building and other site works from which deductions are then made to allow for age, condition, and functional obsolescence taken into account of the site formation cost and those public utilities connection charges to the properties".

The fair value measurement of this investment property has been categorised as a level 3 fair value based on the inputs to the valuation technique used. Further information about this level 3 fair value measurement is as below:

Significant unobservable inputs	Input value/range 2015	2014
Unit price of land (Australian Dollars ("AUD") per sq. meter)	**AUD253 to AUD530**	AUD399 to AUD491
Replacement cost of new building of similar characteristics (AUD per sq. meter)	**AUD1,100**	AUD1,100

The higher the unit price of land, the higher the fair value of the investment property. The higher the replacement cost of new building of similar characteristics, the higher the fair value of the investment property.

(b) Fair value measurement of the office premise in the PRC

The office premise investment property has been valued by using the income approach by taking into account the current rent receivable from the existing tenancy agreements and the reversionary potential of the property interest.

The fair value measurement of this investment property has been categorised as a level 3 fair value based on the inputs to the valuation technique used. Further information about this level 3 fair value measurement is as below:

Significant unobservable inputs	Input value/range 2015
Unit price of the property (RMB per sq. meter)	**RMB34,100 to RMB48,430**
Yield	**5%**

The higher the unit price of the property, the higher the fair value of the investment property. The higher the yield, the lower the fair value of the investment property.

At 31 March 2015, the office premise in the PRC with a carrying amount of HK$124,271,000 was pledged as security for the Group's borrowings (Note 36(i)).

18. PROPERTY, PLANT AND EQUIPMENT

The Group	Other buildings HK$'000	Office building HK$'000	Leasehold improvements HK$'000	Furniture, machinery and equipment HK$'000	Motor vehicles HK$'000	Vessels HK$'000	Safety equipment HK$'000	Communication and signalling systems HK$'000	Toll collection equipment HK$'000	Construction in progress HK$'000	Total HK$'000
Cost or valuation:											
At 1 April 2013	32,907	25,402	10,211	56,212	20,379	61,460	–	–	–	–	206,571
Additions	408,804	–	2,881	43,029	28,313	–	538,720	109,553	60,505	134,338	1,326,143
Surplus on revaluation	–	2,709	–	–	–	–	–	–	–	–	2,709
Disposal/write off	–	–	–	–	(1,673)	–	–	–	–	–	(1,673)
Exchange difference	85	–	59	175	152	449	(651)	(132)	(73)	–	64
At 31 March 2014 and 1 April 2014	441,796	28,111	13,151	99,416	47,171	61,909	538,069	109,421	60,432	134,338	1,533,814
Additions	–	–	6,648	5,351	1,225	–	–	–	–	10,128	23,352
Acquired through business combinations *(Note 42)*	29,010	–	–	98,281	339	–	–	–	–	–	127,630
Surplus on revaluation	–	4,881	–	–	–	–	–	–	–	–	4,881
Disposal	–	–	–	–	(150)	–	–	–	–	–	(150)
Exchange difference	2,248	–	118	(1,999)	70	43	2,634	534	296	41	3,985
At 31 March 2015	473,054	32,992	19,917	201,049	48,655	61,952	540,703	109,955	60,728	144,507	1,693,512
Analysis of cost or valuation											
At 31 March 2015											
At cost	473,054	–	19,917	201,049	48,655	61,952	540,703	109,955	60,728	144,507	1,660,520
At valuation	–	32,992	–	–	–	–	–	–	–	–	32,992
	473,054	32,992	19,917	201,049	48,655	61,952	540,703	109,955	60,728	144,507	1,693,512
At 31 March 2014											
At cost	441,796	–	13,151	99,416	47,171	61,909	538,069	109,421	60,432	134,338	1,505,703
At valuation	–	28,111	–	–	–	–	–	–	–	–	28,111
	441,796	28,111	13,151	99,416	47,171	61,909	538,069	109,421	60,432	134,338	1,533,814
Accumulated depreciation and impairment:											
At 1 April 2013	1,985	–	6,521	33,704	9,397	17,092	–	–	–	–	68,699
Charge for the year	9,509	1,016	3,948	4,155	4,761	6,196	17,957	3,652	2,017	–	53,211
Elimination on revaluation	–	(1,016)	–	–	–	–	–	–	–	–	(1,016)
Disposal/write off	–	–	–	–	(1,485)	–	–	–	–	–	(1,485)
Exchange difference	23	–	51	107	72	135	(22)	(4)	(2)	–	360
At 31 March 2014 and 1 April 2014	11,517	–	10,520	37,966	12,745	23,423	17,935	3,648	2,015	–	119,769
Charge for the year	15,283	1,124	1,751	20,491	5,785	6,195	53,853	10,951	6,048	–	121,481
Elimination on revaluation	–	(1,124)	–	–	–	–	–	–	–	–	(1,124)
Disposal	–	–	–	–	(150)	–	–	–	–	–	(150)
Impairment loss *(Note 22)*	–	–	–	–	–	32,303	–	–	–	–	32,303
Exchange difference	116	–	75	121	(72)	31	305	62	34	–	672
At 31 March 2015	26,916	–	12,346	58,578	18,308	61,952	72,093	14,661	8,097	–	272,951
Net carrying amount:											
At 31 March 2015	446,138	32,992	7,571	142,471	30,347	–	468,610	95,294	52,631	144,507	1,420,561
At 31 March 2014	430,279	28,111	2,631	61,450	34,426	38,486	520,134	105,773	58,417	134,338	1,414,045

18. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Office building was revalued as at 31 March 2015 based on market comparison approach by reference to recent sales price of comparable properties on a price per square foot basis using market data. The valuation was carried out by the Valuer who has among its staff members of the Hong Kong Institute of Surveyors with recent experience in the category of the property being valued. The fair value of this building is categorised as level 2. The revaluation surplus of HK$5,175,000 (2014: HK$3,048,000) net of applicable deferred tax was credited to assets revaluation reserve.

Further information about this level 2 fair value measurement is as below:

Significant unobservable inputs	**Input value/range 2015**
Unit price of the building (RMB per sq. meter)	**RMB8,550 to RMB13,800**

The higher the unit price of the building, the higher the fair value of the building.

Had this building been carried at cost less accumulated depreciation and accumulated impairment losses, its carrying amount would have been HK$2,768,000 (2014: HK$2,838,000) as at 31 March 2015.

At 31 March 2015, the petroleum storage tanks of Dapeng (defined in Note 42(a)) classified under furniture, machinery and equipment with a carrying amount of HK$62,932,000 were pledged as security for the Group's borrowings (Note 36(i)).

Property certificates of certain other buildings with an aggregate carrying value of HK$27,516,000 (2014: HK$28,920,000) as at 31 March 2015 have yet to be obtained.

Construction in progress mainly represented the construction costs incurred for petrol and gas stations in the service areas of Zhunxing Expressway under the Financing Arrangement as defined in Note 36(iii).

18. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

The Company	**Leasehold improvements** HK$'000	**Furniture, machinery and equipment** HK$'000	**Motor vehicles** HK$'000	**Total** HK$'000
Cost:				
At 1 April 2013	3,498	2,219	150	5,867
Additions	–	67	–	67
As 31 March 2014	3,498	2,286	150	5,934
Additions	–	1	–	1
Disposal	–	–	(150)	(150)
As 31 March 2015	**3,498**	**2,287**	**–**	**5,785**
Accumulated depreciation:				
At 1 April 2013	1,282	870	150	2,302
Charge for the year	700	416	–	1,116
At 31 March 2014	1,982	1,286	150	3,418
Charge for the year	700	418	–	1,118
Disposal	–	–	(150)	(150)
As 31 March 2015	**2,682**	**1,704**	**–**	**4,386**
Net book value:				
At 31 March 2015	**816**	**583**	**–**	**1,399**
At 31 March 2014	1,516	1,000	–	2,516

19. PREPAID LEASE PAYMENTS

The Group's prepaid lease payments represent land use rights in the PRC under medium term lease.

	Group	
	2015	2014
	HK$'000	HK$'000
At 1 April	**29,559**	30,471
Acquired through business combinations *(Note 42(b))*	**16,554**	–
Disposal	**(24)**	(748)
Amortisation for the year	**(732)**	(664)
Exchange difference	**136**	500
At 31 March	**45,493**	29,559
Represented by:		
Current portion	**1,042**	665
Non-current portion	**44,451**	28,894
	45,493	29,559

The prepaid lease payments mainly represented lands located in the PRC, on which the Group builds its buildings, CNG gas stations or for plantation purposes. The leases will expire between the year 2050 and 2057.

20. GOODWILL AND OTHER INTANGIBLE ASSETS

The Group	**Goodwill**	**Other intangible assets – Customer relationships**	**Total**
	HK$'000	HK$'000	HK$'000
Cost:			
At 1 April 2013 and 2014	–	–	–
Acquired through business combinations *(Note 42)*	248,251	155,399	403,650
Exchange difference	1,323	1,023	2,346
At 31 March 2015	249,574	156,422	405,996
Accumulated amortisation and impairment loss:			
At 1 April 2013 and 2014	–	–	–
Amortisation during the year	–	5,193	5,193
Exchange difference	–	21	21
At 31 March 2015	–	5,214	5,214
Net book value:			
At 31 March 2015	**249,574**	**151,208**	**400,782**
At 31 March 2014	–	–	–

Amortisation of customer relationships amounting to HK$5,193,000 (2014: HK$Nil) is included in the "selling and administrative expenses" in the consolidated income statement.

20. GOODWILL AND OTHER INTANGIBLE ASSETS *(Continued)*

(a) Impairment tests for cash generating units containing goodwill

Goodwill is allocated to the Group's cash-generating units that is expected to benefit from synergies of business combinations. The following is a summary of goodwill allocation to the Group's cash-generating units as at 31 March 2015:

	2015 HK$'000
Petroleum and related products trading and storage unit in the PRC within the petroleum and related products business segment ("Petroleum trading CGU")	196,786
CNG gas stations operations unit located in Leshan, Sichuan Province, the PRC, held by 樂山中順油汽有限公司, within the petroleum and related products business segment ("CNG gas stations CGU")	52,788
	249,574

The recoverable amounts of the cash-generating units are determined based on value-in-use calculations. These calculations use cash flow projections based on financial forecasts approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rate stated below. The key assumptions used for value-in-use calculations at 31 March 2015 are as follows:

	Petroleum trading CGU	CNG gas stations CGU
EBITDA margin (average of next five years)	0.9%	22.1%
Long-term growth rate	4%	5%
Discount rate	13.3%	11.7%

Management determined the EBITDA margin based on past performance and its expectations regarding market development. The long-term growth rate does not exceed the long-term average growth rate for the industry and the country in which each of the cash-generating units currently operates. The discount rate used is pre-tax and reflects specific risks relating to each cash-generating unit. The recoverable amounts of the cash-generating units (including goodwill) based on the estimated value-in-use calculations were higher than their carrying amounts at 31 March 2015. Accordingly, no provision for impairment loss for goodwill is considered necessary.

21. BIOLOGICAL ASSETS

The Group	Seedlings HK$'000	Camellia trees HK$'000	Standing trees HK$'000	Total HK$'000
At 1 April 2013	1,698	21,120	53,927	76,745
Plantation expenditure incurred	3,012	462	2,599	6,073
Disposals	–	–	(148)	(148)
Cost of direct sales	(1,106)	–	–	(1,106)
Harvested timber transferred to inventory	(2,270)	–	(643)	(2,913)
Change in fair value less costs to sell	–	1,294	(6,759)	(5,465)
Exchange difference	35	403	1,360	1,798
At 31 March 2014 and 1 April 2014	1,369	23,279	50,336	74,984
Plantation expenditure incurred	1,257	484	707	2,448
Cost of direct sales	(443)	–	–	(443)
Harvested timber transferred to inventory	–	–	(874)	(874)
Change in fair value less costs to sell	–	(106)	3,194	3,088
Exchange difference	11	115	381	507
At 31 March 2015	2,194	23,772	53,744	79,710

(a) Description of the Group's biological assets

Standing trees and seedlings are located in Dabu, the PRC and the camellia trees are located in Xingning, the PRC.

Seedlings are carried at cost less any impairment loss as the directors of the Company considered that little biological transformation has taken place since initial cost incurrence. The cost of these seedlings is therefore not materially different from their fair values as at 31 March 2015 and 2014 as determined by the directors of the Company.

For camellia trees, at 31 March 2015, the Group owned and obtained all the forestry ownership certificates for approximately 10,200 (2014: 10,200) Chinese Mu of forests of camellia trees in Xingning with a 50-year term, expiring in 2058.

Camellia trees for refined plant oil were planted in previous years and had little biological transformation. They were stated at fair value less costs to sell at both 31 March 2015 and 2014.

For standing trees, at 31 March 2015, the Group owned and obtained all the forestry ownership certificates for approximately 92,553 (2014: 92,638) Chinese Mu of forests of standing trees in Dabu with 50 years term, expiring in 2057. The standing trees were stated at fair value less costs to sell at both 31 March 2015 and 2014.

21. BIOLOGICAL ASSETS *(Continued)*

(b) Measurement of fair values

The fair value of the Group's camellia trees and standing trees were independently valued by the Valuer, who have among their staff members of the American Society of Appraisers with over 20 years of valuation experience. After due consideration of the experience and credentials of the Valuer, the directors of the Company are satisfied that the Valuer is competent to determine the valuation of the Group's biological assets. Further, after reasonable enquiry with the directors of the Company, the directors of the Company are satisfied that the Valuer is independent from the directors of the Company.

The fair values of both camellia trees and standing trees are categorised as level 3 recurring fair value measurements.

(i) Fair value measurement of camellia trees

Since camellia trees of the Group are still young and are not ready for harvest and generate income during the year, the Valuer considered that both the market approach and income approach are not appropriate in performing the valuation of camellia trees because there are generally no market price for pre-mature camellia trees and the determination of future cash flow from these pre-mature camellia trees involved a lot of estimates.

The Valuer has therefore adopted the replacement cost approach in its valuation. This approach involves an estimation of the number of saplings per mu and an accumulation of the costs of the saplings, planting, fertilising, and management of the trees.

Significant unobservable inputs	Input value	
	2015	2014
Number of saplings per mu	**89**	89
Unit cost of sapling	**RMB2.5**	RMB2.5
Unit cost of planting	**RMB3.5**	RMB3.5
Cost of fertiliser per mu	**RMB82**	RMB82
Cost of tending per mu	**RMB60**	RMB60

The higher the number of saplings per mu, the higher the fair value of the camellia trees. The higher the cost of sapling, planting, fertiliser and tending, the higher the fair value of the camellia trees.

(ii) Fair value measurement of standing trees

The Valuer has adopted the market approach in its valuation by using the current market price per unit cubic meter ("cu.m") of similar round logs and the total merchantable volume of timber in the forest at 31 March 2015 as basis for estimating the fair value less costs to sell of the Group's standing trees. The principal assumptions adopted are as follows:

– the Group is to produce round logs; and

– the factors of natural defects in the wood such as physical defects, rots and directions of grain have been allowed for a recovery rate of 70% for the valuation.

21. BIOLOGICAL ASSETS *(Continued)*

(b) Measurement of fair values *(Continued)*

(ii) Fair value measurement of standing trees *(Continued)*

Significant unobservable inputs	Input value/range 2015	2014
Price of round logs per cubic meter	**RMB430 to RMB780**	RMB510 to RMB780
Growth rate	**6.2%**	5.3%
Recovery rate	**70%**	70%

The higher the price of round logs, the higher the fair value of the standing trees. The higher the recovery rate, the higher the fair value of the standing trees.

There were no changes to the valuation techniques for both camellia trees and standing trees during the year.

(c) Sensitivity analysis on changes in material inputs used in the valuation techniques are as follows:

(i) Camellia trees as at 31 March 2015

Changes on the number of saplings per mu	Increased by 10% HK$'000	Decreased by 10% HK$'000
Increase/(decrease) in fair value	689	(689)

Changes on base value of unit cost	Increased by 10% HK$'000	Decreased by 10% HK$'000
Increase/(decrease) in fair value		
– Unit cost of sapling	287	(287)
– Unit cost of planting	402	(402)
– Cost of fertiliser per mu	529	(529)
– Cost of tending per mu	472	(472)

21. BIOLOGICAL ASSETS *(Continued)*

(c) Sensitivity analysis on changes in material inputs used in the valuation techniques are as follows: *(Continued)*

(ii) Standing trees as at 31 March 2015

Changes on the price of round logs per cubic meter	Increased by 10% HK$'000	Decreased by 10% HK$'000
Increase/(decrease) in fair value	10,875	(11,001)

Changes on the recovery rate	Increased by 5% HK$'000	Decreased by 5% HK$'000
Increase/(decrease) in fair value	7,714	(7,587)

(d) Work done by the Valuer

In respect of the camellia trees in Xingning and standing trees in Dabu, the Valuer conducted physical field inspections to the respective forest sites in April 2015 to verify the physical existence and quality of the biological assets. The Valuer also visited the local Forest Bureaus where the forests are located.

22. FOREST CONCESSION RIGHTS

The forest concession rights in Guyana are stated at cost less accumulated amortisation and any accumulated impairment losses. The costs of forest concession rights include the acreage fees payable to Guyana Forestry Commission, costs of necessary exploration, geological, geophysical and other research studies incurred prior to the grant of the forest concession rights.

	Group	
	2015 HK$'000	2014 HK$'000
Cost:		
At 1 April and 31 March	**534,429**	534,429
Accumulated impairment and amortisation:		
At 1 April	**255,859**	172,973
Impairment loss	**112,567**	55,300
Amortisation for the year	**27,586**	27,586
At 31 March	**396,012**	255,859
Net carrying amount:		
At 31 March	**138,417**	278,570

22. FOREST CONCESSION RIGHTS *(Continued)*

(a) Forest concession rights held by Jaling Forest Industries Inc., a subsidiary of the Company ("Jaling Concession Rights")

On 22 August 2003, Jaling Forest Industries Inc. ("Jaling"), a subsidiary of the Company, was granted a State Forest Exploratory Permit (1/2003) by the Commissioner of Forests, the Guyana Forestry Commission, to carry out exploratory work on an area of 167,000 hectares (approximately 412,000 acres) for a period of 3 years. Pursuant to the Timber Sales Agreement (TSA 02/2005) dated 25 January 2005, Jaling was granted with an exclusive timber concession right by the Commissioner of Forests, the Guyana Forestry Commission for a period of 25 years, commencing on 25 January 2005 and until 24 January 2030 (both dates inclusive) to occupy, cut and remove timbers from an area of approximately 136,900 hectares (approximately 338,000 acres) in the State Forest of Guyana, South America, which includes a block ("Block A") based on the natural surrounding and is bounded on the North by the Amakura River, on the South by the Baramita Amerindian Reserves and Whana River, on the East by the Whannamaparu and Whana River, and on the West by the common border of Guyana and Venezuela. It lies within the Northwest border of Guyana, South America and another block ("Block B") is bounded on the North by WCL 6/93, on the South by the Kaituma River, (TSA 04/91-BCL) and Sebai River, on the East by the Aruka River and Sebai Amerindian Reserves and on the West by Sand Creek and Waiamu River, being the concession boundary of BCL-TSA 04/91. Under the Jaling Concession Rights, Jaling shall pay a total acreage fee of approximately HK$9,000,000 charged on all forestry area as prescribed by the Forest Act and Regulations of Guyana.

The logging operation in Block B was completed during the year ended 31 March 2010. During the year, the Group continued logging operation in Block A.

(b) Forest concession rights held by Garner Forest Industries Inc., a subsidiary of the Company ("Garner Concession Rights")

On 18 August 2004, Garner Forest Industries Inc. ("Garner"), a subsidiary of the Company, was granted a State Forest Exploratory permit (3/2004) by the Commissioner of Forests, the Guyana Forestry Commission, to carry out exploratory work on an area of 90,469 hectares (approximately 223,552 acres) for a period of 3 years. Pursuant to the Timber Sales Agreement (TSA 03/2005) dated 11 June 2005, Garner was granted with an exclusive concession right by the Commissioner of Forests, the Guyana Forestry Commission for a period of 25 years, commencing on 11 June 2005 and until 10 June 2030 (both dates inclusive) to occupy, cut and remove timbers from an area of approximately 92,737 hectares (approximately 229,158 acres) in the State Forest of Guyana, South America, which includes a block located on the left bank of Mazaruni River, right bank of Puruni River, left bank of Putareng River of Guyana, South America. Under the Garner Concession Rights, Garner shall pay a total acreage fee of approximately HK$5,375,000 charged on all forestry area as prescribed by the Forest Act and Regulations of Guyana. Garner has completed the necessary exploratory studies and obtained the Garner Concession Rights.

22. FOREST CONCESSION RIGHTS *(Continued)*

(c) Impairment testing of Jaling Concession Rights and Garner Concession Rights

For the purpose of impairment testing, the forest concession rights are allocated to the timber logging cash-generating unit ("Timber logging CGU") under the timber operations segment. The recoverable amount of the Timber logging CGU has been determined by the directors of the Company with reference to the valuation of forest concession rights performed by the Valuer. The recoverable amount of the Timber logging CGU are shown as follows:

	Group	
	2015	2014
	HK$'000	HK$'000
Timber logging CGU	**146,259**	279,240

The Valuer has among its staff members of the Hong Kong Institute of Surveyors with recent experience in the category of forest concession rights being valued. After due consideration of the experience and credentials of the Valuer, the directors of the Company are satisfied that the Valuer is competent to determine the valuation of the Group's forest concession rights. Further, after reasonable enquiry with the directors of the Company, the directors of the Company are satisfied that the Valuer is independent from the directors of the Company.

There are limited comparable transactions available in the public domain which results in the inapplicability of adopting the comparable market approach in our valuation. The Valuer has therefore adopted the income approach in the valuation of both the Jaling Concession Rights and the Garner Concession Rights. By using this method, the expected cash flows (after deducting from net income, the capital expenditures and net changes in working capital and the addition of depreciation) generated are set out year by year and brought to a present value by use of present value factors at the appropriate rate. In constructing the cumulative present value table, positive present values are netted off against negative present values so as to arrive at the "net present value".

To arrive at the projections of the future revenues used in this evaluation, it is assumed that the prices of logs for various species are homogenous and the average price for all species was used as the basis of the evaluation.

Key assumptions used for the value-in-use calculation are as follows:

	2015	2014
Beta	**0.65**	0.67
Risk free rate	**1.92%**	2.72%
Market return	**13%**	13%
Discount rate	**20%**	21%
Working capital to sales ratio	**17%**	21%
Tax rate	**35%**	35%
Sales volume growth rate	**-2%**	–

22. FOREST CONCESSION RIGHTS *(Continued)*

(c) Impairment testing of Jaling Concession Rights and Garner Concession Rights *(Continued)*

In estimating the discount rate in the valuation, the Valuer has adopted the market-derived discount rate by capital asset pricing model. Based on the above review, the directors of the Company have assessed the recoverable amount of the Timber logging CGU which is lower than its carrying value as at 31 March 2015. Based on the valuation, impairment losses of HK$112,567,000 and HK$32,303,000 were recognised in profit or loss for the year ended 31 March 2015 in respect of forest concession rights and vessels included in property, plant and equipment (Note 18) respectively (2014: impairment losses of HK$55,300,000 and HK$Nil respectively). Impairment losses were recognised because of the current poor market conditions for the timber product industry and the log price growth rate. Under this circumstance, management reduced sales volume projections for the expected cash flows from the operation of the forest concession rights by management plan.

Management reviews the estimated useful lives of forest concession rights annually and, if there has been a significant change in the expected pattern of consumption of the future economic benefits embodied in the asset, the estimate is changed to reflect the changed pattern. The amortisation expense for future period is adjusted if there are significant changes from previous estimates. Management determines the useful life of the Group's forest concession rights based on its historical experience with similar assets and expected pattern of consumption of the assets. Estimates and assumptions used in setting amortisable lives require both judgment and estimation.

(d) Sensitivity analysis on changes in material inputs used in the valuation techniques

Changes on discount rate	**Increased by 2% HK$'000**	**Decreased by 2% HK$'000**
(Decrease)/increase in recoverable amounts	(17,830)	20,931

Changes on sales price growth rate	**Increased by 2% HK$'000**	**Decreased by 2% HK$'000**
Increase/(decrease) in recoverable amounts	34,110	(31,784)

(e) Work done by the Valuer

The Valuer conducted physical field inspection to the respective forest sites in relation to the Jaling Concession Rights and the Garner Concession Rights in June 2015 to verify the physical existence and quality of the forests.

23. CONCESSION INTANGIBLE ASSET

	Group	
	2015	2014
	HK$'000	HK$'000
Cost:		
At 1 April	**19,748,563**	10,546,874
Additions	**–**	9,080,261
Exchange differences	**78,468**	121,428
At 31 March	**19,827,031**	19,748,563
Accumulated amortisation:		
At 1 April	**205,464**	–
Amortisation for the year	**617,143**	205,714
Exchange differences	**2,493**	(250)
At 31 March	**825,100**	205,464
Net Carrying amount:		
At 31 March	**19,001,931**	19,543,099

(a) Descriptions of the concession intangible asset

Zhunxing entered into a service concession arrangement with the local government whereby Zhunxing is required to build the infrastructure of Zhunxing Expressway and is granted an exclusive operating right for collecting tolls from vehicles using the Zhunxing Expressway for a term of 30 years.

According to the relevant government's approval documents and the relevant regulations, Zhunxing is responsible for the construction of the toll road and the acquisition of the related facilities and equipment and it is also responsible for the operations and management, maintenance and overhaul of the toll roads during the exclusive operating period. Zhunxing is entitled to operate the toll road upon completion for an exclusive operating period of 30 years by charging drivers, which amounts are contingent on the extent that the public uses the expressway. The relevant toll road assets are required to be returned to the local government authorities when the exclusive operating period expires without any payments to be made to Zhunxing. As such, the arrangement is accounted for as a concession intangible asset under Hong Kong (IFRIC) Interpretation 12 "Service Concession Arrangements".

The right to charge the users of the public service is recognised as an intangible asset. Zhunxing estimates the fair value of the intangible asset to be equal to the construction costs plus certain margin by management estimation with reference to the information in similar industry and management's experience.

During the year ended 31 March 2014, construction revenue of HK$8,148,639,000 and construction costs of HK$8,026,882,000 were recognised in respect of the construction service provided by the Group for the expressway. That construction revenue was included in concession intangible asset.

23. CONCESSION INTANGIBLE ASSET *(Continued)*

(a) Descriptions of the concession intangible asset *(Continued)*

Amortisation of the concession intangible asset has been started upon commencement of the operation of the Zhunxing Expressway on 21 November 2013.

Additions to concession intangible asset during the year ended 31 March 2014 include interest capitalised in respect of short term and long term borrowings and convertible bonds amounted to HK$631,962,000 and HK$299,661,000 respectively. No interest was capitalised to concession intangible asset during the year ended 31 March 2015.

(b) Impairment testing of the concession intangible asset

For the purpose of the impairment testing, the concession intangible asset is allocated to the expressway cash-generating unit ("Expressway CGU") under the expressway operations segment.

The recoverable amount of the Expressway CGU has been determined independently by Jones Lang LaSalle Corporate Appraisal and Advisory Limited by value-in-use calculation. This calculation uses traffic forecast data determined by Parsons Brinckerhoff (Asia) Limited, an independent traffic consultant, and cash flow projections based on financial forecasts approved by management up to the end of the exclusive operating period, taking into account the actual operating result of the expressway during the year.

Key assumptions used for the value-in-use calculation are as follows:

	2015	2014
Exclusive operating period (include trial run period of 2 years)	**31 years**	32 years
Discount rate	**9.11%**	11.26%
Toll rate per kilometre per ton	**RMB0.09**	RMB0.09
Long-term toll revenue growth rate over the concession period	**1.8%**	2.2%
Average toll revenue growth rate for first two years	**33.7%**	26.9%
Average toll revenue growth rate after second year to end of exclusive operating period	**1.8%**	2.1%

The discount rate is a pre-tax measure estimated using the capital asset pricing model based on the industry average ratios and the Expressway CGU's specific risks. The average toll revenue growth rate was determined based on the forecast of traffic volume growth.

As at 31 March 2015, no impairment was required based on the valuation report (2014: HK$Nil).

24. LONG-TERM DEPOSITS AND PREPAYMENTS

	Group	
	2015	2014
	HK$'000	HK$'000
Prepayments for construction of expressway and related facilities	**594,102**	597,500
Deposits paid for acquisition of property, plant and equipment	**67,025**	42,603
	661,127	640,103

25. INTERESTS IN SUBSIDIARIES

	Company	
	2015	2014
	HK$'000	HK$'000
Unlisted shares, at cost	**11**	11
Amount due from subsidiaries	**6,424,524**	6,668,633
	6,424,535	6,668,644
Less: Impairment losses	**(59,491)**	(27,100)
	6,365,044	6,641,544

Particulars of principal subsidiaries as at 31 March 2015 are set out in Note 47.

Amounts due from subsidiaries are unsecured, non-interest bearing and in substance represent the Company's interest in the subsidiaries in the form of quasi-equity loans. The amounts are not expected to be settled within the next twelve months.

An accumulated allowance for amounts due from subsidiaries of HK$59,491,000 (2014: HK$27,100,000) was recognised as at 31 March 2015 because the recoverable amounts of the balances due from subsidiaries with reference to the net assets value of the respective subsidiaries were estimated to be less than their carrying amounts. Accordingly, the carrying amount of the related investment costs and amounts due from the respective subsidiaries is reduced to their recoverable amounts.

26. INTERESTS IN ASSOCIATES

	Group 2015 HK$'000	Group 2014 HK$'000
Share of net assets	**460,891**	449,064
Goodwill	**20,016**	–
	480,907	449,064

Details of the Group's associates at 31 March 2015 are as follows:

Name	Place of incorporation and operation	Issued and fully paid share capital	Proportion of ownership interest: Held by a subsidiary	Held by an associate	Group's effective interest	Principal activity
北京開源萬嘉管理咨詢有限公司 (formerly known as 首控(北京)管理咨詢有限公司) ("Beijing Kaiyuan") *(Note 1)*	The PRC	RMB4,444,445	45%	–	45%	Investment holding
宜昌新首鋼房地產開發有限公司 ("Yichang Xinshougang") *(Note 1)*	The PRC	RMB120,000,000	–	100%	45%	Property development and asset management
宜昌中翔物業管理有限公司 ("Yichang Zhongxiang") *(Note 1)*	The PRC	RMB500,000	–	70%	31.5%	Building management
惠州市大亞灣中油實業發展有限公司 ("Dayawan Zhongyou") *(Note 2)*	The PRC	RMB3,000,000	30%	–	30%	Operation of gas stations

Notes:

1. Yichang Xinshougang and Yichang Zhongxiang are subsidiaries of Beijing Kaiyuan (collectively the "Yichang Group").

2. In November 2014, the Group acquired 30% equity interest in Dayawan Zhongyou from an independent third party with a cash consideration of HK$31,588,000. Upon acquisition, Dayawan Zhongyou has been accounted for as an associate of the Group.

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

26. INTERESTS IN ASSOCIATES *(Continued)*

(a) Summarised financial information of material associates:

Yichang Group	2015 HK$'000	2014 HK$'000
As at 31 March		
Current assets	1,590,332	1,532,557
Non-current assets	276,735	228,082
Current liabilities	(743,417)	(636,718)
Non-current liabilities	(126,431)	(126,000)
Included in the above amounts are:		
Cash and cash equivalents	8,193	10,667
Current financial liabilities (excluding trade and other payables)	(662,273)	(537,023)
Year ended 31 March 2015/Period from 17 September 2013 (date of acquisition) to 31 March 2014		
Revenue	100,529	119,522
Loss for the year/period	(655)	(4,083)
Other comprehensive income	(232)	(873)
Total comprehensive income	(887)	(4,956)
Included in the above amounts are:		
Depreciation and amortisation	(675)	(1,591)
Interest income	35	83
Finance costs	(353)	–
Income tax expense	(12,570)	(23,772)

Reconciliation of the above summarised financial information to the Group's interests in associates:

	2015 HK$'000	2014 HK$'000
Gross amount of net assets of associates	997,035	997,921
Group's share of net assets of associates at 45%	448,665	449,064
Carrying amount of the Group's interests in associates at 31 March	448,665	449,064

26. INTERESTS IN ASSOCIATES *(Continued)*

(b) Summarised financial information of immaterial associate:

Dayawan Zhongyou	2015 HK$'000	2014 HK$'000
Aggregate carrying amount	32,242	–
Aggregate amount of the Group's share of the associate:		
Profit for the year	643	–
Other comprehensive income	11	–
Total comprehensive income	654	–

27. AVAILABLE-FOR-SALE INVESTMENTS

	Group		Company	
	2015 HK$'000	2014 HK$'000	2015 HK$'000	2014 HK$'000
Non-current				
Equity shares listed in Hong Kong, at fair value	258,500	313,500	258,500	313,500
Unlisted equity shares, at cost *(Note (i), (iii))*	146,729	146,187	–	–
	405,229	459,687	258,500	313,500
Current				
Unlisted money market fund, at fair value *(Note ii)*	63,227	62,919	–	–

Notes:

(i) All unquoted long-term equity investments are measured at cost less accumulated impairment losses at the end of the reporting period as the directors of the Company are of the opinion that their fair values cannot be measured reliably.

(ii) The Group regards the money market fund as short-term investments. They are stated at fair value. The fair value measurement of the investments are categorised as level 2.

(iii) The investment in 國開瑞明（北京）投資基金有限公司 and 內蒙古博源新型能源有限公司 with aggregate carrying amount of HK$111,279,000 as at 31 March 2015 (2014: HK$110,737,000) which are classified as non-current unlisted equity shares were pledged to a bank to secure for the Group's borrowing. Details please refer to Note 36(i).

28. INVENTORIES

	Group	
	2015	2014
	HK$'000	HK$'000
Raw materials	**62,101**	64,641
Work in progress	**39,759**	43,119
Finished goods	**186,998**	15,569
	288,858	123,329

Included in raw materials are precious woods of HK$59,080,000 (2014: HK$61,207,000) which are ready for trading.

29. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2015	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade receivables	**153,049**	86,736	**–**	–
Less: Provision for impairment loss	**(1,859)**	(1,288)	**–**	–
Trade receivables, net	**151,190**	85,448	**–**	–
Other receivables	**145,167**	138,611	**–**	–
Less: Provision for impairment loss	**(11,668)**	(40,222)	**–**	–
Other receivables, net	**133,499**	98,389	**–**	–
Deposits paid	**4,917**	3,201	**2,583**	2,583
Prepayments	**61,961**	11,064	**968**	1,186
	351,567	198,102	**3,551**	3,769

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally two months, extending up to over three months or more for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management.

29. TRADE AND OTHER RECEIVABLES *(Continued)*

The below table reconciles the impairment loss of trade and other debtors for the years:

	Group	
	2015	2014
	HK$'000	HK$'000
At 1 April	**41,510**	37,717
Add: Impairment loss recognised *(Note 9)*	**9,221**	3,793
Less: Written off	**(37,251)**	–
Exchange differences	**47**	–
At 31 March	**13,527**	41,510

Details of the ageing analysis of trade receivables of the Group (net of impairment loss) are as follows:

	Group	
	2015	2014
	HK$'000	HK$'000
Outstanding balances aged:		
0 to 30 days	**98,612**	80,005
31 to 60 days	**40,637**	11
61 to 180 days	**6,385**	3,057
Over 180 days	**5,556**	2,375
	151,190	85,448

The ageing analysis of trade receivables that are neither individually nor collectively considered to be impaired are as follows:

	Group	
	2015	2014
	HK$'000	HK$'000
Neither past due nor impaired	**139,249**	80,016
30 to 90 days past due	**6,385**	3,057
Over 90 days	**5,556**	2,375
	151,190	85,448

Trade receivables that were neither past due nor impaired related to a number of independent customers for whom there was no recent history of default.

30. AMOUNTS DUE FROM NON-CONTROLLING SHAREHOLDERS OF SUBSIDIARIES AND AMOUNTS DUE FROM ASSOCIATES

Amounts due from non-controlling shareholders of subsidiaries and amounts due from associates are unsecured, interest-free and repayable on demand.

31. PLEDGED DEPOSITS AND RESTRICTED CASH

	Group	
	2015	2014
	HK$'000	HK$'000
Pledged deposits for banking facilities	**134,040**	–

The amounts represent cash deposited in bank as pledged deposits for the borrowings granted by the bank (Note 36(i)).

32. CASH AND CASH EQUIVALENTS

	Group		Company	
	2015	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000
Cash and bank balances	**298,458**	1,702,510	**2,535**	270,053

RMB is not freely convertible into other currencies, however, under PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term time deposits were made for varying periods depending on the immediate cash requirements of the Group, and earned interest at the respective short-term time deposit rates.

33. TRADE AND OTHER PAYABLES

	Group		Company	
	2015	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade payables	**1,525**	69	**–**	–
Other payables and accruals *(Note i)*	**2,117,799**	2,821,879	**246,086**	191,642
Deposit received from customers	**63,901**	54,388	**–**	–
	2,183,225	2,876,336	**246,086**	191,642

Note:

(i) As at 31 March 2015, other payables mainly comprised construction costs payable of HK$1,647,978,000 (2014: HK$2,287,336,000) and retention and guarantee deposit of HK$227,290,000 (2014: HK$298,481,000).

Accruals of the Group and the Company also included accumulated default interest on promissory note amounted to HK$154,496,000 (2014: HK$100,138,000) (Note 34).

The carrying amounts of other payables and accruals at the end of reporting period approximate their fair values.

Details of the ageing analysis of trade payables of the Group are as follows:

	Group	
	2015	2014
	HK$'000	HK$'000
Outstanding balances aged:		
31 to 60 days	**544**	–
61 to 180 days	**906**	–
Over 180 days	**75**	69
	1,525	69

34. PROMISSORY NOTE

The movement on the promissory note during the years ended 31 March 2015 and 2014 are as follows:

	Group and Company	
	2015	2014
	HK$'000	HK$'000
Carrying value as at 1 April	**297,876**	293,458
Interest expense *(Note 8)*	**4,469**	4,418
Carrying value as at 31 March	**302,345**	297,876

On 9 February 2010, the Company issued HK$280,000,000 promissory note to China Alliance International Holding Group Limited ("China Alliance") in connection with the acquisition of 100% equity interest of the Yichang Group pursuant to the shares purchase agreement dated 9 May 2009 (the "SPA").

The promissory note is repayable by 14 quarterly instalments of HK$20,000,000 each with the interest accrued thereon payable on the last day of every three months after the issue of the promissory note. The promissory note bears coupon interests at 1.5% per annum payable quarterly. The Company may, by giving prior written notice to the noteholder, repay in whole or in part the outstanding promissory note (in the multiples of HK$20,000,000) at any time and from time to time after the date of issue of the promissory note. The fair value of promissory note was HK$233,482,000 as at the issue date, based on the professional valuation performed by the Valuer. The effective interest rate of the promissory note is determined to be 11.82% per annum.

During the year ended 31 March 2011, the Group defaulted on repayment of the principal and interest. Pursuant to the promissory note agreement, the promissory note holder is entitled to demand immediate repayment of any outstanding principal and accrued interest. As a result, the carrying amount of promissory note plus accrued interest of HK$285 million was classified under current liabilities since 31 March 2011.

On 23 May 2012, the Group and the promissory note holder signed a supplemental agreement to extend the repayment term of promissory note. Both parties agreed that the Group is required to pay a default interest at 0.05% per day (annual interest rate of 18.25%) based on the outstanding principal amount and accrued interest. At 31 March 2015, the cumulative default interest of HK$154,496,000 (2014: HK$100,138,000) was accrued under other payables and accruals (Note 33).

35. DEFERRED GOVERNMENT GRANTS

	Group	
	2015	2014
	HK$'000	HK$'000
At 1 April	**5,071**	7,471
Credited to other income and other gains or losses	**(2,538)**	(2,539)
Exchange difference	**15**	139
At 31 March	**2,548**	5,071

35. DEFERRED GOVERNMENT GRANTS *(Continued)*

During the year ended 31 March 2010, the Group received a government grant of approximately RMB6,045,000 for the development of tea-oil production located in Xingning, the PRC. The government grant is to be amortised on a systematic basis according to the volume of production when the production of tea-oil begins and income is generated. Amortisation was commenced during the year ended 31 March 2014 as production has commenced.

36. BORROWINGS

At 31 March 2015, borrowings of the Group were repayable as follows:

	Group	
	2015	2014
	HK$'000	HK$'000
Within 1 year or on demand	**1,865,877**	2,635,516
After 1 year but within 2 years	**558,353**	520,399
After 2 years but within 5 years	**476,677**	671,378
After 5 years	**10,699,682**	8,573,090
	11,734,712	9,764,867
	13,600,589	12,400,383

At 31 March 2015, borrowings of the Group were secured as follows:

		Group	
		2015	2014
	Notes	**HK$'000**	HK$'000
Secured	*(i)*	**12,475,157**	11,690,173
Unsecured	*(ii), (iii)*	**1,125,432**	710,210
		13,600,589	12,400,383

Notes:

(i) At 31 March 2014, the secured borrowings of the Group were secured by (a) Zhunxing's receivables rights of toll income of the Zhunxing Expressway; (b) the Group's equity interests in 國開瑞明(北京)投資基金有限公司 and 內蒙古博源新型能源有限公司 with the aggregate carrying amount of HK$111,279,000 (2014: HK$110,737,000) (both recognised as available-for-sale investments of the Group (Note 27)) and the equity interests of 內蒙古准興高速服務區管理有限責任公司, the Project Company as defined in Note 41.

The borrowings of the Group were also guaranteed by (a) the Company and (b) a non-controlling shareholder of Zhunxing.

At 31 March 2015, the secured borrowings of the Group were continued to be secured by securities of (a) and (b) as mentioned above. In addition, the Group's secured borrowings were also secured by (c) petroleum storage tanks with a capacity of 80,000 m^3 of Dapeng (defined in Note 42(a)) located in Zhanjiang, the Guangdong Province, the PRC, with a carrying amount of HK$62,932,000 under furniture, machinery and equipment (Note 18), (d) Dapeng's investment property located in Guangzhou, the Guangdong Province, the PRC, with a carrying amount of HK$124,271,000 (Note 17) and (e) pledged deposits of HK$134,040,000 (Note 31).

36. BORROWINGS *(Continued)*

The borrowings of the Group were guaranteed by (a) the Company and (b) a non-controlling shareholder of Zhunxing.

(ii) At 31 March 2014, unsecured borrowings of the Group were guaranteed by the Company.

At 31 March 2015, unsecured borrowings of the Group were guaranteed by (a) the Company and (b) a director of the Company.

(iii) A 31 March 2014, unsecured borrowings of the Group also included a loan liability of approximately HK$81 million arising from the financing arrangement entered into between the Company and Joint Gain Holdings Limited ("Joint Gain") for the construction of petrol and gas stations in the service areas of the Zhunxing Expressway (the "Financing Arrangement") (see Note 41 for details). Details of the Financing Arrangement are also disclosed in the Company's announcement dated 20 December 2012.

No actual interest is payable by the Company under the Financing Arrangement. At 31 March 2014, the loan liability was measured at amortised cost at an imputed interest rate of 11.7% per annum. The loan liability has been settled upon the reacquisition of the Project Company (as defined in Note 41) during the year.

(iv) The Group's available banking facilities as at 31 March 2015 amounted to approximately HK$17,172,317,000 (2014: HK$12,400,383,000), out of which HK$13,600,589,000 (2014: HK$12,400,383,000) has been utilised.

37. DEFERRED TAX LIABILITIES

The components of deferred tax liabilities recognised in the consolidated statement of financial position and the movements during the current and prior years were as follows:

The Group	**Revaluation of property, plant and equipment** HK$'000	**Revaluation of investment properties** HK$'000	**Customer relationships** HK$'000	**Total** HK$'000
At 1 April 2013	5,876	3,685	–	9,561
Charged to other comprehensive income	677	–	–	677
Credited to profit or loss	–	(542)	–	(542)
At 31 March 2014	6,553	3,143	–	9,696
Recognised in business combinations	10,313	1,240	38,850	50,403
Charged to other comprehensive income	830	–	–	830
Credited to profit or loss	(546)	(966)	(1,298)	(2,810)
At 31 March 2015	17,150	3,417	37,552	58,119

Deferred income tax assets were recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through the future taxable profits is probable. The Group has unrecognised tax losses of HK$384,945,000 (2014: HK$108,390,000) to be carried forward for offset against future taxable income which included tax losses of HK$348,495,000 (2014: HK$63,286,000) may be carried forward against future taxable income for a period of five years in accordance with the PRC tax law. The remaining tax losses may be carried forward indefinitely.

38. CONVERTIBLE BONDS

(a) Description of convertible bonds

	CB2014	CB2015	CB2016A	CB2016B	CB2016C	CB2017	CB2018
Issue dates	28 September 2011	3 September 2013 and 12 February 2014	22 October 2013, 26 November 2013 and 28 November 2013	10 February 2015	10 February 2015	3 October 2014	10 February 2015
Principal amounts as at 1 April 2013	HK$2,000,000,000	–	–	–	–	–	–
Principal amounts issued during the year	–	HK$2,584,000,000	HK$1,500,000,000	–	–	–	–
Principal amounts settled during the year	HK$1,400,000,000	–	–	–	–	–	–
Principal amounts as at 31 March 2014 and 1 April 2014	HK$600,000,000	HK$2,584,000,000	HK$1,500,000,000	–	–	–	–
Principal amounts issued during the year	–	–	–	HK$992,000,000	HK$1,500,000,000	HK$600,000,000	HK$700,000,000
Principal amounts settled during the year	HK$600,000,000, set-off with the issue of CB2017 of the same principal amount	HK$992,000,000, set-off with the issue of CB2016B of the same principal amount	HK$1,500,000,000, set-off with the issue of CB2016C of the same principal amount	–	–	HK$600,000,000, set-off with the issue of CB2018 of the same principal amount	–
Principal amounts as at 31 March 2015	–	HK$1,592,000,000	–	HK$992,000,000	HK$1,500,000,000	–	HK$700,000,000
Maturity date	29 September 2014	3 September 2015	24 October 2016	10 February 2016	24 October 2016	3 October 2017	12 February 2018
Interest rates *(Note (i))*	9%	9%	9%	9%	9%	9%	9%
Conversion price per share *(Note (ii))*	HK$0.40	HK$0.30 *(Note (iii))*	HK$0.37	HK$0.20	HK$0.20	HK$0.40	HK$0.20
Mandatory conversion option	The Company can require the bondholders to convert at HK$0.40 per share when the share price is higher than HK$1.00 for 60 consecutive trading days. The embedded mandatory conversion option is included in the equity component.	The Company can require the bondholders to convert at HK$0.30 per share when the share price is higher than HK$0.60 for 60 consecutive trading days. The embedded mandatory conversion option is included in the equity component.	N/A	N/A	N/A	The Company can require the bondholders to convert at HK$0.40 per share when the share price is higher than HK$1.00 for 60 consecutive trading days. The embedded mandatory conversion option is included in the equity component.	N/A

38. CONVERTIBLE BONDS *(Continued)*

(a) Description of convertible bonds *(Continued)*

	CB2014	CB2015	CB2016A	CB2016B	CB2016C	CB2017	CB2018
Embedded derivative financial instruments *(Note (iv))*	N/A	N/A	If the market price of the Company's shares is higher than HK$0.74 for 15 consecutive trading days, a repayment premium of 100% of the outstanding principal amount of CB2016A as at the maturity date will be payable by the Company on the maturity date (the "Repayment Adjustment 2016A").	N/A	If the market price of the Company's shares is higher than HK$0.40 for 15 consecutive trading days, a repayment premium of 100% of the outstanding principal amount of CB2016C as at the maturity date will be payable by the Company on the maturity date (the "Repayment Adjustment 2016C").	N/A	N/A
Effective interest rate at initial recognition *(Note (v))*	19.83%	17%	17%	10.99%	11.3%	11.66%	11.89%

Notes:

(i) Interests are payable by the Company annually in arrears, upon conversion or redemption.

(ii) Conversion prices are subject to normal adjustments pursuant to the terms and conditions of the convertible bonds. The bondholders can convert at the respective conversion price at any time from issuance of the convertible bonds until maturity.

(iii) As a result of the issuance of CB2016B, CB2016C and CB2018, the conversion price of the remaining outstanding CB2015 has be adjusted from HK$0.32 per share to HK$0.30 per share pursuant to the terms and conditions of CB2015 with effect from 10 February 2015.

(iv) This Repayment Adjustment 2016A and Repayment Adjustment 2016C (collectively the "Repayment Adjustments") are embedded derivatives and are recognised as derivative financial instruments at fair value by Monte Carlo model at the time of issue of the respective convertible bonds and subsequently measured at fair value at the end of each of the reporting periods in accordance with the Group's accounting policy on embedded derivatives (Note 3(r)(ii)). All valuations of fair values of Repayment Adjustments are performed independently by the Valuer.

The market price mentioned herein represented the closing prices published in the Stock Exchange Daily Quotations sheet for one share for 60 consecutive trading days.

(v) At issuing dates, the Company determined the fair value of liability component based on the valuation performed by the Valuer using discounted cash flow approach. The residual amount was assigned as the equity component and was included in the convertible bonds reserve of the Company and the Group. The liability component is carried at amortised cost until extinguished on conversion or redemption.

38. CONVERTIBLE BONDS *(Continued)*

(b) Movement of convertible bonds

The movement of the liability component, embedded derivative component and equity component of the convertible bonds were as follows:

	Group and Company			
	Liability component HK$'000	**Derivative financial instrument** HK$'000	**Equity component** HK$'000	**Total** HK$'000
CB2014				
At 1 April 2013	1,836,870	–	457,587	2,294,457
Interest expense	217,553	–	–	217,553
Interest paid	(171,369)	–	–	(171,369)
Settlement of equity component *(Note (i))*	–	–	(320,311)	(320,311)
Settlement of debt component *(Note (i))*	(1,276,717)	–	–	(1,276,717)
At 31 March 2014 and 1 April 2014	606,337	–	137,276	743,613
Interest expense	60,942	–	–	60,942
Interest paid	(55,036)	–	–	(55,036)
Settlement of equity component *(Note (i))*	–	–	(137,276)	(137,276)
Settlement of debt component *(Note (i))*	(612,243)	–	–	(612,243)
At 31 March 2015	–	–	–	–
CB2015				
At 1 April 2013	–	–	–	–
Issue of convertible bond	2,272,075	–	311,925	2,584,000
Interest expense	181,508	–	–	181,508
At 31 March 2014 and 1 April 2014	2,453,583	–	311,925	2,765,508
Interest expense	394,799	–	–	394,799
Interest paid	(247,730)	–	–	(247,730)
Settlement of equity component *(Note (ii))*	–	–	(110,032)	(110,032)
Settlement of debt component *(Note (ii))*	(959,140)	–	–	(959,140)
At 31 March 2015	1,641,512	–	201,893	1,843,405

38. CONVERTIBLE BONDS *(Continued)*

(b) Movement of convertible bonds *(Continued)*

	Group and Company			
	Liability component HK$'000	**Derivative financial instrument** HK$'000	**Equity component** HK$'000	**Total** HK$'000
CB2016A				
At 1 April 2013	–	–	–	–
Issue of convertible bond	1,238,934	154,663	106,403	1,500,000
Interest expense	81,714	–	–	81,714
Changes in fair value of derivative financial instruments	–	(29,767)	–	(29,767)
At 31 March 2014 and 1 April 2014	1,320,648	124,896	106,403	1,551,947
Interest expense	193,755	–	–	193,755
Interest paid	(168,903)	–	–	(168,903)
Changes in fair value of derivative financial instruments	–	(118,996)	–	(118,996)
Settlement of equity component *(Note (iii))*	–	–	(106,403)	(106,403)
Settlement of debt component *(Note (iii))*	(1,345,500)	(5,900)	–	(1,351,400)
At 31 March 2015	–	–	–	–
CB2016B				
At 1 April 2013 and 31 March 2014	–	–	–	–
Issue of convertible bond	974,214	–	123,532	1,097,746
Interest expense	14,373	–	–	14,373
At 31 March 2015	988,587	–	123,532	1,112,119
CB2016C				
At 1 April 2013 and 31 March 2014	–	–	–	–
Issue of convertible bond	1,450,305	49,510	243,257	1,743,072
Interest expense	22,001	–	–	22,001
Changes in fair value of derivative financial instruments	–	(23,087)	–	(23,087)
At 31 March 2015	1,472,306	26,423	243,257	1,741,986

38. CONVERTIBLE BONDS *(Continued)*

(b) Movement of convertible bonds *(Continued)*

	Group and Company			
	Liability component HK$'000	**Derivative financial instrument** HK$'000	**Equity component** HK$'000	**Total** HK$'000
CB2017				
At 1 April 2013 and 31 March 2014	–	–	–	–
Issue of convertible bond	561,442	–	40,997	602,439
Interest expense	23,316	–	–	23,316
Interest paid	(19,233)	–	–	(19,233)
Settlement of equity component *(Note (iv))*	–	–	(40,997)	(40,997)
Settlement of debt component *(Note (iv))*	(565,525)	–	–	(565,525)
At 31 March 2015	–	–	–	–
CB2018				
At 1 April 2013 and 31 March 2014	–	–	–	–
Issue of convertible bond	651,319	–	48,681	700,000
Interest expense	10,396	–	–	10,396
At 31 March 2015	661,715	–	48,681	710,396
Total				
At 31 March 2015	4,764,120	26,423	617,363	5,407,906
At 31 March 2014	4,380,568	124,896	555,604	5,061,068
Represented by:				
At 31 March 2015				
Current portion	2,630,099	–		2,630,099
Non-current portion	2,134,021	26,423		2,160,444
	4,764,120	26,423		4,790,543
At 31 March 2014				
Current portion	606,337	124,896		731,233
Non-current portion	3,774,231	–		3,774,231
	4,380,568	124,896		4,505,464

38. CONVERTIBLE BONDS *(Continued)*

(b) Movement of convertible bonds *(Continued)*

Notes:

(i) Settlement of CB2014

In September 2013, CB2015 issued to two subscribers (which are bondholders of CB2014) with aggregate principal amount of HK$1,400 million were used to set off their CB2014 of the same principal amount. This partial settlement of CB2014 resulted in the settlement of equity component of HK$320,311,000, settlement of debt component of HK$1,276,717,000 and a gain on settlement of debt component of HK$54,261,000 which had been recognised in profit or loss during the year ended 31 March 2014.

In October 2014, CB2017 issued to a subscriber (which is bondholder of CB2014) with aggregate principal amount of HK$600 million were used to set off their CB2014 of the same principal amount. This settlement of the outstanding CB2014 resulted in the settlement of equity component of HK$137,276,000, settlement of debt component of HK$612,243,000 and a gain on settlement of debt component of HK$50,801,000 which had been recognised in profit or loss during the year ended 31 March 2015.

(ii) Partial Settlement of CB2015

On 10 February 2015, CB2016B issued to several subscribers (which are bondholders of CB2015) with aggregate principal amount of HK$992 million were used to set off their CB2015 of the same principal amount. This partial settlement of CB2015 resulted in the settlement of equity component of HK$110,032,000, settlement of debt component of HK$959,140,000 and a loss on settlement of debt component of HK$15,074,000 which had been recognised in profit or loss during the year ended 31 March 2015.

(iii) Settlement of CB2016A

On 10 February 2015, CB2016C issued to two subscribers (which are bondholders of CB2016A) with aggregate principal amount of HK$1,500 million were used to set off their CB2016A of the same principal amount. This settlement of CB2016A resulted in the settlement of equity component of HK$106,403,000, settlement of debt component of HK$1,351,400,000 and a loss on settlement of debt component of HK$104,805,000 and a loss on settlement of derivative of HK$43,610,000 which had been recognised in profit or loss during the year ended 31 March 2015.

(iv) Settlement of CB2017

On 10 February 2015, out of the aggregate principal amount of HK$700 million, HK$600 million of the principal amount of CB2018 issued to the subscriber (which is bondholder of CB2017) were used to set off their CB2017 of the same principal amount (i.e. HK$600 million). This settlement of CB2017 resulted in the settlement of equity component of HK$40,997,000, settlement of debt component of HK$565,525,000 and a gain on settlement of debt component of HK$7,251,000 which had been recognised in profit or loss during the year ended 31 March 2015.

(v) Conversion of convertible bonds

There were no conversions of convertible bonds during the years ended 31 March 2015 and 2014.

39. SHARE CAPITAL

	Notes	2015 Number of shares '000	2015 Amount HK$'000	2014 Number of shares '000	2014 Amount HK$'000
Authorised:					
Ordinary shares of HK$0.01 each	*(a)*	**70,000,000**	**700,000**	50,000,000	500,000
Issued and fully paid:					
Ordinary shares of HK$0.01 each					
At 1 April		**27,174,784**	**271,748**	25,605,784	256,058
Issue of ordinary shares	*(b)*	**–**	**–**	2,500,000	25,000
Purchase of own shares for cancellation	*(c)*	**(165,200)**	**(1,652)**	(931,000)	(9,310)
At 31 March		**27,009,584**	**270,096**	27,174,784	271,748

Notes:

(a) Increase in authorised share capital

Pursuant to an ordinary resolution passed at the extraordinary general meeting of the Company held on 28 January 2015, the authorised share capital of the Company was increased from HK$500,000,000 divided into 50,000,000,000 shares of HK$0.01 each, to HK$700,000,000 by the creation of an additional 20,000,000,000 new shares.

(b) Issue of ordinary shares

On 14 June 2013, the Company entered into a share subscription agreement with each of Turbo View Investment Limited and Wisdom Accord Limited for the issue of 1,500,000,000 and 1,000,000,000 (a total of 2,500,000,000) new ordinary shares respectively at a subscription price of HK$0.30 per share. The issue of the 2,500,000,000 new shares (the "Subscription Shares") was approved by shareholders of the Company on 26 August 2013 and all the Subscription Shares were issued at an aggregate consideration of HK$750,000,000 on 30 August 2013. All these new ordinary shares rank pari passu in all respects with the existing shares of the Company.

(c) Purchase of own shares for cancellation

During the year ended 31 March 2015, the Company repurchased its own ordinary shares on the Stock Exchange as follows:

Month/year	Number of shares repurchased '000	Highest price paid per share HK$	Lowest price paid per share HK$	Aggregate price paid HK$'000
July 2014	36,000	0.325	0.320	11,545
August 2014	129,200	0.325	0.310	41,142
	165,200			52,687

The repurchased shares were cancelled during the year ended 31 March 2015 and accordingly the issued share capital of the Company was reduced by the nominal value of the ordinary shares repurchased.

39. SHARE CAPITAL *(Continued)*

Notes: (Continued)

(c) Purchase of own shares for cancellation *(Continued)*

During the year ended 31 March 2014, the Company repurchased its own ordinary shares on the Stock Exchange as follows:

Month/year	Number of shares repurchased '000	Highest price paid per share HK$	Lowest price paid per share HK$	Aggregate price paid HK$'000
January 2014	235,600	0.410	0.355	89,006
February 2014	526,900	0.445	0.400	221,348
March 2014	168,500	0.415	0.370	66,855
	931,000			377,209

Out of the 931,000,000 ordinary shares repurchased during the year ended 31 March 2014, 878,100,000 repurchased ordinary shares were cancelled during the year ended 31 March 2014 and the remaining 52,900,000 repurchased ordinary shares were cancelled during the year ended 31 March 2015. The issued share capital of the Company was reduced accordingly by the nominal value of the ordinary shares repurchased.

40. EQUITY-SETTLED SHARE-BASED PAYMENT

The Share Option Scheme adopted on 16 July 2004 (the "Old Scheme") shall remain in force for 10 years from the adoption date unless otherwise terminated or amended. No further options can be granted under the Old Scheme; howsoever, the options granted under the Old Scheme before 15 July 2014 remains exercisable.

A new share option scheme of the Company was adopted on 28 August 2014 (the "New Scheme") pursuant to the approval by the shareholders of the Company at the annual general meeting held on 28 August 2014. The New Scheme shall remain in force for 10 years from the adoption date unless otherwise terminated or amended.

The exercise price of the options shall be determined by the directors of the Company, but may at least the highest of (i) the Stock Exchange closing price of the Company's share on the date of the grant of the share options; (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of the grant of the share options; and (iii) the nominal value of an ordinary share. The maximum number of shares in respect of which options may be granted under the New Scheme shall not exceed 10% of the issued share capital of the Company from time to time.

40. EQUITY-SETTLED SHARE-BASED PAYMENT *(Continued)*

Movements in the number of share options outstanding and their exercise prices are as follows:

For the year ended 31 March 2015

	Weighted average exercise price HK$	**Directors '000**	**Employees '000**	**Total '000**
Outstanding at the beginning of the year	**0.45**	**99,000**	**251,500**	**350,500**
Granted during the year	**–**	**–**	**–**	**–**
Lapsed during the year	**0.45**	**–**	**(4,000)**	**(4,000)**
Outstanding at the end of the year	**0.45**	**99,000**	**247,500**	**346,500**

For the year ended 31 March 2014

	Weighted average exercise price HK$	Directors '000	Employees '000	Total '000
Outstanding at the beginning of the year	–	–	–	–
Granted during the year	0.45	99,000	251,500	350,500
Lapsed during the year	–	–	–	–
Outstanding at the end of the year	0.45	99,000	251,500	350,500

The fair value for total share options granted to directors and employees were amounted to HK$8,861,000 and HK$22,151,000 respectively at 31 March 2015 and was calculated using the Binomial option pricing model by the Valuer.

The exercise price of the above equity-settled share options granted during the year is HK$0.45 per share. These share options vested immediately at the date of grant and are valid up to 15 October 2018. No share options were exercised during the year (2014: Nil). The share options lapsed during the year were attributable to the resignation of the relevant employees during the year.

40. EQUITY-SETTLED SHARE-BASED PAYMENT *(Continued)*

(a) Fair value of share options and assumptions

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on a binomial lattice model.

Fair value of share options granted during the year ended 31 March 2014 and assumptions:

	2014
Fair value of each share option at grant date	HK$0.0895
Share price of each share at grant date	HK$0.42
Exercise price of each share option	HK$0.45
Expected volatility (expressed as weighted average volatility used in the modelling under binomial lattice model)	40%
Option life	5 years
Expected dividend yield	5%
Risk-free interest rate	1.18%

The expected volatility is based on the historic volatility (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility based on publicly available information. Changes in the subjective input assumptions could materially affect the fair value estimate.

41. CONDITIONAL WARRANTS

On 20 December 2012, the Company and Joint Gain entered into the agreement pursuant to which:

(1) the Group sold to Joint Gain the project company (the "Project Company") which holds the development and operating rights to the petrol and gas stations in the service areas of the Zhunxing Expressway for the aggregate consideration of RMB301,000,000 (equivalent to approximately HK$374,143,000); and

(2) after completion of the construction of the petrol and gas stations in the service areas of the Zhunxing Expressway, the Company may reacquire the Project Company, and the Company agreed to issue conditional warrants to Joint Gain.

The arrangement was accounted as financing from Join Gain for the construction of petrol and gas stations in the service areas of Zhunxing Expressway and it is not a disposal of the operating rights as the repurchase of the Project Company is almost certain to be exercised. Zhunxing will operate the petrol and gas stations together with the expressway under the terms of the service concession arrangements with the local government.

The conditional warrants issued was considered as the return to Joint Gain on the financing and recognised approximately HK$21.6 million as warrant reserve at 31 March 2014 accordingly.

In addition, a loan liability of approximately HK$81 million was accounted for (Note 36(iii)) and construction costs incurred for petrol and gas stations in the services areas of Zhunxing Expressway of HK$134 million was included under constructions in progress (Note 18) as at 31 March 2014.

41. CONDITIONAL WARRANTS *(Continued)*

During the year, Zhunxing repurchased the Project Company and the loan liability was also fully settled.

Details and movement of conditional warrants issued during the year ended 31 March 2014 are as follow:

Date of issue:	19 April 2013
Exercise period:	From the date when the Project Company is reacquired by the Group to 20 December 2015
Subscription price:	HK$0.48

Movement of the conditional warrants in issue during the year is as follow:

	2015 '000	2014 '000
At 1 April	**2,000,000**	–
Issued during the year	**–**	2,000,000
At 31 March	**2,000,000**	2,000,000

No conditional warrants were exercised during the years ended 31 March 2015 and 2014.

42. BUSINESS COMBINATIONS

(a) 湛江大鵬石化有限公司 ("Dapeng") and 廣東金晶能源股份有限公司 ("Jinjing")

On 31 July 2014, the Group acquired petroleum and related products trading and storage business in the PRC through the acquisitions of (i) 70% of the equity interests of Dapeng and (ii) 65% of the equity interests of Jinjing together with an investment property. These acquisitions were made with the aims to expand the Group's existing scale of operations and enlarge the Group's market presence in the petroleum and related products business segment.

The fair values of identifiable assets and liabilities of Dapeng and Jinjing as at the date of acquisitions were:

	HK$'000
The fair value of consideration paid:	
– Cash	24,497
Less: Fair value of identifiable assets and liabilities of Dapeng and Jinjing as at the date of acquisitions:	
– Property, plant and equipment	96,904
– Investment property	121,857
– Amount due from a group company	24,497
– Customer relationships intangible assets	155,399
– Bank loan	(590,440)
– Deferred tax liabilities	(48,863)
	(240,646)
Add: Non-controlling interests	(69,644)
Goodwill	195,499

42. BUSINESS COMBINATIONS *(Continued)*

(a) 湛江大鵬石化有限公司 ("Dapeng") and 廣東金晶能源股份有限公司 ("Jinjing") *(Continued)*

Cash flows in the acquisitions of Dapeng and Jinjing:

	HK$'000
Cash consideration paid	(24,497)
Less: cash and cash equivalents acquired	–
Net cash outflows on acquisitions	(24,497)

The fair values of Dapeng's and Jinjing's identifiable assets and liabilities were determined by the directors with reference to professional valuations performed by the Valuer, who has among their staff members of the Hong Kong Institute of Surveyors with recent experience in the category of assets and liabilities being valued.

The fair value and gross amount of amount due from a group company amounted to HK$24,497,000. It has not been impaired and it is expected that the full contractual amount can be collected.

The goodwill of HK$195,499,000, which is not deductible for tax purposes, comprises the acquired workforce and the value of expected synergies arising from the combination of the acquired business with the existing operations of the Group in the petroleum and related products business segment. The Group has elected to measure the non-controlling interest in Dapeng and Jinjing at the proportionate share of Dapeng's and Jinjing's identifiable net assets at the date of acquisition.

Since the acquisition date, Dapeng and Jinjing have contributed an aggregate of HK$2,315,341,000 and HK$4,572,000 to the Group's revenue and profit, respectively, for the year ended 31 March 2015. If the acquisition had occurred on 1 April 2014, the Group's revenue and loss would have been HK$5,285,648,000 and HK$1,907,149,000 respectively. This pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisitions been completed on 1 April 2014, nor is it intended to be a projection of future performance.

The acquisition-related costs of Dapeng and Jinjing amounted to approximately HK$523,000. The amount has been expensed and is included in selling and administrative expenses in the consolidated income statement.

42. BUSINESS COMBINATIONS *(Continued)*

(b) 樂山中順油汽有限公司 ("Leshan Zhongshun")

On 31 October 2014, the Group acquired a CNG gas stations operations business in the PRC through the acquisition of 100% of the equity interests of Leshan Zhongshun. The acquisition was made by the Group to develop and expand into a new petroleum related business, the CNG gas stations operations, which further diversifies and strengthens the market position of the Group's petroleum and related products business segment.

The fair values of identifiable assets and liabilities of Leshan Zhongshun as at the date of acquisition were:

	HK$'000
The fair value of consideration paid:	
– Cash	95,151
Less: Fair value of identifiable assets and liabilities of Leshan Zhongshun as at the date of acquisitions:	
– Property, plant and equipment	30,617
– Prepaid lease payments	16,554
– Cash and cash equivalents	160
– Prepayments	21
– Other payables	(3,413)
– Deferred tax liabilities	(1,540)
	42,399
Goodwill	52,752

Cash flows in the acquisition of Leshan Zhongshun:

	HK$'000
Cash consideration paid	(95,151)
Less: cash and cash equivalents acquired	160
Net cash outflows on acquisition	(94,991)

The fair values of Leshan Zhongshun's identifiable assets and liabilities were determined by the directors with reference to professional valuations performed by the Valuer, who has among its staff members of the Hong Kong Institute of Surveyors with recent experience in the category of assets and liabilities being valued.

42. BUSINESS COMBINATIONS *(Continued)*

(b) 樂山中順油汽有限公司 ("Leshan Zhongshun") *(Continued)*

The goodwill of HK$52,752,000, which is not deductible for tax purposes, comprises the acquired workforce of Leshan Zhongshun.

Since the acquisition date, Leshan Zhongshun has contributed an aggregate of HK$2,106,000 and HK$193,000 to the Group's revenue and profit, respectively, for the year ended 31 March 2015. If the acquisition had occurred on 1 April 2014, the Group's revenue and loss would have been HK$ 5,016,547,000 and HK$1,886,495,000 respectively. This pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 April 2014, nor is it intended to be a projection of future performance.

The acquisition-related costs of Leshan Zhongshun amounted to approximately HK$189,000. The amount has been expensed and is included in selling and administrative expenses in the consolidated income statement.

(c) 寧波中油石油銷售有限公司 ("Ningbo Zhongyou")

On 15 January 2015, the Group acquired a petroleum and related products trading business in the PRC through the acquisition of 51% of the equity interests of Ningbo Zhongyou by way of capital injection into Ningbo Zhongyou. This acquisition was made with the aims to expand the Group's existing scale of operations and enlarge the Group's market presence in the petroleum and related products business segment.

The fair values of identifiable assets and liabilities of Ningbo Zhongyou as at the date of acquisition were:

	HK$'000
The fair value of consideration:	
– Cash	19,231
Less: Fair value of identifiable assets and liabilities of Ningbo Zhongyou as at the date of acquisition:	
– Property, plant and equipment	109
– Amount due from a group company	19,231
– Amount due from a non-controlling interest	12,193
– Other receivables	8
– Cash and cash equivalents	6,174
– Other payables	(9)
	37,706
Add: Non-controlling interests	18,475
Goodwill	–

42. BUSINESS COMBINATIONS *(Continued)*

(c) 寧波中油石油銷售有限公司 ("Ningbo Zhongyou") *(Continued)*

Cash flows in the acquisition of Ningbo Zhongyou:

	HK$'000
Cash consideration paid	–
Less: cash and cash equivalents acquired	(6,174)
Net cash inflows on acquisition	6,174

The fair values of Ningbo Zhongyou's identifiable assets and liabilities were determined by the directors and were not materially different from their book values at the acquisition date.

The Group has elected to measure the non-controlling interest in Ningbo Zhongyou at the proportionate share of Ningbo Zhongyou's identifiable net assets at the date of acquisition.

The fair value of other receivables, amount due from a group company and amount due from a non-controlling interest amounted to HK$8,000, HK$19,231,000 and HK$12,193,000 respectively. The gross amount of these receivables is HK$31,432,000. None of these receivables have been impaired and it is expected that the full contractual amounts can be collected.

Since the acquisition date, Ningbo Zhongyou has not contributed any revenue and contributed HK$26,000 net loss to the Group for the year ended 31 March 2015. If the acquisition had occurred on 1 April 2014, the Group's revenue and loss would have been HK$5,173,539,000 and HK$1,885,086,000 respectively. This pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 April 2014, nor is it intended to be a projection of future performance.

The acquisition-related costs of Ningbo Zhongyou amounted to approximately HK$101,000. The amount has been expensed and is included in selling and administrative expenses in the consolidated income statement.

43. DISPOSAL OF EQUITY INTERESTS IN SUBSIDIARIES

As set out in Note 11, on 16 September 2013, the Group disposed of 55% equity interest in the property development and asset management business, through the disposal of 55% equity interest in Beijing Kaiyuan. Immediately before the date of disposal, Beijing Kaiyuan was a wholly owned subsidiary of the Company which holds 100% equity interest in Yichang Xinshougang and 70% equity interest in Yichang Zhongxiang. After the disposal, Beijing Kaiyuan, Yichang Xinshougang and Yichang Zhongxiang became associates of the Group (Note 26).

The net assets of the disposal group at the date of disposal were as follows:

	HK$'000
Property, plant and equipment	14,395
Other properties under development	176,633
Prepaid taxes	4,409
Properties under development for sale	1,025,987
Completed properties held for sale	555,411
Other receivables, deposits and prepayments	17,856
Pledged deposit and restricted cash	8,358
Cash and cash equivalents	6,703
Trade and other payables	(182,973)
Amount due to new holding company	(154,342)
Amount due to former holding company	(80,547)
Deposits from sales of properties	(233,064)
Current tax liabilities	(29,736)
Deferred government grants	(126,026)
Net assets of the disposal group	1,003,064
Net assets of 100% equity interest disposed of	1,003,064
Transfer to interests in associates of 45% equity interest at fair value	(451,296)
Release of translation reserve upon disposal of equity interests in subsidiaries	(84,435)
Gain on loss of control of subsidiaries	82,667
Total consideration	550,000
Satisfied by:	
Cash	550,000
Net cash inflows arising on disposal – for the year ended 31 March 2014:	
Cash consideration received	502,692
Cash and bank balances disposed of	(6,703)
	495,989
Net cash inflows arising on disposal – for the year ended 31 March 2015:	
Cash consideration received	47,308

At 31 March 2014, approximately HK$502,692,000 of cash consideration has been received by the Group. The remaining HK$47,308,000 was received in September 2014.

44. OPERATING LEASES

Operating lease commitments – as a lessee

During the year ended 31 March 2015, the Group leases part of its properties, plantation sites and the land where the Group's petroleum storage tanks and facilities situated in Zhanjiang, the PRC, under operating lease arrangements. Leases for properties are negotiated for terms from 1 to 10 years (2014: 1 to 5 years). Leases for plantation sites are negotiated for term of 1 year (2014: 1 to 6 years). Leases for the land is negotiated for a term of 26 years (2014: Nil).

As at 31 March 2015, the Group had total future minimum lease payments under non-cancellable operating leases due at the end of reporting period as follows:

	2015 HK$'000	2014 HK$'000
Within one year	**14,846**	11,672
In the second to fifth year, inclusive	**17,114**	18,118
Over five years	**21,115**	–
	53,075	29,790

Operating lease receivables – as a lessor

The Group's investment properties are leased to tenants for varying terms. The rental income during the year ended 31 March 2015 was HK$4,104,000 (2014: HK$1,109,000).

The minimum rent receivables under non-cancellable operating leases at the end of the reporting period are as follows:

	2015 HK$'000	2014 HK$'000
Within one year	**5,429**	730
In the second to fifth year, inclusive	**20,736**	243
Over five years	**19,420**	–
	45,585	973

45. CAPITAL COMMITMENTS

Capital commitments outstanding at 31 March 2015 and 2014 not provided for in the financial statements were as follows:

	Group		Company	
	2015	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000
Authorised but not contracted for				
– a coal processing large scale comprehensive logistics base *(Note)*	**–**	141,567	**–**	141,567
Contracted but not provided for				
– investment on concession intangible asset and property, plant and equipment	**–**	314,707	**–**	–
– acquisition of property, plant and equipment	**60,229**	–	**–**	–
	60,229	456,274	**–**	141,567

Note:

The Company signed an investment cooperation agreement on 5 December 2011 with the local people's government of Qingshuihe County ("Qingshuihe Government") in the Inner Mongolia Autonomous Region of the PRC in relation to a coal processing large scale comprehensive logistics base (the "Comprehensive Logistics Base") proposed to be built close to the Yingpanliang exit of the Zhunxing Expressway (the "Cooperation Agreement"). In accordance with the Cooperation Agreement, the area of the Comprehensive Logistics Base will be 15 square kilometers (i.e. 22,500 mu) in total. The Qingshuihe Government will be responsible for the relocation of the current residents and the Company will be responsible for bearing the relocation compensation of RMB5,000 per mu, i.e. RMB112,500,000 in total.

The Cooperation Agreement expired during the year and no formal agreement has been entered into between the parties. Accordingly, there was no further capital commitment for this project.

46. RELATED PARTY TRANSACTIONS

(a) Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

(b) Save as disclosed elsewhere in these financial statements, the Group had the following major transactions with related parties during the years ended 31 March 2015 and 2014:

Related party relationship	Type of transactions	*Notes*	For the year ended 31 March 2015 HK$'000	2014 HK$'000
China Alliance International Holding Group Limited (a substantial shareholder of the Company)	Interest expense on promissory note	*8*	**4,469**	4,418
	Default interest expense on promissory note	*8*	**54,358**	54,359

Related party relationship	Type of balances	*Notes*	As at 31 March 2015 HK$'000	2014 HK$'000
China Alliance International Holding Group Limited (a substantial shareholder of the Company)	Promissory note and accrued default interest	*34*	**456,841**	398,014

(c) Members of key management during the year comprised only of the directors whose remuneration is set out in Note 12 to the financial statements.

47. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Name	Place of incorporation and operation	Registered capital	Proportion of ownership interest: Held by the Company %	Held by a subsidiary %	Attributable to the Group %	Principal activity
Triumph Kind Investment Limited	Hong Kong	HK$100	100	–	100	Investment holding and property investment
Zhunxing (defined in Note 3(b))	The PRC	RMB2,513,920,600	–	86.87	86.87	Zhunxing Expressway and auxiliary facility investment, operation, management and maintenance
北京准興隆博投資有限公司	The PRC	RMB20,000,000	–	100	86.87	Provision of management consulting services
The Project Company (defined in Note 41)	The PRC	RMB10,000,000	–	100	86.87	Construction and operation of petrol and gas stations and service areas of Zhunxing Expressway
深圳市前海資通能源有限公司	The PRC	RMB100,000,000	–	100	100	Trading of petroleum and related products
Dapeng (defined in Note 42(a))	The PRC	RMB30,000,000	–	70	70	Trading and storage of petroleum and related products
Jinjing (defined in Note 42(a))	The PRC	RMB49,500,000	–	65	65	Trading of petroleum and related products
Ningbo Zhongyou (defined in Note 42(c))	The PRC	RMB30,000,000	–	51	51	Trading of petroleum and related products
Leshan Zhongshun (defined in Note 42(b))	The PRC	RMB32,800,000	–	100	100	Construction and operation of CNG gas stations

47. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(Continued)*

Name	Place of incorporation and operation	Registered capital	Proportion of ownership interest: Held by the Company %	Held by a subsidiary %	Attributable to the Group %	Principal activity
深圳市前海潤宏投資有限公司	The PRC	RMB10,000,000	–	100	100	Investment and asset management
樹人木業(深圳)有限公司	The PRC	RMB43,773,025	–	100	100	Timber log trading and sale of furniture and handicrafts
樹人木業(大埔)有限公司	The PRC	RMB102,175,000	–	100	100	Forest operation, timber logging and tree plantation
樹人苗木組培(大埔)有限公司	The PRC	RMB4,721,500	–	100	100	Plantation and trading of seedlings
興寧樹人木業有限公司	The PRC	RMB30,000,000	–	100	100	Production and sale of plant-oil
Jaling (defined in Note 22(a))	Guyana	GYD500,000	–	100	100	Timber logging
Garner (defined in Note 22(b))	Guyana	GYD100,000	–	100	100	Timber logging
Seapower Resources Gosford Pty Ltd.	Australia	AUD4,200,002	–	100	100	Cold storage warehouse leasing

Note 1: The above table includes the subsidiaries of the Company which, in the opinion of the directors of the Company, principally affected the results of the Group for the year or formed a substantial portion of the assets and liabilities of the Group at the end of the reporting period. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

48. NON-CONTROLLING INTERESTS

Zhunxing and its subsidiaries, an 86.87% owned subsidiary of the Company, has material non-controlling interests ("NCI"). The NCI of all other subsidiaries that are not 100% owned by the Group are considered to be immaterial.

Summarised financial information in relation to the NCI of Zhunxing, before intra-group eliminations, is presented below:

For the year ended 31 March

	2015 HK$'000	2014 HK$'000
Revenue	**905,789**	8,456,304
Loss for the year	**(868,969)**	(270,880)
Total comprehensive income	**(858,810)**	(210,622)
Loss allocated to NCI	**(113,160)**	(38,227)
Cash flows from operating activities	**(124,663)**	(148,491)
Cash flows from investing activities	**(67,745)**	(7,583,370)
Cash flows from financing activities	**(639,110)**	6,895,123
Net cash outflows	**(831,518)**	(836,738)

As at 31 March

	2015 HK$'000	2014 HK$'000
Current assets	**375,982**	1,190,653
Non-current assets	**20,974,636**	20,899,068
Current liabilities	**(3,964,234)**	(6,499,442)
Non-current liabilities	**(11,734,712)**	(9,764,867)
Net assets	**5,651,672**	5,825,412
Accumulated NCI	**710,852**	822,678

48. NON-CONTROLLING INTERESTS *(Continued)*

On 27 August 2013 and 14 February 2014, the Group acquired an additional 26.37% and 4.6% ownership interests respectively in its subsidiary, Zhunxing. Following the acquisitions, the Group had 82.27% and 86.87% ownership interests respectively. The transactions had been accounted for as equity transactions with the non-controlling interests during the year ended 31 March 2014 as follows:

	2014 HK$'000
Consideration paid for 26.37% ownership interest	–
Consideration paid for 4.6% ownership interest	(77,377)
Net assets attributable to 26.37% ownership interest	639,158
Net assets attributable to 4.6% ownership interest	214,180
Increase in equity attributable to owners of the Company (included in retained earnings)	775,961

49. FINANCIAL RISK MANAGEMENT

The main risks arising from the Group's business and financial instruments are interest rate risk, foreign currency risk, credit risk, liquidity risk and equity price risk. These risks are limited by the Group's financial management policies and practices described below.

(a) Interest rate risk

The Group's interest rate risk arises primarily from deposits in banks, promissory note and borrowings. Borrowings issued at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest risk respectively. The Group's interest rate profile as monitored by management is set out below.

	Group			
	2015		2014	
	Effective interest rate per annum	HK$'000	Effective interest rate per annum	HK$'000
Fixed-rate bank deposits	3.41%	134,040	–	–
Floating-rate bank deposits	1.79%	294,413	0.47%	1,650,796
		428,453		1,650,796
Fixed-rate borrowings	8.40%	2,447,434	8.83%	3,604,461
Floating-rate borrowings	6.88%	11,153,155	6.88%	8,795,922
		13,600,589		12,400,383

49. FINANCIAL RISK MANAGEMENT *(Continued)*

(a) Interest rate risk *(Continued)*

At 31 March 2015, it is estimated that a general increase of 100 basis points in interest rates, with all other variables held constant, would increase the Group's loss for the year and accumulated losses by approximately HK$109,772,000 (2014: increase the Group's loss and decrease retained profits by approximately HK$72,054,000). Other components of consolidated equity would not have any impact.

(b) Foreign currency risk

The group companies mainly operated in their local jurisdiction with most of the transactions settled in their functional currency of the operation and did not have significant exposure to risk resulting from changes in foreign currency exchange rates.

(c) Credit risk

The Group's credit risk is primarily attributable to its trade and other receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

In respect of trade receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customers' past history of making payments when due and current ability to pay, and take into account information specific to the customers as well as pertaining to the economic environment in which the customers operate. Ongoing credit evaluation is performed on the financial condition of trade receivables. Normally, the Group does not obtain collateral from customers.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry in which customers operate also has an influence on credit risk but to a lesser extent. At the end of reporting period, the Group has a certain concentration of credit risk as 54% (2014: 88%) and 90% (2014: 97%) of the total trade receivables was due from the Group's largest trade debtor and the three largest trade debtors, respectively.

The Group does not provide any guarantee which would expose the Group to credit risk.

As at 31 March 2015, the Company has issued several corporate guarantees in respect of banking facilities obtained by the Group's subsidiaries, details of which have been disclosed in Note 36. The directors do not consider it is probable that a claim will be made against the Company under the corporate guarantee issued by the Company in respect of such bank loans. The maximum liability of the Company at 31 March 2015 under the above guarantees issued in aggregate amounted to approximately HK$15,439,911,000 (2014: HK$12,319,358,000). The directors have assessed the fair value of the guarantees to be immaterial to the Company.

Further quantitative disclosures in respect of the Group's and the Company's exposures to credit risk arising from trade and other receivables are set out in Note 29.

49. FINANCIAL RISK MANAGEMENT *(Continued)*

(d) Liquidity risk

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

The following table details the remaining contractual maturities at the end of reporting period of the Group's and the Company's non-derivative financial liabilities and derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates, or if floating, based on rates current at the end of reporting period) and the earliest date the Group and the Company can be required to pay:

The Group

	Carrying amount HK$'000	Total contractual undiscounted cash flows HK$'000	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	More than 5 years HK$'000
2015						
Trade and other payables	2,183,225	2,183,225	2,183,225	–	–	–
Promissory note	302,345	302,345	302,345	–	–	–
Borrowings	13,600,589	23,474,491	2,775,745	1,363,642	2,748,325	16,586,779
Convertible bonds	4,790,543	5,436,132	3,014,560	1,658,227	763,345	–
Acreage fees payable	10,454	10,454	403	403	1,613	8,035
	20,887,156	31,406,647	8,276,278	3,022,272	3,513,283	16,594,814
2014						
Trade and other payables	2,876,336	2,876,336	2,876,336	–	–	–
Promissory note	297,876	297,876	297,876	–	–	–
Borrowings	12,400,383	20,181,518	3,427,839	1,224,513	2,646,026	12,883,140
Convertible bonds	4,505,464	5,577,199	990,639	2,951,560	1,635,000	–
Acreage fees payable	10,545	10,545	403	403	1,613	8,126
	20,090,604	28,943,474	7,593,093	4,176,476	4,282,639	12,891,266

49. FINANCIAL RISK MANAGEMENT *(Continued)*

(d) Liquidity risk *(Continued)*

The Company

	Carrying amount HK$'000	Total contractual undiscounted cash flows HK$'000	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	More than 5 years HK$'000
2015						
Trade and other payables	**246,086**	**246,086**	**246,086**			
Promissory note	**302,345**	**302,345**	**302,345**	**–**	**–**	**–**
Convertible bonds	**4,790,543**	**5,436,132**	**3,014,560**	**1,658,227**	**763,345**	**–**
	5,338,974	**5,984,563**	**3,562,991**	**1,658,227**	**763,345**	**–**
Financial guarantees issued: Maximum amount guaranteed (Note 49(c))	**–**	**15,439,911**	**15,439,911**	**–**	**–**	**–**
2014						
Trade and other payables	191,642	191,642	191,642	–	–	–
Promissory note	297,876	297,876	297,876	–	–	–
Convertible bonds	4,505,464	5,577,199	990,639	2,951,560	1,635,000	–
	4,994,982	6,066,717	1,480,157	2,951,560	1,635,000	–
Financial guarantees issued: Maximum amount guaranteed (Note 49(c))	–	12,319,358	12,319,358	–	–	–

(e) Equity price risk

The Group and the Company are exposed to equity price changes arising from listed equity instruments classified as available-for-sale investments.

The Group's and the Company's listed equity investments are listed on the Stock Exchange. Decisions to buy and sell trading securities are based on daily monitoring of the performance of individual securities and other industry indicators, as well as the Group's liquidity needs.

All of the Group's unquoted investments are held for long term strategic purposes. Their performance is assessed regularly based on information available to the Group, together with an assessment of their relevance to the Group's long term strategic plans.

The sensitivity analysis on equity price risk includes the Group's and the Company's listed equity available-for-sale investments, which fair value or future cash flows will fluctuate because of changes in their corresponding asset's equity price. If the price of the listed equity available-for-sale investments had been 10% higher/lower, other component of equity would increase/decrease by HK$25,850,000 (2014: HK$31,350,000). Profit or loss will remain unchanged.

50. CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total liabilities divided by total assets. The gearing ratios at 31 March 2015 and 2014 are as follows:

	2015 HK$'000	2014 HK$'000
Total liabilities	20,947,823	20,105,371
Total assets	24,070,839	25,216,246
Gearing ratio	87.0%	79.7%

51. FAIR VALUE MEASUREMENT OF FINANCIAL ASSETS AND LIABILITIES

The carrying amounts of the Group's financial assets and financial liabilities as recognised at 31 March 2015 and 2014 may be categorised as follows:

	Notes	2015 HK$'000	2014 HK$'000
Financial assets			
Loans and receivables	*(i)*	866,965	2,091,213
Available-for-sale investments			
– Listed investments	*(ii)*	258,500	313,500
– Unlisted investments			
– Unlisted equity shares, at cost	*(i)*	146,729	146,187
– Unlisted money market fund, at fair value	*(ii)*	63,227	62,919
Financial liabilities			
Financial liabilities measured at amortised cost	*(i)*	20,860,733	19,965,708
Financial liabilities at fair value through profit or loss			
– Held for trading	*(ii)*	26,423	124,896

51. FAIR VALUE MEASUREMENT OF FINANCIAL ASSETS AND LIABILITIES *(Continued)*

(i) Financial assets and liabilities not measured at fair value

The carrying amounts of the Group's and the Company's financial instruments carried at cost or amortised cost are not materially different from their fair values at 31 March 2015 and 2014.

(ii) Financial assets and liabilities measured at fair value

The fair value of financial assets and liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.

The valuation techniques and significant unobservable inputs used in determining the fair value measurement of level 2 and level 3 financial instruments, as well as the relationship between key observable inputs and fair value are set out below.

(a) Information about level 2 fair value measurements

Level 2 fair values of money market fund has been determined based on quotes from market makers or alternative pricing sources supported by observable inputs. The most significant input are market interest rates.

(b) Information about level 3 fair value measurements

The fair values of the derivative financial instrument under CB2016A and CB2016C are estimated using Monte Carlo model.

Significant unobservable inputs:

	2015	2014
Expected volatility		
– 2016A	–	40%
– 2016C	**47%**	–

The higher the expected volatility of the share price, the higher the fair value (in absolute amount) of the derivative financial instrument. As at 31 March 2015, increase in expected volatility by 20% in CB2016C would increase the fair value (in absolute amount) of the derivative financial instrument embedded in CB2016C by HK$55,615,000. As at 31 March 2014, increase in expected volatility by 20% in 2016A would increase the fair value (in absolute amount) of the derivative financial instrument embedded in CB2016A by HK$97,408,000.

There were no changes in valuation techniques during the year.

51. FAIR VALUE MEASUREMENT OF FINANCIAL ASSETS AND LIABILITIES *(Continued)*

(ii) Financial assets and liabilities at fair value through profit or loss *(Continued)*

(c) Summary of fair value of financial instruments

The following table presents the fair value of the Group's and the Company's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13 "Fair value measurement". The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique which is disclosed in Note 4(a):

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Group and Company

Recurring fair value measurements	Fair value at 31 March 2015 HK$'000	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000
Assets:				
Available-for-sale investment, listed equity securities	258,500	258,500	–	–
Available-for-sale investment, unlisted money market fund	63,227	–	63,227	–
	321,727	258,500	63,227	–
Liabilities:				
Derivative financial instrument	26,423	–	–	26,423

Recurring fair value measurements	Fair value at 31 March 2014 HK$'000	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000
Assets:				
Available-for-sale investment, listed equity securities	313,500	313,500	–	–
Available-for-sale investment, unlisted money market fund	62,919	–	62,919	–
	376,419	313,500	62,919	–
Liabilities:				
Derivative financial instrument	124,896	–	–	124,896

There were no transfers between levels during the year.

51. FAIR VALUE MEASUREMENT OF FINANCIAL ASSETS AND LIABILITIES *(Continued)*

(ii) Financial assets and liabilities at fair value through profit or loss *(Continued)*

(d) Movements of financial liabilities at fair value through profit or loss based on level 3

The movements of the balance of financial liabilities at fair value through profit or loss based on level 3 are as follows:

	2015 **HK$'000**	2014 HK$'000
At 1 April	**(124,896)**	–
Issue of convertible bond	**(49,510)**	(154,663)
Settlement of convertible bond	**5,900**	–
Total gain recognised in profit or loss during the year	**142,083**	29,767
At 31 March	**(26,423)**	(124,896)
Gain recognised in consolidated income statement relating to those financial liabilities held at the end of the reporting period	**142,083**	29,767

52. APPROVAL OF FINANCIAL STATEMENTS

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

SUMMARY OF FINANCIAL INFORMATION

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

	Year ended 31 March				
	2011 HK$'000	2012 HK$'000	2013 HK$'000	2014 HK$'000	**2015 HK$'000**
RESULTS					
Turnover					
– Continuing operations	12,573	138,626	4,569,568	8,585,715	**5,016,547**
– Discontinued operations	–	–	89,680	83,309	**–**
	12,573	138,626	4,659,248	8,669,024	**5,016,547**
Profit/(loss) before income tax expense					
– Continuing operations	(155,607)	(434,768)	(221,601)	(714,041)	**(1,887,572)**
– Discontinued operations	(1,911)	(14,673)	731	6,691	**–**
	(157,518)	(449,441)	(220,870)	(707,350)	**(1,887,572)**
Income tax (expense)/credit					
– Continuing operations	(12)	–	(2,712)	522	**2,325**
– Discontinued operations	–	–	(36,957)	(7,493)	**–**
	(12)	–	(39,669)	(6,971)	**2,325**
Profit/(loss) for the year					
– Continuing operations	(155,619)	(434,768)	(224,313)	(713,519)	**(1,885,247)**
– Discontinued operations	(1,911)	(14,673)	(36,226)	81,865	**–**
	(157,530)	(449,441)	(260,539)	(631,654)	**(1,885,247)**
Attributable to:					
Owners of the Company	(153,670)	(419,404)	(271,660)	(590,485)	**(1,765,900)**
Non-controlling interests	(3,860)	(30,037)	11,121	(41,169)	**(119,347)**
	(157,530)	(449,441)	(260,539)	(631,654)	**(1,885,247)**
ASSETS AND LIABILITIES					
Total assets	3,107,925	9,556,116	17,667,131	25,216,246	**24,070,839**
Total liabilities	(856,789)	(4,496,509)	(12,552,734)	(20,105,371)	**(20,947,823)**
Non-controlling interests	(15,198)	(2,416,436)	(2,430,548)	(822,694)	**(654,549)**
Shareholder's funds	2,235,938	2,643,171	2,683,849	4,288,181	**2,468,467**

PARTICULARS OF THE GROUP'S MAJOR PROPERTIES

1. PROPERTIES HELD FOR THE GROUP'S OWN USE

Leasehold building and prepaid lease payments

Location	Lease expiry	Approximate gross floor area (sq. m)	Main usage	Attributable interest to the Group %
Level 7, Xinruike Building, Futian Trade Zone, Futian District, Shenzhen, the PRC	2051	2,737	O	100
No. 96 Minjian Road Wulanchabu City, Inner Mongolia Autonomous Region, the PRC	2051	4,792	O	86.87

2. PROPERTIES HELD FOR RENTAL PURPOSE

Location	Lease expiry	Approximate site area (sq. m)	Main usage	Attributable interest to the Group %
Central Coast Cold Storage, Lots 120 Racecourse Road, West Gosford, New South Wales, Australia	Freehold	10,520	C	100
49th Floor, Bank of Guangzhou Mansion, No. 30 Zhujiang East Road, Tianhe District, Guangzhou, the PRC	2056	2,509	O	70

Note for main usage:

O = Office C = Commercial