EVERCHINA INT'L HOLDINGS COMPANY LIMITED

潤 中 國 際 控 股 有 限 公 司

Stock Code: 202

Annual Report

2015

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors
Mr. Jiang Zhaobai *(Chairman)*
Mr. Lam Cheung Shing, Richard
Mr. Chen Yi, Ethan
Mr. Shen Angang

Independent Non-executive Directors
Mr. Ho Yiu Yue, Louis
Mr. Ko Ming Tung, Edward
Professor Shan Zhemin

BOARD COMMITTEES

Audit Committee
Mr. Ho Yiu Yue, Louis *(Committee Chairman)*
Mr. Ko Ming Tung, Edward
Professor Shan Zhemin

Remuneration Committee
Mr. Ho Yiu Yue, Louis *(Committee Chairman)*
Mr. Ko Ming Tung, Edward
Mr. Lam Cheung Shing, Richard

Nomination Committee
Mr. Ko Ming Tung, Edward *(Committee Chairman)*
Mr. Ho Yiu Yue, Louis
Mr. Lam Cheung Shing, Richard

COMPANY SECRETARY
Mr. Lau Chi Lok

LISTING INFORMATION
Stock Code: 202
Board Lot: 5,000 shares

REGISTERED OFFICE
15/F., CCB Tower
3 Connaught Road Central
Hong Kong

WEBSITE
www.everchina202.com.hk

AUDITORS
HLB Hodgson Impey Cheng Limited
Certified Public Accountants
31/F., Gloucester Tower
The Landmark
11 Pedder Street, Central
Hong Kong

SOLICITORS
K&L Gates
Patrick Mak & Tse

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

PRINCIPAL BANKERS
The Bank of East Asia Limited
Fubon Bank (Hong Kong) Limited

INVESTOR RELATIONS CONSULTANT
PR ASIA Consultants Ltd
5/F., Euro Trade Centre
13–14 Connaught Road Central
Hong Kong

MANAGEMENT STATEMENT

Dear Shareholders:

On behalf of the board (the "Board") of directors (the "Directors") of EverChina Int'l Holdings Company Limited (the "Company") and its subsidiaries (collectively, the "Group"), I am pleased to present the annual results of the Group for the year ended 31 March 2015.

RESULTS

For the year ended 31 March 2015, property investment operation and financing and securities investment operation continued to be the Group's main source of income. The Group recorded a total revenue of HK$66,534,000 for the year, representing an increase of 63.1% over the previous year. This was mainly contributed by the growth of the financing operation as well as the hotel operation started to contribute revenue to the Group since January 2015.

The Group recorded a loss of HK$485,586,000 (2014: profit of HK$178,815,000). The turnaround to a loss was mainly as a result of the following factors: (i) a non-recurrent one-off gain of HK$169,442,000 from deemed disposal of associates in last year; (ii) an impairment loss recognised in respect of mining rights of HK$194,200,000 (2014: HK$31,200,000) resulting from sluggish demand for manganese ore as well as downward pressure on the market prices as compared with last year; (iii) an unrealised loss arising on change in fair value of financial assets of HK$143,476,000 (2014: unrealised gain of HK$17,746,000) as the result of the unstable investment market conditions; and (iv) loss of HK$61,026,000 arising from the partial disposal of equity interest in an associate during the year.

Loss for the year attributable to owners of the Company amounted to HK$403,159,000, as compared to profit attributable to owners of the Company of HK$177,124,000 in the previous year. The basic loss per share (including continuing and discontinued operations) amounted HK6.632 cents, compared with the basic earnings per share of HK2.914 cents with the previous year.

BUSINESS REVIEW

Property Investment Operation

The Group currently owns approximately total gross floor area of 19,620 sq. m. in Beijing Interchina Commercial Building, located in the CBD of Beijing, the PRC. At 31 March 2015, the carrying value of the Group's investment properties amounted to approximately HK$634,250,000 (31 March 2014: HK$616,117,000) and all of them have been fully let during the year.

During the year, the Group was successful in delivering stable revenue growth from property investment operation. Rental income increased by 12.7% to approximately HK$26,444,000 (2014: HK$23,473,000). The segment profit amounted to approximately HK$33,498,000 (2014: HK$16,209,000). The increase in profit was mainly attributable to the decrease in professional and consultancy fee for business expansion during the year (2014: HK$22,930,000).

Looking forward, the Group will continue to seek opportunity of acquisition of high quality property to further enhance the assets base of the Group and strengthen the profitability of this segment.

Hotel Operation

The Group has been constantly seeking to expand its business portfolios with a view to expand its revenue source. On 29 December 2014, the Group completed the acquisition of the entire equity interests of Loyal Rich International Investment Limited ("Loyal Rich") and its wholly-owned subsidiary 天富(上海)酒店管理有限公司 (the "Loyal Rich Group"). The Loyal Rich Group mainly owns and operates the Express by Holiday Inn Wujiaochang Shanghai (上海五角場快捷假日酒店), a 20-storey hotel with a gross floor area of approximately 15,949.09 sq.m., located in 1729 Huang Xing Road, Wujiaochang Jiedao,Yangpu District, Shanghai, the PRC (the "Hotel") and a 2-storey carpark with a gross floor area of 18,329.46 sq.m., located in Basement 2 & 3 1737 Huang Xing Road, Wujiaochang Jiedao,Yangpu District, Shanghai, the PRC (the "Carpark").

Due to the completion of acquisition in December 2014, the Group can only share three months revenue of the hotel which amounted to HK$7,595,000 for this year. Affected by the Chinese Lunar New Year holiday, the average occupancy of the first quarter 2015 reached 69%, which is comparatively lower than the average occupancy rate of 80% per annum of last year. As the result, the hotel operation recorded segmental loss of approximately HK$3,003,000.

The Group holds positive view towards investing in hotels, as this segment would bring solid revenue base and capital gain potentials. The Group will continue to seek opportunity of acquisition of high quality hotel property from time to time.

Financing and Securities Investment Operation

Segment revenue represents interest income from financing operation, increased by 87.7% to HK$32,495,000. The segment loss amounted to approximately HK$111,158,000 (2014: profit of HK$8,621,000). The turnaround to loss was mainly attributable to the unrealised loss arising on change in fair value of financial assets of approximately HK$143,476,000 (2014: unrealised gain of HK$17,746,000) for the year.

In September 2014, the Company entered into a subscription agreement with KuangChi Science Limited (Stock Code: 439), pursuant to which the Company has conditionally agreed to subscribe for up to 60,000,000 new KuangChi shares at HK$5.386 per KuangChi share in cash for an aggregate consideration of HK$323,160,000 (the "KuangChi Subscription"). The KuangChi Subscription constitutes a discloseable transaction for the Company under the Listing Rules. Detail of the transaction was set out in the Company's announcement dated 15 September 2014. The Subscription completed on 29 September 2014.

As at 31 March 2015, total securities investment/financial assets at fair value through profit and loss stood at approximately HK$368,193,000 (31 March 2014: HK$188,509,000) and total loan receivables under financing operation amounted to approximately HK$254,618,000 (31 March 2014: HK$232,699,000).

The Company will continue to seek for securities investment opportunity with good business prospect in order to strengthen the earning base of the Group.

Natural Resources Operation

The Group operates the natural resources operation through a 65% indirect-owned subsidiary of the Company, P.T. Satwa Lestari Permai ("SLP") which is a licensed mining company under the Laws of the Republic of Indonesia. SLP owns mining licenses (IUP Manganese Production Operation) to conduct the activities of construction, production, sales transportation and processing/refinery of manganese ore in areas totaling approximately 2,000 hectare in and around the sub-district of Amfoang Selatan, sub-district of Takari and sub-district of Fatuleu, Kupang City Nusantara Timor Tenggena, Indonesia for a period of twenty years ("Mining Right"), with estimate resources of approximately 18,800,000 tonnes. Production has not been commenced since the Group acquired the Mining Right in 2011. Therefore, this segment did not contribute any revenue to the Group for the year.

Coupled with the softening of the global economy at large, steel demand continues to depress leading to a weak demand for ores and alloys. Manganese ore benchmark prices (referenced by 44% Mn grade lump published by Metal Bulletin) fell from US$5.11/dmtu CIF China at the beginning of 2014 to a low of US$4.30/dmtu CIF China at the beginning of 2015. Thus, the Company has undertaken a review on the carrying value of the Mining Right with reference to independent valuation report, and impairment loss on the Mining Right of HK$194,200,000 was recognised for the year (2014: HK$31,200,000). The carrying value of the Mining Right at 31 March 2015 amounted to HK$870,016,000 (31 March 2014: HK$1,068,600,000).The segment loss amounted to HK$205,007,000 (2014: HK$33,059,000). The significant increase in loss was largely driven by increase in impairment loss on the Mining Right.

MANAGEMENT STATEMENT

In March 2014, the Group entered into a sale and purchase agreement with one of the minority shareholder of the SLP to acquire the 30% equity interest in SLP at the consideration of HK$318,000,000 (the "Further Acquisition"). Upon the completion of the Further Acquisition, the Group's interest in SLP will increased from 65% to 95%. Detail of the transaction was set out in the Company's circular dated 7 July 2014. As additional time is required for the fulfilment of the conditions precedent set out in the sale and purchase agreement, on 29 May 2015, the Company has informed the vendor to further extend the long stop date to 30 September 2015 (or such other date as may be agreed by the Company in writing). Upon the date of this report, the Further Acquisition has not yet completed.

Given the softening of the global commodity market and prolonged period of depressed prices, it is expected that more time will be required to improve/fine tune the operating performance of this segment in order to achieve satisfactory results in the long run.

Environmental Water Treatment Operation — Interest in an associate

During the year, the Group mainly operates the environmental water treatment operation through its associate company, Heilongjiang Interchina Water Treatment Company Limited ("Heilongjiang Interchina") which is listed on the Shanghai Stock Exchange (Stock Code: 600187). Heilongjiang Interchina operated seventeen water projects located in different regions in the PRC, with aggregate daily capacity of 1,497,500 tonnes. Although this segment recorded no turnover for the year (2014: Nil), the Group shared a net profit of Heilongjiang Interchina amounted to HK$29,050,000 for the year (2014: HK$49,838,000).

In May 2014, the Group disposed an aggregate of 72,000,000 Heilongjiang Interchina shares (the "Disposal"), representing 4.95% of the issued share capital of Heilongjiang Interchina, through the block trading system of the Shanghai Stock Exchange at an aggregate consideration of RMB311,760,000 (equivalent to approximately HK$392,151,000), representing RMB4.33 (equivalent to approximately HK$5.45) per Heilongjiang Interchina share. The Disposal recognised a loss of HK$61,026,000 for the Group. The net proceed from the Disposal had been used to repay the outstanding borrowings of the Group. After the Disposal, the Group still holds 227,312,500 Heilongjiang Interchina shares, representing approximately 15.61% of the issued shares capital of Heilongjiang Interchina.

As at 31 March 2015, Heilongjiang Interchina's closing share price was RMB8.31, representing Heilongjiang Interchina's market capitalisation of approximately RMB12.1 billion (approximately HK$15.2 billion) and the market value of approximately HK$2.4 billion of the Group's shareholding in Heilongjiang Interchina.

While it is the Company's current intention to keep the status quo in respect of its environmental water treatment operation it will not preclude the chance of realising its investment in this sector or making further investment in it should the opportunity arise.

Discontinued Operations

Securities dealing and brokerage operation is presented as discontinued operation for the year.

The cessation of securities dealing and brokerage operation became effective on 31 July 2012 but has been pending the final approval by the Securities and Futures Commission. No revenue was recognised for the past two years. This segment recorded loss of HK$29,512,000 (2014: HK$1,696,000). The loss is mainly attributed by the impairment loss of HK$28,674,000 in respect of margin client's accounts receivables for the year.

Outlook

Looking forward, 2015 will continue to be a challenging year. The Group will continue to manage its businesses in a prudent manner and will strive for developing recurrent income streams so as to provide long term sustainable growth for the benefit of the Group and its shareholders as a whole.

LIQUIDITY AND FINANCIAL RESOURCES

At 31 March 2015, the Group's total assets were HK$5,900,132,000 (31 March 2014: HK$6,033,557,000) and the total liabilities were HK$919,398,000 (31 March 2014: HK$574,673,000). At 31 March 2015, the equity reached HK$4,980,734,000 (31 March 2014: HK$5,458,884,000) and the current ratio of the Group was 2.8 (31 March 2014: 4.7).

At 31 March 2015, the Group's cash on hand and deposits in bank was HK$468,859,000 (31 March 2014: HK$321,777,000). Around 99.6% of the Group's cash on hand and deposits in bank was denominated in Renminbi with the rest mainly in Hong Kong dollars. At 31 March 2015, the Group's total borrowings comprising bank borrowings and overdraft of HK$22,128,000 (31 March 2014: HK$27,480,000) and other borrowings of HK$711,849,000 (31 March 2014: HK$415,095,000). The maturity profile of the outstanding bank borrowings and overdraft and other borrowings was spread over a period of more than five years with HK$717,197,000 repayable within one year and HK$14,376,000 repayable after one year but within five years, and HK$2,404,000 repayable after five years. Around 99.4% of the Group's total borrowings was denominated in Renminbi with the rest mainly in Hong Kong dollars.

As at 31 March 2015, the average cost of financing was around 6.5% (2014: 11.2%) per annum in 2015. The Group has maintained sufficient financial resources for daily operation, if there are appropriate merger and acquisition opportunities, additional financing may be funded for financing part of the merger and acquisitions.

Capital Structure

The Company's capital structure remained strong during the year as the gearing ratio (total outstanding borrowings over total assets) of the Group was 12.4% (2014: 7.3%). There has been no change in the share capital of the Company during the year. As at 1 April 2014 and 31 March 2015, the number of issued shares of the Company was 6,078,669,363.

Pledged of Assets

At 31 March 2015, the Group's investment properties with carrying amounts of HK$284,539,000 (31 March 2014: HK$562,482,000) was pledged as security for its liabilities. In addition, certain shares of an associate company held by the Group were also pledged to lender(s) to secure loan facilities granted to the Group.

Foreign Exchange Exposure

The Group reports its operating result in Hong Kong dollar but major operations of the Group are carried out in China, transacted and recorded in Renminbi with some monetary assets and liabilities denominated in other foreign currencies. The Group is, thus, exposed to the fluctuation in exchange rates between Renminbi, Hong Kong dollar and other currencies. At present, the Group has not entered into any hedging or other instrument to reduce currency risks. However, the management will closely monitor the Group's exposure to the fluctuation of exchange rates and take appropriate measures as necessary to minimise any adverse impact that may be caused by such fluctuation.

Material Acquisition and Disposal

Save as the acquisition and disposal has been described in the "Business Review" section, there was no material acquisition or disposal of subsidiaries or associates during the year.

MANAGEMENT STATEMENT

Future plans for material investments or capital assets

Pursuant to the sale and purchase agreement dated 21 March 2014 in relation to the Further Acquisition, the Consideration of HK$318,000,000 was to be satisfied in cash in two installment payments. As at 31 March 2014, the first installment payment as deposit amount to HK$159,000,000 has been settled. The second installment payment as final payment of HK$159,000,000 is required to be settled upon completion of the Further Acquisition.

The Board is of the opinion that, after taking into account the existing available internal resources, the Group has sufficient resources to meet its foreseeable working capital requirements.

Save as the above mentioned, the Group did not have any future plans for material investments or capital assets as at 31 March 2015.

Human Resources

The number of employees increased significantly after acquisition of the Loyal Rich Group in December 2014. As at 31 March 2015, the total number of employees of the Group was approximately 120 (31 March 2014: 39). Staff costs (including directors' emoluments) amounted to HK$19,354,000 for the year (2014: HK$16,236,000).

To maintain the Group's competitiveness, salary adjustments and award of bonus for staff are subject to the performance of individual staff members. Apart from offering retirement benefit scheme, share option scheme and medical insurance for its staff, the Group also provides staff with various training and development programs.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express my gratitude to all shareholders, customers, employees and partners for their continuous support and encouragement.

On behalf of the Board
Jiang Zhaobai
Chairman

Hong Kong, 26 June 2015

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. JIANG Zhaobai, Executive Director and Chairman

Mr. JIANG Zhaobai, aged 52, has been appointed as an executive Director of the Company and Chairman of the Board in September 2012. He has over 25 years experience in real estate development and investment in the PRC and extensive experience in international investment including minerals, dairy and agricultural industries and property investment etc. He is also the chairman of the board of Shanghai Pengxin Group Co., Ltd. ("Pengxin Group"). Mr. Jiang is the founder of Pengxin Group and Shanghai Pengxin Real Estate Development Co., Ltd. ("Pengxin Real Estate"). He was the chairman of Pengxin Group during the period from April 1997 to May 2000 and the chairman of Pengxin Real Estate during the period from January 1995 to March 1997. Mr. Jiang was appointed as vice presidents of China Enterprise Directors Association from July 2010 to July 2015 and is currently a rotating chairman of New Shanghai Businessman Federation (上海新滬商聯合會). He graduated in Nanjing Institute of Architecture and Civil Engineering and was admitted to an Executive Master of Business Administration degree at China Europe International Business School in June 2005.

Mr. LAM Cheung Shing, Richard, Executive Director, Deputy Chairman and Chief Executive Officer

Mr. LAM Cheung Shing, Richard, aged 57, is the deputy chairman and chief executive officer of the Company since June 2009. In August 2001, Mr. Lam was appointed as an executive Director and deputy chief executive officer of the Company and was designated as the chairman of the Company during the period from May 2009 to June 2009. Mr. Lam is a fellow member of both Hong Kong Institute of Certified Public Accountants and Association of Chartered Certified Accountants. Mr. Lam was admitted to the Master Degree of Business Administration in the Chinese University of Hong Kong in 2006. Mr. Lam spent over ten years in PriceWaterhouseCoopers, an international accounting firm and promoted to a senior audit manager, and is equipped with extensive experience in accountancy, taxation and corporate finance. Prior to joining the Group, Mr. Lam held senior positions in a number of listed companies in Hong Kong, including Sun Hung Kai & Co., Limited, Kingsway SW Asset Management Limited and U-Cyber Technology Holdings Limited.

Other than the directorship in the Company, currently, Mr. Lam is also an independent non-executive director of China Star Cultural Media Group Limited, the issued shares of which are listed on the GEM Board of the Stock Exchange. Besides, Mr. Lam was appointed as an independent non-executive director of Eagle Legend Asia Limited during the period from May 2013 to December 2014 and an executive director of Kai Yuan Holdings Limited during the period from December 2001 to July 2008 and re-designated as a non-executive director during the period from July 2008 to November 2008, all of which are companies whose shares are listed on the Main Board of the Stock Exchange. Mr. Lam was appointed as an executive director of China Pipe Group Limited, the issued shares of which are listed on the Stock Exchange, during the period from June 2007 to February 2009.

Mr. CHEN Yi, Ethan, Executive Director

Mr. CHEN Yi, Ethan, aged 32, joins the Company as an independent non-executive Director of the Company in February 2012 and re-designated to an executive Director of the Company since October 2014. He holds a bachelor's degree in Applied Science on Professional Electric Engineering from University of British Columbia, Vancouver, Canada and Mr. Chen has profound knowledge in financial instruments and rich experience in the international capital market. Prior to this re-designation, Mr. Chen had been worked as the assistant vice president in investment of Wellbo Holdings Limited, an engineering analyst of Kobex Minerals Inc. and International Barytex Resources Ltd in Canada, and an analyst and assistant vice president of Rongying Investments Limited respectively.

Mr. SHEN Angang, Executive Director

Mr. SHEN Angang, aged 59, has been appointed as an executive Director of the Company in February 2012. He has been the president and chairman of the board of directors of Shanghai AnShung Group Ltd. since 1995. He has rich experience in areas ranging from finance, investment, real estate and mining resources. Mr. Shen served as the cadre of the Science Committee of Shanghai. He also held the position as the general manager of Shanghai Industry and Trade Department of Shanghai Ocean Helicopter Professional Co., Ltd., and as the general manager of Shanghai Securities Department of Guizhou International Trust & Investment Corporation.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. HO Yiu Yue, Louis, Independent Non-executive Director and the Chairman of the Audit Committee and the Remuneration Committee

Mr. HO Yiu Yue, Louis, aged 67 was appointed as an independent non-executive Director in April 2009. He is also the Chairman of the Audit Committee and the Remuneration Committee of the Company and a member of the Nomination Committee. He obtained a master degree of business administration in finance & operations research from Concordia University in Canada and is an associate member of both Hong Kong Institute of Certified Public Accountants and Australia Society of Certificate Practising Accountants. Mr. Ho had over 30 years working experience with international accounting professional firms and had been admitted as partner in Ernst & Young, PricewaterhouseCoopers and Arthur Andersen, focusing on technology risk, system and process assurance and risk consulting practices. During that period, Mr. Ho provided services and advices to numerous blue chip corporations in both Hong Kong and the PRC. Mr. Ho was an independent non-executive director of China Pipe Group Limited, whose shares are listed on the Main Board of the Stock Exchange.

Mr. KO Ming Tung Edward, Independent Non-executive Director and the Chairman of the Nomination Committee

Mr. KO Ming Tung Edward, aged 54, was appointed as an Independent Non-executive Director of the Company in April 2009. Mr. Ko obtained an external Bachelor of Laws Degree from the University of London in the United Kingdom in August 1986 and is a member of The Law Society of Hong Kong. Mr. Ko is the principal of Messrs. Edward Ko & Company and has been practising as a solicitor in Hong Kong for more than 23 years.

Other than the directorship in the Company, currently, Mr. Ko is also an independent non-executive director of Sinofert Holdings Limited and Wai Chun Group Holdings Limited, and a non-executive director of Harmonic Strait Financial Holdings Limited (formerly known as "Rainbow Brothers Holdings Limited"), all of which are companies whose shares are listed on the Main Board of the Stock Exchange.

Professor SHAN Zhemin, Independent Non-executive Director

Professor SHAN Zhemin, aged 43, was appointed as an independent non-executive Director in October 2014. She is also a member of the Audit Committee. She is a doctoral degree holder in Management from Shanghai University of Finance and Economics, a certified public accountant in China and a financial analyst in America. She is currently an associate professor, Director of the Institute of Finance (金融研究所) and Deputy Officer of the Teaching and Research Department (教研部) of Shanghai National Accounting Institute. She also acts as EMBA visiting professor of a number of reputable institutions including PBC School of Finance of Tsinghua University, Shanghai Advanced Institute of Finance (SAIF) and College of Management of Sichuan University. Professor Shan possesses rich experience in the fields of accounting, financial management, corporate finance, investment and financing. She previously served as researcher of Department of Accountancy of City University of Hong Kong, associate professor of School of Accountancy of Shanghai University of Finance and Economics, senior investment manager of Securities Investment Head Office and internal audit expert of Investment Banking Head Office of Shenyin & Wanguo Securities Co., Ltd.

Other than the directorship in the Company, currently, Professor Shan is an independent director of each of Shanghai Metersbonwe Fashion and Accessories Co., Ltd (listed on Shenzhen Stock Exchange, stock code: 002269), Guangzheng Group Company Ltd (listed on Shenzhen Stock Exchange, stock code: 002524) and Shanghai Lansheng Corporation (listed on Shanghai Stock Exchange, stock code: 600826).She is also an independent director of Shanghai Baosteel Gases Limited, a wholly-owned subsidiary of Baoshan Iron & Steel Co., Limited (listed on Shanghai Stock Exchange, stock code: 600019).

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Mr. ZHU Yongjun, aged 48, is the chairman of Interchina (Tianjin) Water Treatment Company Limited, a wholly-owned subsidiary of the Company and responsible for the investment, management and development of the Group's environmental water treatment operation. He was served as an executive Director and deputy chairman of the Company from May 2008 to February 2013. He had been the president and the chairman of the board of Heilongjiang Interchina Water Treatment Company Limited (listed on the Shanghai Stock Exchange, stock code: 600187), from January 2009 to May 2015. He is currently the chairman of the board of Josab International AB whose shares are listed on the Stockholm Stock Exchange, Sweden. Mr. Zhu obtained his master of business administration in Peking University after graduated from Hunan University in 1989. He has extensive experience in project investment consulting, planning, merger and acquisition as well as business management in the industry of environmental water treatment business.

CORPORATE GOVERNANCE REPORT

The Company is committed to the maintenance of good corporate governance practices and procedures. The Board and the management believe that a good corporate governance practices is essential to the success of the Company and enhancement of shareholders' value. The Company has adopted the Corporate Governance Code (the "CG Code") as contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules") as its own code of corporate governance practices.

COMPLIANCE WITH THE CG CODE

Throughout the year under review, the Company had complied with all the code provisions of the CG Code except for the deviations as stated below:

(i) Pursuant to the Code Provision A.4.1 of the CG Code, non-executive directors should be appointed for a specific term, subject to re-election. Currently all directors (including non-executive directors) are not appointed for a fixed term. However, according to Article 101 of the Articles of Association of the Company, one-third of the directors (including executive and non-executive Directors) shall retire each year and every director shall be subject to retirement by rotation at least once every three years. The retiring director shall be eligible for re-election. The Board believes that the current arrangement will give the Company sufficient flexibility to organise the composition of the Board to serve the needs of the Group.

(ii) Pursuant to the Code Provision E.2.1 of the CG Code, the chairman of the Board should attend the annual general meeting ("AGM") to answer questions at the AGM. Mr. Jiang Zhaobai, the chairman of the Board did not attend the 2014 AGM due to other business engagements. Mr. Lam Cheung Shing Richard, being the executive director of the Company, attended the AGM on 15 August 2014 and was delegated to make himself available to answer questions if raised at the meeting.

The Board will continue to review and improve the corporate governance practices of the Group from time to time to ensure that the Group is led by an effective Board, in order to optimise the returns for Shareholders.

THE BOARD

Composition of the Board

The Board currently comprises seven Directors, including four executive Directors and three independent non-executive Directors. The composition of the Board as at the date of this report is set out as follows:

Name of Director	Year of service in the Group
Executive Directors	
Mr. Jiang Zhaobai *(Chairman)*	2.5 years
Mr. Lam Cheung Shing, Richard *(Deputy Chairman and CEO)*	14.4 years
Mr. Chen Yi, Ethan	3.1 years
Mr. Shen Angang	3.1 years
Independent Non-executive Directors	
Mr. Ho Yiu Yue, Louis	6 years
Mr. Ko Ming Tung, Edward	6 years
Professor Shan Zhemin	0.4 year

Biographical information of the directors are set out in the section headed "Directors and Senior Management" of this annual report.

The Directors believe that the composition of the Board reflects the necessary balance of skills and experience appropriate for the requirements of the business development of the Group and for effective leadership as all the Executive Directors possess extensive experience in corporate and financial administration, project management, assets management and international business while the three Independent Non-Executive Directors possess professional knowledge and broad experience in finance, law and management respectively. The Directors are of the opinion that the present structure of the Board can ensure the independence and objectivity of the Board and provide a system of checks and balances to safeguard the interests of the shareholders and the Company. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, experience (professional or otherwise), skills and knowledge. To the best knowledge of the Company, there is no relationship (including financial, business, family or other material/relevant relationships) among the members of the Board.

The Company has complied with Rule 3.10(1) of the Listing Rules to appoint at least three independent non-executive directors. In addition, at least one independent non-executive director possesses appropriate professional accounting qualifications or financial management expertise in accordance with Rule 3.10(2) of the Listing Rules. The board considers that all independent non-executive directors meet the specific independence criteria as required by the Listing Rules. The Company has received from each independent non-executive director an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and the Company still considers such directors to be independent.

Roles of the Board

The Board represents the highest level of authority in the governance structure of the Company. It is mainly responsible for the overall strategic development of the Company and its subsidiaries (collectively the "Group"), monitoring the Group's business and financial performance, formulating and reviewing the Group's corporate governance policies set out in the Code Provision D.3.1 of the CG Code, as well as leading and supervising the management to ensure thorough implementation of the Board's decisions and effective performance of their duties.

While at all times the Board retains full responsibility for guiding and monitoring the operations of the Group, in discharging its duties, certain responsibilities are delegated to: (i) the standing Board committees of the Company namely: the Audit Committee, the Remuneration Committee and the Nomination Committee. Each committee's constitution, powers and duties are clearly defined by its terms of reference, and the committees are accountable to the Board; (ii) the Chief Executive Officer, being delegated with the day-to-day management of the businesses of the Group, is accountable to the Board; and (iii) the senior management team of the Group, being delegated with the responsibilities to deal with daily operational functions, is answerable to the Executive Directors.

The Company believes that effective delegation of authority can ensure that the Board is provided with sufficient and timely information of the Group's businesses which is, in particular, relevant to the Group's performance, financial position and operating results, in order that the Board is able to make an informed assessment of matters put before the Board for approval. During the period under review, each Executive Director had frequent meetings with other senior management in order to maintain an effective feedback system and enable the Company to react to changes or problems quickly and effectively.

The Board regularly reviews its arrangement for delegation of authority to ensure that such delegation is appropriate in view of the Company's prevailing circumstances and that appropriate reporting systems are in place.

Roles of Chairman and Chief Executive

During the year, the Company has complied with the Code Provision A.2.1 of the CG Code which stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The positions of the Chairman and the Chief Executive Officer of the Company are held by two different Executive Directors, namely Mr. Jiang Zhaobai and Mr. Lam Cheung Shing, Richard respectively. Their roles and duties are segregated, with a clear division of responsibilities. Mr. Jiang Zhaobai, the Chairman, is to provide leadership for the Board and ensure that the Board works effectively while Mr. Lam Cheung Shing, Richard, the Chief Executive Officer, is answerable to the Board for the operations of the Group.

Appointments and Re-election of Directors

The structure, size and composition of the Board are reviewed from time to time to ensure that the Board has a balanced composition of skills and expertise appropriate for the requirements of the businesses of the Company. Appointments are first considered by the Nomination Committee. The recommendations of the Nomination Committee are then put to the full Board for decision.

All directors (including executive and non-executive directors) are not appointed for a fixed term but are subject to re-election by shareholders of the Company at the annual general meeting following their appointment and at least once every three years on a rotation basis. The Articles of Association of the Company require that one-third of the directors (including executive and non-executive directors) shall retire each year. The directors who are required to retire each year shall be those appointed by the Board during the year and those who have been longest in office since their election or re-election. A retiring director is eligible for re-election.

Proceedings of Board Meetings and Board Committee Meetings

Board meetings are held at least four times a year. In addition, non-regular Board meetings are held when necessary. Such Board meetings involve the active participation, either in person or through other electronic means of communication, of all the Directors. Dates of regular Board meetings are scheduled in advance to provide sufficient notice to give all the Directors an opportunity to attend. For non-regular Board meetings, reasonable notice is given.

The Chairman of the Board takes the lead to ensure that Board meetings and Board committee meetings are convened in accordance with the requirements set out in the articles of association of the Company, the terms of reference of the respective Board committees and the Listing Rules.

In convening Board meetings, the Chairman is responsible for drawing up and approving the agenda for each meeting after consultation with all the Directors and the Company Secretary. Prior notice of each regular Board meeting is given to all the Directors at least 14 days in advance and the Directors are invited to include matters for discussion in the agenda. Agenda and accompanying Board papers are sent to all the Directors at least 3 days (or such other period as agreed) prior to meetings.

The Directors have access to the advice and services of the Company Secretary to ensure that Board procedures and all applicable rules and regulations are followed.

The minutes of Board meetings record in sufficient detail the matters considered by the Board, including all concerns raised by the Directors and dissenting views expressed. The minutes of all Board meetings and Board committee meetings are available for inspection by any Director, auditors or any relevant eligible parties who can have access to such minutes.

During the year ended 31 March 2015, a total of 7 board meetings and two general meetings including 2014 AGM were held and the attendance of each director is set out below:

Name of Directors	Number of meetings attended/ Number of meetings held during the term of office	
	Board	General
Executive Directors		
Mr. Jiang Zhaobai	6/7	0/2
Mr. Lam Cheung Shing, Richard	7/7	2/2
Mr. Chen Yi, Ethan (re-designated from independent non-executive director on 10 October 2014)	7/7	2/2
Mr. Shen Angang	7/7	0/2
Mr. Lu Yaohua (resigned on 1 June 2014)	0/1	0/0
Mr. Zhu Deyu (resigned on 1 June 2014)	0/1	0/0
Mr. Gu Yungao (resigned on 12 September 2014)	1/3	0/2
Independent Non-executive Directors		
Mr. Ho Yiu Yue, Louis	7/7	2/2
Mr. Ko Ming Tung, Edward	7/7	2/2
Professor Shan Zhemin (appointed on 10 October 2014)	1/1	0/0

Compliance with Model Code

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the directors and relevant employees of the Company. Having made specific enquiry to all directors, the Company confirms that all directors have complied with the Model Code throughout the year under review.

Directors' and Officers' Insurance

The Company has arranged liabilities insurance for directors and senior officers of the Company and its subsidiaries, providing certain protection for any legal liabilities risks they may have involved in the discharge of their duties as well as to possible legal claims made against the respective companies as a result.

Continuous Professional Development

Pursuant to Code Provision A.6.5 of the CG Code, all directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant.

During the year, the Company had provided to the directors monthly updates and presentations on changes and developments to the Group's business and to the legislative regulatory environments in which the Group operates. All directors are also encouraged to attend relevant training courses at the Company's expense. All directors are required to provide the Company with their record of training. The individual training record of each director received for the year ended 31 March 2015 is summarised below:

Name of Directors	Attending seminar(s)/ programme(s)/ conference(s)/ reading materials relevant to the business or directors' duties
Mr. Jiang Zhaobai *(Chairman)*	✓
Mr. Lam Cheung Shing, Richard	✓
Mr. Chen Yi, Ethan	✓
Mr. Shen Angang	✓
Mr. Ho Yiu Yue, Louis	✓
Mr. Ko Ming Tung, Edward	✓
Professor Shan Zhemin	✓

Functions of Corporate Governance

The Board is responsible for performing corporate governance duties to develop and review the Group's policies and practices on corporate governance and make recommendations to the Board; to review and monitor the training and continuing professional development of Directors and senior management; to review and monitor the Group's policies and practices on compliance with legal and regulatory requirements; to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and to review the Group's compliance with the CG Code and disclosure in the Corporate Governance Report.

During the year and up to the date of this report, the Board has performed the corporate governance duties in accordance with its terms of reference.

BOARD COMMITTEES

The Board has three committees namely, Audit Committee, the Remuneration Committee and Nomination Committee for assisting to monitor the management of the Company. Each of the committees has been established with written terms of reference that state its authority and duties, which are available on the website of the Company and the Hong Kong Stock Exchange. Besides, each of the committees should report to the Board for their decisions or recommendations made and they shall be provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expenses. Please refer to the respective terms of reference for each of the committees, which have been uploaded to the websites of the Company and/or the Hong Kong Stock Exchange, for their practices, procedures and arrangements in conducting meetings.

Audit Committee

The Audit Committee is composed of three independent non-executive directors, namely Mr. Ho Yiu Yue, Louis (chairman of the Audit Committee), Mr. Ko Ming Tung, Edward and Professor Shan Zhemin.

The Board considers that each Audit Committee member has broad commercial experience and together form a suitable mix of expertise in the legal and accounting fields and that composition and members of the Audit Committee comply with the requirements under Rules 3.21 of the Listing Rules.

The Audit Committee is primarily responsible for reviewing and providing supervision over the financial reporting procedure and internal controls system of the Company. The Company has adopted the written terms of reference which describe the authority and duties of the Audit Committee in accordance with code provision C.3.3 of the CG Code. A copy of the terms of reference is posted on the Company's website. The Audit Committee meets regularly to review the reporting of financial and other information to shareholders, the effectiveness and objectivity of the audit process. The Audit Committee also provides an important link between the board and the Company's auditors in matters coming within the scope of its terms of reference and keeps under review the independence and objectivity of the auditors.

During the year, the work performed by the Audit Committee included: reviewed and approved the Company's annual results and interim results; reviewed the external auditors' scope of services, including audit work and non-audit work, and monitored their independence; reviewed with the management the Company's accounting principles and practices; and discussed with the Company's management the effectiveness of its internal control system.

During the year ended 31 March 2015, the Audit Committee held three meetings with an attendance rate of 100%.

Auditors' Remuneration

The Audit Committee has reviewed the remuneration paid/payable to Messrs. HLB Hodgson Impey Cheng Limited ("HLB"), the external auditors of the Company, for the following services provided during the year:

Services Rendered	Remuneration paid/payable HK$
Audit services	2,260,000
Non-audit services	615,000
Total:	2,875,000

The Audit Committee has expressed its views to the Board that the level of fees paid/payable to the Company's external auditors is reasonable. There has been no major disagreement between the auditors and the management of the Company during the year.

Remuneration Committee

The Remuneration Committee comprises two independent non-executive directors, namely Mr. Ho Yiu Yue, Louis (chairman of the Remuneration Committee) and Mr. Ko Ming Tung, Edward and one executive director namely, Mr. Lam Cheung Shing, Richard.

The Remuneration Committee is mainly responsible for reviewing the remuneration policy and structure of Directors and senior management of the Company. The Company has adopted the written terms of reference which describe the authority and duties of the Remuneration Committee in accordance with code provision B.1.2 of the CG Code. A copy of the terms of reference is posted on the Company's website. In recommending the remuneration of the Directors, the Remuneration Committee makes reference to companies of comparable business or scale, and the nature and volume of work in order to compensate the Directors reasonably for their time and efforts spent. The Remuneration Committee regularly reviews and makes recommendations to the Board on the remuneration of Directors and senior management.

During the year, the work performed by the Remuneration Committee included: reviewed and made recommendation to the Board on the remuneration package of individual executive directors and senior management.

During the year ended 31 March 2015, the Remuneration Committee held two meeting with an attendance rate of 100%.

Details of the Directors' remuneration are set out in note 9 to the consolidated financial statements. In addition, pursuant to the code provision B.1.5 of the CG Code, the annual remuneration of other members of the senior management by bands for the year ended 31 March 2015 is set out below:

	Number of employees
HK$0 to HK$1,000,000	1

Details of the remuneration of each Director for the year ended 31 March 2015 are set out in note 9(a) to the financial statements.

Nomination Committee

The Nomination Committee comprises two independent non-executive directors, namely Mr. Ko Ming Tung, Edward (chairman of the Nomination Committee) and Mr. Ho Yiu Yue, Louis and one executive director namely, Mr. Lam Cheung Shing, Richard.

The Company has adopted the written terms of reference which describe the authority and duties of the Nomination Committee in accordance with code provision A.5.2 of the CG Code. A copy of the terms of reference is posted on the Company's website. The major duties of the Nomination Committee include: to review the structure, size and diversity of the board; to make recommendations to the board on the selection of individuals nominated for directorships; to assess the independence of independent non-executive directors; and to make recommendations to the board on the appointment or re-appointment of directors and succession planning for directors, in particular the chairman and the chief executive officer.

In formulating the policy concerning diversity of board members, the Nomination Committee mainly takes into consideration the Company's own business model and specific needs. During the year, diversity was added to the board as Professor Shan Zhemin, who possesses extensive experience in finance and management, was appointed as independent non-executive director of the Company. The composition, experience and balance of skills on the board are regularly reviewed by the Nomination Committee to ensure that the board retains a core of members with longstanding and deep knowledge of the Group alongside new directors who bring fresh perspectives and diverse experiences to the board.

During the year ended 31 March 2015, the Nomination Committee held two meetings with an attendance rate of 100%. At the meetings, the Nomination Committee mainly discussed the appointment of new Director and re-appointment of Directors.

DIRECTORS' AND AUDITORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Board acknowledged responsibility for reviewing the accounts of the Company prepared by the executive board for the year ended 31 March 2015 and ensuring the accounts are prepared in accordance with the Hong Kong Financial Reporting Standards. A statement by the auditors about their reporting responsibilities is contained in the Independent Auditors' Report on pages 25 to 26 of this annual report.

The Board confirmed that it has taken the same view from that of the Audit Committee regarding the appointment of the external auditors.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board is responsible for maintaining an adequate internal control system to safeguard Shareholder investments and Company's assets and with the support of the Audit Committee, reviewing the effectiveness of such system on an annual basis. The internal control system of the Group is designed to facilitate effective and efficient operations, to ensure reliability o financial reporting and compliance with applicable laws and regulations, to identify and manage potential risks and to safeguard assets of the Group.

For the year ended 31 March 2015, the Company engaged an independent professional adviser to conduct an internal control review and reached the conclusion that the Group's internal control system was in place and effective.

COMPANY SECRETARY

The company secretary plays an important role in supporting the Board by ensuring good information flow within the Board and that Board policy, procedures and all applicable rules and regulations. The company secretary reports to the Board through the chief executive officer whilst all members of the Board have access to the advice of the company secretary.

Mr. Lau Chi Lok, the company secretary of the Company is a full time employee of the Group and has day-to-day knowledge of the Company's affair. During the year, he has duly complied with the relevant professional training requirement under Rule 3.29 of the Listing Rules.

SHAREHOLDERS' RIGHTS

(i) Convening EGM and putting forward proposal at general meetings

In accordance with Section 566 of the new Companies Ordinance (Chapter 622 of the Laws of Hong Kong) ("New CO"), the directors are required to call a general meeting if the Company has received requests to do so from members of the Company representing at least 5% of the total voting rights of all the members having a right to vote at general meeting. Such requests must state the general nature of the business to be dealt with at the meeting; and may include the text of a resolution that may properly be moved and is intended to be moved at the meeting. Such requests may sent be sent to the Company in hard copy form or in electronic form; and must be authenticated by the person or persons making it. In accordance with Section 567 of the New CO, the directors must call a meeting within 21 days after the date on which they become subject to the requirement under Section 566 of the New CO and such meeting must be held on a date not more than 28 days after the date of the notice convening the meeting.

Besides, Section 615 of the New CO provides that the Company must give notice of a resolution if it has received requests that it do so from (a) the members of the Company representing at least 2.5% of the total voting rights of all the members who have a right to vote on the resolution at the annual general meeting to which the requests relate; or (b) at least 50 members who have a right to vote on the resolution at the annual general meeting to which the requests relate. Such requests (a) may be sent to the Company in hard copy form or in electronic form; (b) must identify the resolution of which notice is to be given; (c) must be authenticated by the person or persons making it; and (d) must be received by the Company not later than (i) 6 weeks before the annual general meeting to which the requests relate; or (ii) if later, the time at which notice is given of that meeting. Section 616 of the New CO provides that the Company that is required under Section 615 of the New CO to give notice of a resolution must send a copy of it at the Company's own expense to each member of the Company entitled to receive notice of the annual general meeting (a) in the same manner as the notice of the meeting; and (b) at the same time as, or as soon as reasonably practicable after, it gives notice of the meeting.

(ii) Procedure for Shareholders to propose a person for election as Director

In accordance with Article 105 of the Articles of Association of the Company, no person other than a retiring Director shall, unless recommended by the Directors for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election and notice in writing by that person of his willingness to be elected shall have been lodged at the Company at least seven days before the date of the general meeting and that the period for lodgment of both of such notices shall commence no earlier than the day after the dispatch of the notice of the general meeting appointed for such election and end no later than seven days prior to the date of such general meeting.

(iii) Procedures by which enquiries may be put to the Board

Shareholders may send their enquiries and concerns to the Board by addressing them to the secretary of the Company by mail at 15/F, CCB Tower, 3 Connaught Road Central, Hong Kong. The company secretary of the Company is responsible for forwarding communications relating to matters within the Board's direct responsibilities to the Board and communications relating to ordinary business matters, such as suggestions and inquiries, to the chief executive officer of the Company.

INVESTORS RELATIONS

General Meeting and Communication with Shareholders

The Company has engaged a professional public relations consultancy company to organise various investor relations programs aiming at increasing the transparency of the Company, enhancing communication with shareholders and investors, increasing their understanding of and confidence in the Group's businesses and promoting market recognition of and support to the Company.

The Company recognises the importance of maintaining on-going communications with its shareholders and encourages them to attend shareholders' meetings to stay informed of the Group's businesses and convey any concerns they may have to the Directors and senior management.

Constitutional Documents

There was no change in the constitutional documents of the Company during the year. Nonetheless, in view of the New CO which was in effect on 3 March 2014, the Company will amend the articles of association of the Company according to relevant provisions, and will present this agenda for approval by our shareholders at the forthcoming annual general meeting to be held in September 2015.

REPORT OF DIRECTORS

The Directors of the Company present their report and the audited financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2015.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding and the activities of the principal subsidiaries is set out in note 44 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2015 are set out in the consolidated statement of profit or loss on page 27 of the annual report.

The directors of the Company did not recommend the payment of any dividend for the year ended 31 March 2015 (2014: Nil).

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 99 of the annual report.

BUSINESS REVIEW

The business review of the Group for the year ended 31 March 2015 is provided in the Management Statement of this annual report.

SHARE CAPITAL

Details of movements in the share capital of the Company are set out in note 31 to the consolidated financial statements.

RESERVES

Movements in reserves of the Group and the Company during the year are set out in consolidated statement of changes in equity on pages 30 to 31 and note 33 to the consolidated financial statements respectively.

INVESTMENT PROPERTIES

Details of movements in investment properties of the Group during the year are set out in note 17 to the consolidated financial statements.

Particulars of the major properties of the Group held for investment purposes at 31 March 2015 are set out on page 100 of the annual report.

PROPERTY, PLANT AND EQUIPMENT

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

REPORT OF DIRECTORS

DIRECTORS

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

Executive directors:
Mr. Jiang Zhaobai
Mr. Lam Cheung Shing, Richard
Mr. Chen Yi, Ethan (re-designated from independent non-executive Director on 10 October 2014)
Mr. Shen Angang
Mr. Zhu Deyu (resigned on 1 June 2014)
Mr. Lu Yaohua (resigned on 1 June 2014)
Mr. Gu Yungao (resigned on 12 September 2014)

Independent non-executive directors:
Mr. Ko Ming Tung, Edward
Mr. Ho Yiu Yue, Louis
Professor Shan Zhemin (appointed on 10 October 2014)

In accordance with the Company's articles of association, Professor Shan Zhemin who was newly appointed as Director of the Company during the current year shall retire at the forthcoming annual general meeting. She, being eligible, has offered herself for re-election at the forthcoming annual general meeting.

In accordance with the Company's articles of association, the Directors of the Company (including the Independent Non-Executive Directors) shall be subject to retirement by rotation at each annual general meeting. Mr. Chen Yi, Ethan and Mr. Ho Yiu Yue, Louis shall retire by rotation at the forthcoming annual general meeting. Both of them, being eligible, have offered themselves for re-election at the forthcoming annual general meeting.

DIRECTORS OF SUBSIDIARIES

A list of the names of the directors of the Group's principal subsidiaries during the year and up to the date of this report can be found in the Company's website at www.everchina202.com.hk under "Company Info".

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

As at 31 March 2015, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), were as follows:

Long positions in shares and underlying shares

Name of Director	Capacity	Number of Shares held	Approximate percentage shareholding
Jiang Zhaobai	Interest in controlled corporation	1,742,300,000	28.66%
Shen Angang	Beneficial owner	187,865,000	3.09%
Lam Cheung Shing, Richard	Beneficial owner	7,700,000	0.13%

Save as disclosed above, as at 31 March 2015, none of the Directors and chief executives of the Company had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

BOARD CHANGES AND CHANGE IN INFORMATION OF DIRECTORS

During the year under review and up to the date of this report, the Board changes are as follows:

(i) Due to other business commitments, both of Mr. Zhu Deyu and Mr. Lu Yaohua resigned as an executive Director on 1 June 2014 respectively.

(ii) Due to personal development, Mr. Gu Yungao resigned as an executive Director on 12 September 2014.

(iii) Mr. Chen Yi, Ethan has been re-designated from an independent non-executive Director to an executive Director on 10 October 2014.

(iv) Professor Shan Zhemin was appointed as an independent non-executive Director on 10 October 2014.

Subsequent to the date of issuing 2014 interim report, changes/update in directors' information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules are set out as follows:

Name of Directors	Details of change
Mr. Lam Cheung Shing, Richard	(i) Resigned as an independent non-executive director of Eagle Legend Asia Limited (listed on the Main Board of the Stock Exchange, stock code: 936) with effect from 23 December 2014. (ii) Appointed as an independent non-executive director of China Star Cultural Media Group Limited (listed on the GEM Board of the Stock Exchange, stock code: 8172) with effect from 19 March 2015.
Professor Shan Zhemin	(i) Appointed as an independent director of Shanghai Lansheng Corporation (listed on Shanghai Stock Exchange, stock code: 600826) with effect from 19 June 2015. (ii) Appointed as an independent director of Guangzheng Group Company Ltd (listed on Shenzhen Stock Exchange, stock code: 002524) with effect from 25 May 2015.

DIRECTORS' SERVICE CONTRACTS

None of the directors being proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

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

SHARE OPTION SCHEME

The Company operates a share option scheme (the "Share Option Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. During the year and up to the date of this report, the Company has not granted any share options under the Share Option Scheme. Particulars of the Share Option Scheme are set out in note 32 to the consolidated financial statements.

SUBSTANTIAL SHAREHOLDERS

As at 31 March 2015, the interests or short positions of the persons (other than a Director or chief executive of the Company) in the Shares and underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO or which would fall to be disclosed to the Company and the Hong Kong Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO were as follows:

Long positions in shares and underlying shares

Name of Substantial Shareholders	Capacity	Number of Shares held	Approximate percentage shareholding
Jiang Zhaobai	Interest in controlled corporation (Note 1)	1,742,300,000	28.66%
Rich Monitor Limited	Beneficial owner	1,033,300,000	17.00%
Pengxin Holdings Company Limited	Beneficial owner	709,000,000	11.66%

Note:

(1) The entire issued share capital of Rich Monitor Limited and Pengxin Holdings Company Limited is held by Jiang Zhaobai. Therefore, Jiang Zhaobai is deemed to be interested in 1,742,300,000 shares of the Company under the SFO.

Save as disclosed above, as at 31 March 2015, the Company has not been notified by any other person or corporation having interests or short positions in the shares and underlying shares of the Company representing 5% or more of the issued share capital of the Company.

CONNECTED TRANSACTIONS

Details of connected transaction is set out in note 40(a) to the consolidated financial statements.

RELATED PARTY TRANSACTIONS

Details of related party transactions are set out in note 40(b), (c) and (d) to the consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

The percentage of turnover attributable to the Group's five largest customers to the total turnover during the year was 50%. The percentage of turnover attributable to the Group's largest customer to the total turnover during the year was 23%.

Due to the nature of the activities of the Group, there is no major supplier contributed significantly in the Group's purchases for the year.

None of 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 share capital) had an interest in any of the Group's five largest customers and suppliers.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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

RETIREMENT BENEFITS SCHEMES

Details of the retirement benefits schemes of the Group are set out in note 39 to the consolidated financial statements.

EVENTS AFTER THE REPORTING PERIOD

Details of significant subsequent events of the Group are set out in note 45 to the consolidated financial statements.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information publicly available to the Company and within the knowledge of its directors, the directors confirmed that the Company has maintained a sufficient public float as required under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited during the year.

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance practices. Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 11 to 19.

AUDITORS

The consolidated financial statements for the year ended 31 March 2015 were audited by HLB Hodgson Impey Cheng Limited whose term of office will expire upon the forthcoming annual general meeting. A resolution for the re-appointment of HLB Hodgson Impey Cheng Limited as the auditors of the Company for the subsequent year will be proposed at the forthcoming annual general meeting.

There has been no change in the auditors of the Company in any of the proceeding five years except for the reorganisation of Messrs HLB Hodgson Impey Cheng to HLB Hodgson Impey Cheng Limited in March 2012.

On behalf of the Board

Jiang Zhaobai
Chairman

Hong Kong, 26 June 2015

INDEPENDENT AUDITORS' REPORT

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

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

TO THE SHAREHOLDERS OF EVERCHINA INT'L HOLDINGS COMPANY LIMITED

(incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of EverChina Int'l Holdings Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 27 to 98, which comprise the consolidated statements of financial position as at 31 March 2015, and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

INDEPENDENT AUDITORS' REPORT

OPINION

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

HLB Hodgson Impey Cheng Limited
Certified Public Accountants
Yu Chi Fat
Practising Certificate Number: P05467

Hong Kong, 26 June 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2015

	Notes	2015 HK$'000	2014 HK$'000
Continuing operations			
Turnover	7	**66,534**	40,785
Cost of sales		**(2,386)**	(1,909)
Other income and gain, net	8	**22,512**	63,403
Staff costs	9	**(19,354)**	(16,236)
Amortisation and depreciation		**(6,809)**	(3,253)
Administrative costs		**(51,354)**	(83,850)
Other operating expenses		**(11,757)**	(65,953)
Impairment loss recognised in respect of mining rights	19	**(194,200)**	(31,200)
(Loss)/gain arising from change in financial assets at fair value through profit or loss		**(143,476)**	17,746
Fair value change in investment properties	17	**18,133**	25,784
Loss from operations	10	**(322,157)**	(54,683)
Finance costs	11	**(47,932)**	(49,781)
Share of result of an associate	21	**29,050**	49,838
Gain on deemed disposal of an associate		**–**	169,442
Loss on partial disposal of shares in an associate		**(61,026)**	–
Gain on disposal of subsidiaries	34	**–**	7,116
(Loss)/profit before taxation		**(402,065)**	121,932
Taxation	12	**(54,009)**	58,579
(Loss)/profit for the year from continuing operations		**(456,074)**	180,511
Discontinued operations			
Loss for the year from discontinued operations	13	**(29,512)**	(1,696)
(Loss)/profit for the year		**(485,586)**	178,815
(Loss)/profit for year attributable to:			
Owners of the Company		**(403,159)**	177,124
Non-controlling interests		**(82,427)**	1,691
		(485,586)	178,815
(Loss)/earnings per share attributable to the owners of the Company	14	**HK cents**	HK cents
From continuing and discontinued operations			
— Basic and diluted		**(6.632)**	2.914
From continuing operations			
— Basic and diluted		**(6.147)**	2.942

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2015

	2015 HK$'000	2014 HK$'000
(Loss)/profit for the year	**(485,586)**	178,815
Other comprehensive (loss)/income for the year		
Items that may be subsequently reclassified to profit or loss:		
Exchange differences on translation of overseas subsidiaries	**9,143**	46,410
Reclassification adjustment related to foreign operations disposed of during the year	**(1,733)**	4,074
Share of other comprehensive income of an associate	**26**	41
Total comprehensive (loss)/income for the year	**(478,150)**	229,340
Total comprehensive (loss)/income attributable to:		
Owners of the Company	**(397,257)**	227,649
Non-controlling interests	**(80,893)**	1,691
	(478,150)	229,340

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2015

	Notes	2015 HK$'000	2014 HK$'000
Non-current assets			
Investment properties	17	**634,250**	616,117
Property, plant and equipment	18	**585,083**	20,585
Mining rights	19	**870,016**	1,068,600
Goodwill	20	**63,807**	18,069
Interest in an associate	21	**1,467,959**	1,879,624
Other non-current assets	22	**44,806**	58,157
		3,665,921	3,661,152
Current assets			
Inventories	23	**15**	–
Trade and other receivables and prepayments	24	**1,033,891**	1,628,216
Amount due from an associate	21	**107,297**	–
Loan receivables	25	**254,618**	232,699
Financial assets at fair value through profit or loss	26	**368,193**	188,509
Tax recoverable		**1,338**	1,204
Cash and cash equivalents	27	**468,859**	321,777
		2,234,211	2,372,405
Total assets		**5,900,132**	6,033,557
Capital and reserves			
Share capital	31	**2,490,454**	2,490,454
Reserves		**2,187,118**	2,584,375
Equity attributable to owners of the Company		**4,677,572**	5,074,829
Non-controlling interests		**303,162**	384,055
Total equity		**4,980,734**	5,458,884
Non-current liability			
Deferred tax liabilities	30	**123,457**	64,131
Current liabilities			
Bank overdraft	29	**212**	–
Trade and other payables and deposits received	28	**58,657**	58,925
Amount due to an associate	21	**–**	6,663
Tax payable		**3,307**	2,379
Bank borrowings	29	**21,916**	27,480
Other borrowings	29	**711,849**	415,095
		795,941	510,542
Total liabilities		**919,398**	574,673
Total equity and liabilities		**5,900,132**	6,033,557
Net current assets		**1,438,270**	1,861,863
Total assets less current liabilities		**5,104,191**	5,523,015

Approved by the Board of Directors on 26 June 2015 and signed on its behalf by:

Jiang Zhaobai	**Lam Cheung Shing, Richard**
Director	*Director*

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2015

	Equity attributable to owners of the Company									
	Share capital HK$'000	Share premium HK$'000	Special reserve HK$'000	Contributed surplus HK$'000	Exchange reserve HK$'000	Statutory surplus reserve HK$'000	Retained earnings/ (accu–mulated losses) HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 April 2013	607,867	1,882,587	571,996	1,342,477	292,418	871	150,105	4,848,321	385,884	5,234,205
Exchange differences on translation of overseas subsidiaries	–	–	–	–	45,269	–	–	45,269	–	45,269
Reclassification adjustment related to foreign operations disposed of during the year	–	–	–	–	4,074	–	–	4,074	–	4,074
Share of other comprehensive income of an associate	–	–	–	–	41	–	–	41	–	41
Net profit for the year	–	–	–	–	–	–	177,124	177,124	1,691	178,815
Total comprehensive income for the year	–	–	–	–	49,384	–	177,124	226,508	1,691	228,199
Disposal of subsidiaries	–	–	–	–	–	–	–	–	(3,520)	(3,520)
Transfer to share capital (notes 31 and 33(b))	1,882,587	(1,882,587)	–	–	–	–	–	–	–	–
At 31 March 2014 and 1 April 2014	2,490,454	–	571,996	1,342,477	341,802	871	327,229	5,074,829	384,055	5,458,884
Exchange differences on translation of overseas subsidiaries	–	–	–	–	7,609	–	–	7,609	1,534	9,143
Reclassification adjustment related to foreign operations disposed of during the year	–	–	–	–	(1,733)	–	–	(1,733)	–	(1,733)
Share of other comprehensive income of an associate	–	–	–	–	26	–	–	26	–	26
Net loss for the year	–	–	–	–	–	–	(403,159)	(403,159)	(82,427)	(485,586)
Total comprehensive income/(loss) for the year	–	–	–	–	5,902	–	(403,159)	(397,257)	(80,893)	(478,150)
At 31 March 2015	**2,490,454**	**–**	**571,996**	**1,342,477**	**347,704**	**871**	**(75,930)**	**4,677,572**	**303,162**	**4,980,734**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2015

Share premium

Prior to 3 March 2014, the application of the share premium account was governed by sections 48B the predecessor Hong Kong Companies Ordinance (Cap. 32). In accordance with the transitional provisions set out in section 37 of Schedule 11 to the Hong Kong Companies Ordinance (Cap. 622) on 3 March 2014, any amount standing to the credit of the share premium account has become part of the Company's share capital. The use of share capital as from 3 March 2014 is governed by section 149 of the Hong Kong Companies Ordinance (Cap. 622).

Special reserve

The special reserve represented the difference between the nominal value of shares of Burlingame International Company Limited ("Burlingame") and the nominal value of shares issued for the swap of the shares of Burlingame pursuant to the scheme of arrangement as set out in the document issued by the Company and Burlingame dated 27 July 2000.

Contributed surplus

Pursuant to a special resolution by the shareholders of the Company at a special general meeting held on 18 September 2009 and upon all conditions precedents to the capital reorganisation have been fulfilled on 9 April 2010, (i) the nominal value of each share was reduced from HK$0.10 to HK$0.01 by cancelling the Company's paid up capital to the extent of HK$0.09 on each share, (ii) part of the credit arising from capital reduction was utilised to set off accumulated loss of the Company and (iii) the remaining credit balance in the contributed surplus of the Company will be utilised in accordance with the bye-laws of the Company and all applicable laws.

Exchange reserve

Exchange reserve represents exchange differences relating to the translation of the net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. Hong Kong dollars) are recognised directly in the consolidated statement of profit or loss and other comprehensive income and accumulated in the exchange reserve. Such exchange differences accumulated in the exchange reserve are reclassified to the consolidated statement of profit or loss on the disposal of the foreign operations.

Statutory surplus reserve

Pursuant to the relevant laws and regulations for business enterprises in the People's Republic of China (the "PRC"), a portion of the profits of the Group's entities which are registered in the PRC has been transferred to the statutory surplus reserve which is restricted as to use. When the balance of such reserve reaches 50% of the Group's capital, any further appropriation is optional. The statutory surplus reserve can be utilised, upon approval of the relevant authority, to offset prior year's losses or to increase capital. However, the balance of the statutory surplus reserve must be maintained at least 25% of capital after such usage.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2015

	Notes	2015 HK$'000	2014 HK$'000
OPERATING ACTIVITIES			
(Loss)/profit before taxation — continuing operations		**(402,065)**	121,932
Loss before taxation — discontinued operations		**(29,512)**	(1,696)
Adjustments for:			
Depreciation of property, plant and equipment	18	**6,809**	3,253
Fair value change in investment properties	17	**(18,133)**	(25,784)
Impairment loss recognised in respect of trade and other receivables and prepayments	24	**28,674**	43,596
Impairment loss recognised in respect of loan receivables	25	**–**	8,114
Impairment loss recognised in respect of other non-current assets	22	**11,184**	12,707
Impairment loss recognised in respect of property, plant and equipment	18	**–**	1,536
Impairment loss in respect of mining rights	19	**194,200**	31,200
Loss on written off of property, plant and equipment	18	**9,267**	–
Loss/(gain) on disposal of property, plant and equipment	18	**284**	(61)
Gain on disposal of subsidiaries	34	**–**	(7,116)
Loss on partial disposal of shares in an associate	21	**61,026**	–
Gain on deemed disposal of an associate	21	**–**	(169,442)
Share of result of an associate	21	**(29,050)**	(49,838)
Loss from sale of financial assets at fair value through profit or loss		**–**	376
Fair value change in financial assets at fair value through profit or loss		**143,476**	(18,122)
Interest income		**(11,412)**	(13,311)
Interest expenses	11	**47,932**	49,781
Operating cash flows before movements in working capital		**12,680**	(12,875)
Decrease/(increase) in other non-current assets		**2,167**	(6,705)
Increase in inventories		**(1)**	–
(Increase)/decrease in loan receivables		**(21,919)**	27,681
Decrease in trade and other receivables and prepayments		**567,992**	8,455
Decrease in financial assets at fair value through profit or loss		**(323,160)**	1,130
(Decrease)/increase in trade and other payables and deposits received		**(8,306)**	36,659
Cash generated from operating activities		**229,453**	54,345
Profits tax paid		**(50,754)**	(72,885)
Interest received		**11,412**	4,878
Net cash generated from/(used in) operating activities		**190,111**	(13,662)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2015

	Notes	2015 HK$'000	2014 HK$'000
INVESTING ACTIVITIES			
Decrease in bank trust and segregated accounts		–	137
Purchase of property, plant and equipment	18	(526)	(6,622)
Net cash outflow arising from acquisition of subsidiaries	35	(564,502)	–
Proceeds on disposal of property, plant and equipment		–	218
Proceeds on acquisition of assets through acquisition of a subsidiary		–	2,050
Proceeds on disposal of assets classified as held for sales		–	28,563
Proceeds on partial disposal of shares in an associate		391,509	–
Proceeds on disposal of subsidiaries	34	–	5,817
Deposit paid for acquisition of investment properties		–	(255,000)
Deposit paid for acquisition of mining rights		–	(107,899)
Refund of deposit paid for acquisition of a Bolivian Company		–	236,402
Advanced from amount due from an associate		(113,960)	(9,636)
Repayment on amount due to an associate		–	(9,978)
Net cash used in investing activities		(287,479)	(115,948)
FINANCING ACTIVITIES			
Interest paid		(46,952)	(46,829)
New bank and other borrowings raised		801,147	–
Repayment of bank and other borrowings		(509,957)	(511,544)
Net cash generated from/(used in) financing activities		244,238	(558,373)
Net increase/(decrease) in cash and cash equivalents		146,870	(687,983)
Cash and cash equivalents at beginning of the year		321,777	975,142
Effect of change in foreign exchange rate		–	34,618
Cash and cash equivalents at end of the year		468,647	321,777
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	27	468,859	321,777
Bank overdraft	29	(212)	–
		468,647	321,777

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

1. GENERAL INFORMATION

The Company is a public limited company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited. The registered office of the Company is located at 15th Floor, CCB Tower, 3 Connaught Road Central, Hong Kong.

The Company is an investment holding company. The Company and its subsidiaries are principally engaged in (i) environmental water treatment operation, (ii) property investment operation, (iii) financing and securities investment operation, (iv) natural resources operation and (v) hotel operation. Details of the principal activities of its subsidiaries and an associate are set out in notes 44 and 21 respectively.

The consolidated financial statements are presented in thousands of units of Hong Kong Dollar (HK$'000), which is the same as the functional currency of the Company.

2. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which is a collective term that includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations ("Ints") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong and the applicable disclosure provisions of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and by the Hong Kong Companies Ordinance (Cap. 622). In addition, the requirements of Part 9 "Accounts and Audit" of the Hong Kong Companies Ordinance (Cap. 622) come into operation during the financial year, as a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

The preparation of the consolidated financial statements in conformity with HKFRSs requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant are set out in note 5.

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

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

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

2. BASIS OF PREPARATION *(Continued)*

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

— Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

— Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

— Level 3 inputs are unobservable inputs for the asset or liability.

3.1 APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied, for the first time, a number of new standards, amendments and Ints issued by the HKICPA (hereinafter collectively referred to as "new and revised HKFRSs"), which are effective for the Group's financial year beginning on 1 April 2014.

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

The adoption of these newly effective interpretation and amendments to existing standards does not result in substantial changes to the Group's accounting policies or financial results.

3.2 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective:

HKFRS 9	Financial Instruments[1]
HKFRS 11 (Amendments)	Accounting for Acquisitions of Interests in Joint Operations[5]
HKFRS 14	Regulatory Deferral Accounts[2]
HKFRS 15	Revenue from Contracts with Customers[3]
HKAS 1 (Amendments)	Disclosure Initiative[5]
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation[5]
HKAS 19 (Amendments)	Defined Benefits Plans: Employee Contributions[4]
HKAS 27 (Amendments)	Equity Method in Separate Financial Statements[5]
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]

3.2 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Investment Entities: Applying the Consolidation Exception[5]
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2010–2012 Cycle[6]
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2011–2013 Cycle[4]
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2012–2014 Cycle[5]

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

HKFRS 9 *Financial Instruments*

HKFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of HKFRS 9 was issued in July 2014. It replaces the guidance in HKAS 39 "Financial Instruments: Recognition and Measurement" that relates to the classification and measurement of financial instruments. HKFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in HKAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. HKFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the "hedged ratio" to be the same as the one management actually use for risk management purposes.

Amendments to HKFRS 10 and HKAS 28 *Sale or Contribution of Assets between an investor and its Associate or Joint Venture*

The amendments to HKFRS 10 and HKAS 28 address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture.

The directors are in the process of assessing the potential impact of the new and revised HKFRSs but are not in a position to determine whether the new and revised HKFRSs will have a significant impact on how the Group's results of operations and financial position are prepared and presented. The new and revised HKFRSs may result in changes in the future as to how the results and financial position are prepared and presented.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved where the Company has the power over the investee; is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power to affect its returns.

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

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

— the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

— potential voting rights held by the Group, other vote holders or other parties;

— rights arising from other contractual arrangements; and

— any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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

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

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

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

Changes in the Group's ownership interests in existing subsidiaries

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of consolidation *(Continued)*

Changes in the Group's ownership interests in existing subsidiaries *(Continued)*

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

Business combinations

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

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

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combinations *(Continued)*

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

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

Goodwill

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

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

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

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

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

Interest in an associate

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Interest in an associate *(Continued)*

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

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

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

When a group entity transacts with an associate or a joint venture of Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Non-current assets (or disposal groups) held-for-sale and discontinued operations

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

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

When the Group is committed to a sale plan involving disposal of an investment, or a portion of an investment, in an associate, the investment or the portion of the investment that will be disposed of is classified as held for sale when the criteria described above are met, and the Group discontinues the use of the equity method in relation to the portion that is classified as held for sale from the time when the investment is classified as held for sale. Any retained portion of an investment in an associate that has not been classified as held for sale continues to be accounted for using the equity method. The Group discontinues the use of the equity method at the time of disposal when the disposal results in the Group losing significant influence over the associate.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Non-current assets (or disposal groups) held-for-sale and discontinued operations *(Continued)*

After the disposal takes place, the Group accounts for any retained interest in the in accordance with HKAS 39 unless the retained interest continues to be an associate, in which case the Group uses the equity method.

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

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographic area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

When an operation is classified as discontinued, a single amount is presented in the statement of profit or loss, which comprises the post-tax profit or loss of the discontinued operation and the post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group(s) constituting the discontinued operation.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business net of discounts and sales related taxes and includes the following items:

(a) Rental income

Rental income, including rentals invoiced in advance, from properties under operating leases is recognised on a straight-line basis over the term of the relevant lease.

(b) Commission and brokerage income

Commission and brokerage income are recognised on a trade date basis when the service is provided.

(c) Sale of goods

Revenue from the sales of goods is recognised on the transfer of risks and rewards of ownership, which generally considers with the time when the goods are delivered and title has passed.

(d) Finance income

Finance income is recognised as it accrues using effective interest method.

(e) Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the interest rate applicable.

(f) Hotel income

Revenue from room rental, food and beverage sales and other ancillary services in the hotel recognised when the relevant services have been rendered.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment

Property, plant and equipment, other than properties under development and construction in progress, are stated at cost less accumulated depreciation and impairment losses.

Property, plant and equipment including buildings and leasehold land held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Properties under development are stated at cost, less any impairment loss. Cost includes land cost, construction cost, interest, finance charges and other direct costs attributable to the development of the properties. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Except for mining structures, depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method at the following principal annual rates. 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.

Buildings — Hotel properties	Over the shorter of the estimated useful lives of 50 years and the terms of the leases
Leasehold improvements	Over the terms of the leases
Furniture and fixtures	15%
Equipment, motor vehicle and others	20%

Mining structures (including the main and auxiliary mine shafts) are depreciated on a unit-of production basis over the economically recoverable reserves of the mine concerned.

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

Investment properties

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

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

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis and includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is based on the estimated selling prices less any estimated costs expected to be incurred to disposal.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Mining rights

Mining rights are stated at cost less accumulated amortisation and any impairment losses. The mining rights are amortised over the estimated useful lives of the mines in accordance with the production plan of the entities concerned and the proven and probable reserves of the mines using the unit of production method.

Exploration and evaluation expenditure

Exploration and evaluation assets include topographical and geological surveys, exploratory drilling, sampling and trenching and activities in relation to commercial and technical feasibility studies, and expenditure incurred to secure further mineralisation in existing manganese mine and to expand the capacity of a mine. Expenditure incurred prior to acquiring legal rights to explore an area is written off as incurred. Exploration and evaluation assets acquired in a business combination are initially recognised at fair value. They are subsequently stated at cost less accumulated impairment. When it can be reasonably ascertained that a mining property is capable of commercial production, exploration and evaluation costs are transferred to tangible or intangible assets according to the nature of the exploration and evaluation assets. If any project is abandoned during the evaluation stage, the total expenditure thereon will be written off.

Impairment of tangible and intangible assets other than goodwill

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments

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

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

Financial assets

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

Effective interest method

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

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

Financial assets at FVTPL

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

A financial asset is classified as held for trading if:

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

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

— it is a derivative that is not designated and effective as a hedging instrument.

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Financial assets at FVTPL (Continued)

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

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

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item. Fair value is determined in the manner described in note 26.

Loans and receivables

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

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

Impairment of financial assets

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

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

— significant financial difficulty of the issuer or counterparty; or

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

— it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or

— the disappearance of an active market for that financial asset because of financial difficulties.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets (continued)

Impairment of financial assets (continued)

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

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

Financial liabilities and equity instruments

Classification as debt or equity

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

Other financial liabilities

Other financial liabilities (including trade and other payables, amount due to an associate, and bank and other borrowings) are subsequently measured at amortised cost using the effective interest method.

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 or 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 difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of profit or loss over the period of the borrowings using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of those assets. Capitalisation of such borrowing cost ceases when 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 capitalised.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

Effective interest method

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Derecognition

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

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

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

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

Taxation

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

Current tax

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

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary difference can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill (or negative goodwill) or from the initial recognition (other than a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation *(Continued)*

Deferred tax *(Continued)*

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

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

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

Current and deferred tax for the year

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

Government subsidies

Government subsidies are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the subsidies will be received.

Government subsidies are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the subsidies are intended to compensate. Specifically, government subsidies whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the consolidated statement of profit or loss.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the consolidated statement of financial position.

Provisions

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

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

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

Rehabilitation provision

The Group records the present value of estimated costs of legal and constructive obligations required to restore operating locations in the period in which the obligation is incurred. The nature of these restoration activities includes dismantling and removing structures, rehabilitating mines and tailings dams, dismantling operating facilities, closure of plant and waste sites, and restoration, reclamation and re-vegetation of affected areas.

The obligation generally arises when the asset is installed or the ground/environment is disturbed at the production location. When the liability is initially recognised, the present value of the estimated cost is capitalised by increasing the carrying amount of the related mining assets to the extent that it was incurred prior to the production of related manganese. Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognised in finance costs. Additional disturbances or changes in rehabilitation costs will be recognised as additions or charges to the corresponding assets and rehabilitation liability when they occur.

For closed sites, changes to estimated costs are recognised immediately in the consolidated statement of profit or loss.

Other non-current assets

Other non-current assets are stated at cost, less any identified impairment losses.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Art works and jade

Art works and jade are stated at cost less accumulated impairment loss.

Art works and jade are derecognised upon disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the profit or loss in the period in which the item is derecognised.

Foreign currencies

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

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

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

— exchange differences on transactions entered into in order to hedge certain foreign currency risks (see the accounting policies below); and

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies *(Continued)*

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

Leasing

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

The Group as lessor

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

The Group as lessee

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

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

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

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

Leasehold land for own use

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leasing *(Continued)*

Leasehold land for own use *(Continued)*

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

Retirement benefits costs

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme in Hong Kong (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of 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.

The Group entity in the PRC participates in defined contribution retirement benefit plans (including Housing Provident Fund) organised by relevant government authorities for its employees in the PRC and contribute to these plans based on certain percentage of the salaries of the employees on a monthly basis, up to a maximum fixed monetary amount, as stipulated by the relevant government authorities. The government authorities undertake to assume the retirement benefit obligations payable to all existing and future retired employees under these plans.

The Group has no further obligation for post-employment benefits beyond the contributions made. The Group's contributions to these plans are charged to the consolidated statement of profit or loss as incurred.

Share-based compensation

The fair value of the employee services received in exchange for the grant of the share options and restricted share awards is recognised as an expense in the consolidated statement of profit or loss.

The total amount to be expensed over the vesting period is determined with reference to the fair value of the share options and restricted share awards granted. At the end of each reporting period, the Company revises its estimates of the number of share options that are expected to become exercisable and the number of restricted share awards that become vested. It recognises the impact of the revision of original estimates, if any, in the consolidated statement of profit or loss, and a corresponding adjustment to equity in the consolidated statement of financial position will be made over the remaining vesting periods.

The proceeds received, net of any directly attributable transaction costs, are credited to share capital and share premium accounts where the share options are exercised and when the restricted are exercised and when the restricted share award are vested.

Related parties

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Related parties *(Continued)*

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

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

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

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

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

(v) the entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the Company is itself such a plan, the sponsoring employers are also related to the Company.

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

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

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 most senior executive management that makes strategic decisions.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. 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.

Estimated impairment of goodwill

The Group performs annual tests on whether there has been impairment of intangible assets in accordance with the accounting policy stated in note 4. The recoverable amounts of cash-generating units are determined based on value-in-use calculations. These calculations require the use of estimates and assumptions made by management on the future operation of the business, pre-tax discount rates, and other assumptions underlying the value-in-use calculations.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS *(Continued)*

Fair value of investment properties

The best evidence of fair value is current prices in an active market for similar lease and other contracts. In the absence of such information, the Group determines the amount within a range of reasonable fair value estimates. In making its judgment, the Group considers information from a variety of sources including:

(a) current prices in an active market for properties of different nature, condition or location (or subject to different leases or other contracts), with adjustments to reflect those differences;

(b) recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and

(c) discounted cash flow projections based on reliable estimates of future cash flows derived from the terms of any existing lease and other contracts and (where possible) from external evidence such as current market rents for similar properties in the same location and condition, using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

If information on current or recent prices of investment properties is not available, the fair values of investment properties are determined using discounted cash flow valuation techniques. The Group uses assumptions that are mainly based on market conditions existing at the end of each reporting period.

The principal assumptions underlying management's estimate of fair value are those relating to: the receipt of contractual rentals; expected future market rentals; void periods; maintenance requirements; and appropriate discount rates. These valuations are regularly compared to actual market yield, and actual transactions of the Group and those reported by the market.

The expected future market rentals are determined on the basis of current market rentals for similar properties in the same location and condition.

Useful lives of property, plant and equipment

In accordance with HKAS 16, the Group's management estimates the useful lives of property, plant and equipment in order to determine the amount of depreciation expenses to be recorded. The useful lives are estimated at the time the asset is acquired based on historical experience, the expected usage, wear and tear of the assets, as well as technical obsolescence arising from changes in the market demands or service output of the assets. The Group also performs annual reviews on whether the assumptions made on useful lives continue to be valid.

In considering the impairment losses that may be required for the Group's property, plant and equipment, the Group has to exercise judgments in determining whether an asset is impaired or the event previously causing the asset impaired no longer exists, particularly in assessing: (i) whether an event has occurred that may affect the asset value or such event affecting the asset value has not been in existence; (ii) whether the carrying value of the asset can be supported by the net present value of the future cash flows which are estimated based upon the continuing use of the asset or disposal; (iii) the appropriate key assumptions to be applied in preparing cash flow projections are discounted using an appropriate rate. Changing the assumptions applied by management to determine the level of impairment, including the discount rates and the growth rate assumptions in the cash flow projections, could material affect the net present value result in the impairment test.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS *(Continued)*

Trade and other receivables

The aged debt profile of receivables are reviewed on a regular basis to ensure that the receivables are collectible and follow up actions are promptly carried out if the agreed credit periods have been exceeded. However, from time to time, the Group may experience delays in collection. Where recoverability of receivables are called into doubts, specific provisions for bad and doubtful debts are made based on credit status of the customers, the aged analysis of the receivables and past collection history. Certain receivables may be initially identified as collectible, yet subsequently become uncollectible and result in a subsequent write-off of the related receivable to the statement of profit or loss. Changes in the collectibility of receivables for which provisions are not made could affect the results of operations.

Current tax and deferred tax

The Group is subject to income taxes in Hong Kong, Mainland China and overseas. The Group carefully evaluates tax implications of transactions in accordance with the prevailing tax regulations and makes tax provision accordingly. However, judgment is required in determining the Group's provision for income taxes as there are many transactions and calculations of which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact on the income tax and deferred tax provision in the periods in which such determination is made.

Deferred tax assets relating to certain temporary differences and tax losses are recognised as management considers that it is probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. Where the expectations are different from the original estimates, such differences will impact the recognition of deferred tax assets and deferred tax in the periods in which such estimates have been changed.

Fair value of other financial assets and liabilities

The fair value of loan and receivables, financial assets and financial liabilities are accounted for or disclosed in the consolidated financial statements, the calculation of fair values requires the Group to estimate the future cash flows expected to arise from those assets and liabilities and suitable discount rates. Variations in the estimated future cash flows and the discount rates used may result in adjustments to the carrying amounts of these assets and liabilities and the amounts disclosed in the consolidated financial statements.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS *(Continued)*

Production start date

The Group assesses the stage of mine under construction to determine when a mine moves into the production stage. The criteria used to assess the start date are determined based on the unique nature of each mine construction project, such as the complexity of a plant and its location. The Group considers various relevant criteria to assess when the mine is substantially complete, ready for its intended use and is reclassified from "Properties under development" to "Mining structures". Some of the criteria will include, but are not limited, to the following:

— the level of capital expenditure compared to the construction cost estimates

— completion of a reasonable period of testing of the mining plant and equipment

— ability to produce manganese in saleable form (within specifications)

— ability to sustain ongoing production of manganese

When a mine construction project moves into the production stage, the capitalisation of certain mine construction costs ceases and costs are either regarded as inventory or expensed, except for costs that qualify for capitalisation relating to mining asset additions or improvements, underground mine development or mineable reserve development. It is also at this point that depreciation/amortisation commences.

Mine rehabilitation provision

The Group assesses its mine rehabilitation provision annually. Significant estimates and assumptions are made in determining the provision for mine rehabilitation as there are numerous factors that will affect the ultimate liability payable. These factors include estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases as compared to the inflation rates, and changes in discount rates. Those uncertainties may result in future actual expenditure differing from the amounts currently provided. The provision at the end of the reporting period represents management's best estimate of the present value of the future rehabilitation costs required. Changes to estimated future costs are recognised in the statement of financial position by either increasing or decreasing the rehabilitation liability and rehabilitation asset if the initial estimate was originally recognised as part of an asset measured in accordance with HKAS 16 Property, Plant and Equipment. Any reduction in the rehabilitation liability and therefore any deduction from the rehabilitation asset may not exceed the carrying amount of that asset. If it does, any excess over the carrying value is taken immediately to the profit or loss. As at 31 March 2015, no such provision is recognised as the production of the mine has not yet commenced (2014: nil).

Manganese reserve and resource estimates

Manganese reserves are estimates of the amount of manganese that can economically and legally extracted from the Group's mining properties. The Group estimates its manganese reserves and mineral resources based on reserve reports compiled by appropriately qualified persons relating to the geological data on the size, depth and shape of the manganese body, and this requires complex geological judgments to interpret the data. The estimation of recoverable reserves is based upon factors such as estimates of commodity prices, future capital requirements, and production costs along with geological assumptions and judgments made in estimating the size and grade of the manganese body. Changes in the reserve or resource estimates may impact upon the carrying value of exploration and evaluation assets, mine properties, property, plant and equipment, goodwill, provision for rehabilitation, recognition of deferred tax assets, and depreciation and amortisation charges.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS *(Continued)*

Units-of-production depreciation for mine specific assets

Estimated recoverable reserves are used in determining the depreciation and/or amortisation of mine specific assets. This results in a depreciation/amortisation charge proportional to the depletion of the anticipated remaining life of mine production. Each item's life, which is assessed annually, has regard to both its physical life limitations and to present assessments of economically recoverable reserves of the mine property at which the asset is located. These calculations require the use of estimates and assumptions, including the amount of recoverable reserves and estimates of future capital expenditure. As the management considered that the commercial production of the mine has not yet commenced. Therefore, no such depreciation/amortisation has been made for the year ended 31 March 2015.

6. SEGMENT INFORMATION

For management purpose, the Group's operating businesses are structured and managed separately according to the nature of their operations and the products and services they provide. Each of the Group's operating segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other operating segments. Particulars of the Group's reportable operating segments are summarised as follows:

Continuing operations

Environmental water treatment operation	—	Operation of water plants and sewage treatment plants in the PRC
Property investment operation	—	Leasing of rental property in the PRC and Hong Kong
Financing and securities investment operation	—	Provision of financing service and securities investment operation in Hong Kong
Natural resources operation	—	Mining and production of manganese products including principally, through the Group's integrated processes, the beneficiation, concentrating, grinding and the production of manganese concentrate and natural discharging manganese in the Republic of Indonesia ("Indonesia")
Hotel operation	—	Hotel operation in the PRC

The securities dealing and brokerage operation and supply and procurement operation were discontinued in prior years. The segment information does not reflect any figures for discontinued operations which are indicated in note 13.

6. SEGMENT INFORMATION *(Continued)*

(a) Segment revenue and result

The following is an analysis of the segment revenue and results:

For the year ended 31 March 2015

	Continuing operations					
	Environmental water treatment operation HK$'000	Property investment operation HK$'000	Financing and securities investment operation HK$'000	Natural resources operation HK$'000	Hotel operation HK$'000	Consolidated total HK$'000
Segment revenue	–	26,444	32,495	–	7,595	66,534
Segment results	(11,132)	33,498	(111,158)	(205,007)	(3,003)	(296,802)
Interest income and other income						10,303
Unallocated expenses						(35,658)
Loss from operations						(322,157)
Finance costs						(47,932)
Share of result of an associate	29,050	–	–	–	–	29,050
Loss on partial disposal of shares in an associate						(61,026)
Loss before taxation						(402,065)
Taxation						(54,009)
Loss for the year						(456,074)

For the year ended 31 March 2014

	Continuing operations					
	Environmental water treatment operation HK$'000	Property investment operation HK$'000	Financing and securities investment operation HK$'000	Natural resources operation HK$'000	Hotel operation HK$'000	Consolidated total HK$'000
Segment revenue	–	23,473	17,312	–	–	40,785
Segment results	(25,620)	16,209	8,621	(33,059)	–	(33,849)
Interest income and other income						81,149
Unallocated expenses						(101,983)
Loss from operations						(54,683)
Finance costs						(49,781)
Share of result of an associate	49,838	–	–	–	–	49,838
Gain on deemed disposal of an associate						169,442
Gain on disposal of subsidiaries						7,116
Profit before taxation						121,932
Taxation						58,579
Profit for the year						180,511

6. SEGMENT INFORMATION *(Continued)*

(a) Segment revenue and result *(Continued)*

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

Segment result represents the result generated from each segment without allocation of central administration costs including directors' salaries, finance costs, share of result of an associate, gain on disposal of subsidiaries, loss on partial disposal of shares in an associate, gain on deemed disposal of an associate and taxation. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

(b) Segment assets and liabilities

At 31 March 2015

	Continuing operations					
	Environmental water treatment operation HK$'000	Property investment operation HK$'000	Financing and securities investment operation HK$'000	Natural resources operation HK$'000	Hotel operation HK$'000	Consolidated total HK$'000
Assets/liabilities						
Segment assets	**2,787,429**	**659,407**	**646,311**	**1,029,789**	**660,654**	**5,783,590**
Unallocated corporate assets						**11,133**
Tax recoverable						**1,338**
Total assets						**5,796,061**
Segment liabilities	**31,046**	**96,326**	**234,025**	**9,023**	**64,134**	**434,554**
Unallocated corporate liabilities						**481,440**
Tax payable						**3,307**
Total liabilities						**919,301**

At 31 March 2014

	Continuing operations					
	Environmental water treatment operation HK$'000	Property investment operation HK$'000	Financing and securities investment operation HK$'000	Natural resources operation HK$'000	Hotel operation HK$'000	Consolidated total HK$'000
Assets/liabilities						
Segment assets	2,954,113	694,490	421,219	1,237,720	–	5,307,542
Unallocated corporate assets						585,351
Tax recoverable						1,204
Total assets						5,894,097
Segment liabilities	28,697	73,910	42	7,133	–	109,782
Unallocated corporate liabilities						455,683
Tax payable						2,379
Total liabilities						567,844

6. SEGMENT INFORMATION *(Continued)*

(b) Segment assets and liabilities *(Continued)*

For the purposes of monitoring segment performance and allocating resource between segments:

All assets related to environmental water treatment operation, property investment operation, financing and securities investment operation, natural resources operation and hotel operation are allocated to reportable segments other than certain property, plant and equipment, other non-current assets, other receivables, prepayment and deposits, financial assets at fair value through profit or loss and cash and bank balances that are not attributable to individual segments.

All liabilities related to environmental water treatment operation, property investment operation, financing and securities investment operation, natural resources operation and hotel operation are allocated to reportable segments other than certain other payables and borrowings that are not attributable to individual segments.

(c) Other segment information

For the year ended 31 March 2015

	Continuing operations					
	Environmental water treatment operation HK$'000	Property investment operation HK$'000	Financing and securities investment operation HK$'000	Natural resources operation HK$'000	Hotel operation HK$'000	Consolidated total HK$'000
Other segment information						
Amortisation and depreciation	1,938	90	–	19	3,618	5,665
Unallocated amounts						1,144
						6,809
Capital expenditure	–	243	–	–	–	243
Unallocated amounts						283
						526
Fair value change in investment properties (note 17)	–	(18,133)	–	–	–	(18,133)
Fair value change in financial assets at fair value through profit or loss	–	–	143,476	–	–	143,476
Loss on written off of property, plant and equipment	–	–	–	9,267	–	9,267
Loss on disposal of property, plant and equipment	284	–	–	–	–	284
Impairment loss recognised in respect of mining rights (note 19)	–	–	–	194,200	–	194,200

6. SEGMENT INFORMATION *(Continued)*

(c) Other segment information *(Continued)*

For the year ended 31 March 2014

	Continuing operations					
	Environmental water treatment operation HK$'000	Property investment operation HK$'000	Financing and securities investment operation HK$'000	Natural resources operation HK$'000	Hotel operation HK$'000	Consolidated total HK$'000
Other segment information						
Amortisation and depreciation	2,074	89	–	–	–	2,163
Unallocated amounts						1,090
						3,253
Capital expenditure	166	–	–	2,421	–	2,587
Unallocated amounts						4,035
						6,622
Fair value change in investment properties (note 17)	–	(25,784)	–	–	–	(25,784)
Fair value change in financial assets at fair value through profit or loss	–	–	(17,746)	–	–	(17,746)
Gain on disposal of property, plant and equipment	–	(61)	–	–	–	(61)
Impairment loss recognised in respect of mining rights (note 19)	–	–	–	31,200	–	31,200
Impairment loss recognised in respect of loan receivables (note 25)	–	–	8,114	–	–	8,114

(d) Geographical information

The following table sets out information about the geographical location of the Group's revenue from continuing operations from external customers and the Group's investment properties, property, plant and equipment, mining rights, goodwill, interest in an associate and other non-current assets ("Specified Non-current Assets"). The geographical location of customers is based on the location at which the services were provided or goods were delivered. The geographical location of the specified non-current assets is based on the physical location of the asset or the location of the operation to which they are allocated.

6. SEGMENT INFORMATION *(Continued)*

(d) Geographical information *(Continued)*

	Revenue from external customers		Specified Non-current assets	
	2015	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong	**17,506**	17,312	**53,370**	37,329
The PRC	**49,028**	23,473	**2,742,093**	2,545,495
Indonesia	**–**	–	**870,458**	1,078,328
	66,534	40,785	**3,665,921**	3,661,152

(e) Information from major customers

Revenue from continuing operations of approximately HK$15,073,000 was derived from financing and securities investment operation to a single customer (2014: HK$16,513,000 and HK$4,624,000 to two single customers from financing and securities investment operation and property investment operation respectively). No other single customer contributed 10% or more to the Group's revenue for the years ended 31 March 2015 and 2014.

7. TURNOVER

Turnover represents (i) property rental and management fee; (ii) interest income from loan receivables; and (iii) hotel income, and are analysed as follow:

	Year ended 31 March	
	2015	2014
	HK$'000	HK$'000
Continuing operations		
Property rental and management fee	**26,444**	23,473
Interest income from loan receivables	**32,495**	17,312
Hotel income	**7,595**	–
	66,534	40,785

8. OTHER INCOME AND GAIN, NET

	Year ended 31 March	
	2015	2014
	HK$'000	HK$'000
Continuing operations		
Bank interest income	**11,412**	6,079
Compensation income	**–**	23,945
Other loan interests income	**–**	7,232
Government subsidies (note 41)	**–**	17,758
Gain on disposal of property, plant and equipment	**–**	61
Net foreign exchange gain	**5,106**	3,911
Sundry income	**5,994**	4,417
	22,512	63,403

9. STAFF COSTS

	Year ended 31 March 2015 HK$'000	2014 HK$'000
Salaries and allowances (including directors' emoluments)	**18,000**	15,561
Retirement benefit scheme contributions	**1,354**	675
	19,354	16,236

(a) Directors' emoluments and chief executive remuneration

The emoluments paid or payable to each director were as follows:

Name of directors	Directors' fees		Salaries and benefits-in-kind		Retirement benefit scheme contributions		Share option granted		Total	
	2015 HK$'000	2014 HK$'000	2015 HK$'000	2014 HK$'000	2015 HK$'000	2014 HK$'000	2015 HK$'000	2014 HK$'000	2015 HK$'000	2014 HK$'000
Executive directors										
Jiang Zhaobai	180	180	2,100	–	9	–	–	–	2,289	180
Lam Cheung Shing, Richard	180	180	4,308	3,892	365	260	–	–	4,853	4,332
Chen Yi, Ethan (Note (i))	90	–	571	–	6	–	–	–	667	–
Shen Angang	180	180	–	–	–	–	–	–	180	180
Zhu Deyu (Note (ii))	30	180	–	–	–	–	–	–	30	180
Lu Yaohua (Note (ii))	30	180	–	–	–	–	–	–	30	180
Gu Yungao (Note (iii))	82	105	–	–	–	–	–	–	82	105
	772	1,005	6,979	3,892	380	260	–	–	8,131	5,157
Independent non-executive directors										
Ho Yiu Yue, Louis	180	180	–	–	–	–	–	–	180	180
Ko Ming Tung, Edward	180	180	–	–	–	–	–	–	180	180
Chen Yi, Ethan (Note (i))	90	180	–	–	–	–	–	–	90	180
Shan Zhemin (Note (iv))	86	–	–	–	–	–	–	–	86	–
	536	540	–	–	–	–	–	–	536	540
	1,308	1,545	6,979	3,892	380	260	–	–	8,667	5,697

Mr. Lam Cheung Shing, Richard is also the chief executive officer of the Company and his emoluments disclosed above include those for services rendered by him as the chief executive officer.

During the year, 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. None of the directors has agreed to waive any emoluments during the year.

Notes:

(i) Re-designated to executive director on 10 October 2014

(ii) Resigned on 1 June 2014

(iii) Resigned on 12 September 2014

(iv) Appointed on 10 October 2014

9. STAFF COSTS *(Continued)*

(b) Five highest paid individuals

Of the five individuals with the highest emoluments in the Group, three (2014: one) were directors of the Company whose emoluments are included in the disclosures in note (a) above. The emoluments of the remaining two (2014: four) individuals, who are not individuals of senior management of the Company, are detailed as follows:

	2015 HK$'000	2014 HK$'000
Salaries and allowances	**2,012**	4,423
Retirement benefit scheme contributions	**208**	120
	2,220	4,543

10. LOSS FROM OPERATIONS

Loss from operations has been arrived at after charging/(crediting):

	Year ended 31 March 2015 HK$'000	 2014 HK$'000
Continuing operations		
Depreciation (note 18)	**6,809**	3,231
Auditors' remuneration	**2,185**	2,365
Cost of inventories for hotel operation provided	**1**	–
Loss/(gain) on disposal of property, plant and equipment (note 18)	**284**	(61)
Loss on written off of property, plant and equipment (note 18)	**9,267**	–
Impairment loss recognised in respect of loan receivables* (note 25)	**–**	8,114
Impairment loss recognised in respect of other non-current assets* (note 22)	**11,184**	12,707
Impairment loss recognised in respect of property, plant and equipment* (note 18)	**–**	1,536
Impairment loss recognised in respect of mining rights (note 19)	**194,200**	31,200
Impairment loss recognised in respect of trade and other receivables and prepayments* (note 24)	**–**	43,596
Operating lease rentals in respect of premises	**8,385**	5,529
Net foreign exchange gain (note 8)	**(5,106)**	(3,911)
Fair value change in investment properties (note 17)	**(18,133)**	(25,784)
Gross rental income from investment properties (note 7)	**(26,444)**	(23,473)
Less: direct operating expenses from investment properties that generated rental income during the year	**1,057**	1,857
	(25,387)	(21,616)
Discontinued operations		
Depreciation (note 18)	**–**	22
Auditors' remuneration	**75**	150
Impairment loss recognised in respect of trade and other receivables and prepayments* (note 24)	**28,674**	–

* Those expenses were recognised as other operating expenses in the consolidated statement of profit or loss.

11. FINANCE COSTS

	Year ended 31 March 2015 HK$'000	2014 HK$'000
Continuing operations		
Interests on:		
Bank borrowings and overdrafts	**1,798**	6,552
Other borrowings	**46,134**	43,229
	47,932	49,781

12. TAXATION

	Year ended 31 March 2015 HK$'000	2014 HK$'000
Continuing operations		
Current tax:		
Hong Kong Profits Tax	**–**	1,274
The PRC Enterprise Income Tax	**50,637**	1,830
	50,637	3,104
Over provision in prior year:		
Hong Kong Profits Tax	**(10)**	–
The PRC Enterprise Income Tax	**–**	(68,192)
	50,627	(65,088)
Deferred tax (note 30)	**3,382**	6,509
	54,009	(58,579)

Hong Kong Profits Tax

Hong Kong Profits Tax is calculated at 16.5% (2014: 16.5%) of the estimated assessable profit for the year.

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the Group does not have assessable profit derived from Hong Kong during the year ended 31 March 2015.

At 31 March 2015, the Group had unused estimated tax losses of approximately HK$350,017,000 (2014: HK$141,011,000) available for offset against future profits. No deferred tax asset has been recognised due to unpredictability of future profit streams.

The PRC Enterprise Income Tax

All the Company's subsidiaries established in the PRC are subject to the PRC Enterprise Income Tax at 25% of the assessable income of each company during the years ended 31 March 2015 and 2014.

12. TAXATION *(Continued)*

The Indonesia Corporate Tax

The corporate tax rate applicable to the subsidiary which is operating in Indonesia is 25% (2014: 25%) during the year. No Indonesia Corporate Tax was recognised as the subsidiary in Indonesia has no estimated assessable profits for the year.

Reconciliation between tax expenses and accounting profit at applicable tax rates

	Year ended 31 March	
	2015	2014
	HK$'000	HK$'000
Continuing operations		
(Loss)/profit before taxation	**(402,065)**	121,932
Tax calculated at the domestic rates applicable in the country concerned	**(86,596)**	20,143
Tax effect of share of result of an associate	**(7,262)**	(12,460)
Tax effect of expenses not deductible for tax purpose	**87,328**	11,445
Tax effect of income not taxable for tax purpose	**(31,897)**	(19,197)
Over provision in prior year	**(212)**	(68,192)
Tax effect of tax losses not recognised	**89,266**	67,155
Utilisation of tax losses previously not recognised	**–**	(63,980)
Tax effect of unrecognised temporary difference	**3,382**	6,507
Tax charge/(credit) for the year	**54,009**	(58,579)
Discontinued operations		
Loss before taxation	**(29,512)**	(1,696)
Tax calculated at the domestic rates applicable in the country concerned	**(4,869)**	(280)
Tax effect of expenses not deductible for tax purpose	**4,731**	4
Tax effect of tax losses not recognised	**138**	276
Tax charge for the year	**–**	–

13. DISCONTINUED OPERATIONS

The Group ceased the operation of securities dealing and brokerage operation and supply and procurement operation since July 2012 and April 2012 respectively. The supply and procurement operation was disposed on 30 September 2013, details of which were set out in the note 34(a) to the consolidated financial statements.

The results and cash flows of the discontinued operations for the current and prior periods were as follows:

(a) Securities dealing and brokerage operation

	Year ended 31 March	
	2015	2014
	HK$'000	HK$'000
Other income and gain, net	**–**	549
Staff costs	**(623)**	(547)
Amortisation and depreciation	**–**	(22)
Administrative costs	**(215)**	(1,529)
Other operating expenses	**(28,674)**	–
Loss before taxation	**(29,512)**	(1,549)
Taxation	**–**	–
Loss for the year	**(29,512)**	(1,549)
Attributable to:		
Owners of the Company	**(29,512)**	(1,549)
Non-controlling interests	**–**	–
	(29,512)	(1,549)
Net cash outflows in operating activities	**(44)**	(5,245)

(b) Supply and procurement operation

	From 1 April 2013 to 30 September 2013 HK$'000
Staff costs	(103)
Administrative costs	(44)
Loss before taxation	(147)
Taxation	–
Loss for the year	(147)
Attributable to:	
Owners of the Company	(147)
Non-controlling interests	–
	(147)
Net cash outflows in operating activities	(334)

The business of supply and procurement operation was considered as discontinued operations of the Group as a result of disposal completed on 30 September 2013 respectively.

14. (LOSS)/EARNINGS PER SHARE

The calculation of the basic and diluted (loss)/earnings per share from operations is based on the following data:

From continuing and discontinued operations

	Year ended 31 March	
	2015	2014
	HK$'000	HK$'000
(Loss)/profit for the year attributable to owners of the Company for the purpose of basic and diluted (loss)/earnings per share	**(403,159)**	177,124

	Year ended 31 March	
	2015	2014
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted (loss)/earnings per share	**6,078,669,363**	6,078,669,363

The diluted (loss)/earnings per share is the same as basic (loss)/earnings per share as the Company has no dilutive potential shares outstanding for the years ended 31 March 2015 and 2014.

From continuing operations

	Year ended 31 March	
	2015	2014
	HK$'000	HK$'000
(Loss)/profit for the year attributable to owners of the Company for the purpose of basic and diluted (loss)/earnings per share	**(403,159)**	177,124
Loss for the year from discontinued operations	**29,512**	1,696
	(373,647)	178,820

The denominators used are the same as those detailed above for both basic and diluted (loss)/earnings per share.

From discontinued operations

Basic and diluted loss per share for the discontinued operation is HK0.485 cents (2014: HK0.028 cents), based on the loss for the year from the discontinued operations of approximately HK$29,512,000 (2014: HK$1,696,000).

The denominators used are the same as those detailed above for both basic and diluted loss per share.

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

For the year ended 31 March 2015, the loss attributable to owners of the Company includes a loss of approximately HK$162,698,000 (2014: HK$205,219,000) which has been dealt with in the financial statements of the Company (note 33(b)).

16. DIVIDEND

The directors of the Company do not recommend the payment of any final dividend for the year ended 31 March 2015 (2014: nil).

17. INVESTMENT PROPERTIES

	2015 HK$'000	2014 HK$'000
Fair value		
At beginning of the year	**616,117**	586,800
Fair value change	**18,133**	25,784
Exchange alignment	**–**	3,533
At end of the year	**634,250**	616,117
Unrealised gain on change in fair value of investment properties	**18,133**	25,784

Notes:

(a) The Group's property interests held under operating leases to earn rentals or for capital appreciation are measured using the fair value model and are classified and accounted for as investment properties.

(b) The fair value of the Group's investment properties as at 31 March 2015 and 2014 has been arrived at on the basis of a valuation carried out on the respective dates by Messrs Cushman & Wakefield Valuation Advisory Services (HK) Limited ("Cushman & Wakefield"), independent qualified professional valuers not connected to the Group.

Cushman & Wakefield is a member of the Hong Kong Institute of Surveyors, and they have appropriate qualifications and recent experience in the valuation of properties in the relevant locations.

The fair value was determined based on the direct comparison approach and/or income approach. Direct comparison approach involves the analysis of recent market sales evidence of similar properties to compare with the premises under valuation. It assumes each of these properties is capable of being sold in its existing state with the benefit of vacant possession and by making reference to comparable sales evidence as available in the relevant market. Income approach relying on the market rentals of all lettable units of the properties are assessed by reference to the rentals achieved in the lettable units as well as other lettings of similar properties in the neighborhood. The capitalisation rate adopted is made by reference to the yield rates observed by the valuer for similar properties in the locality and adjusted based on the valuer's knowledge of the factors specific to the respective properties. There were no changes to the valuation techniques during the year.

(c) The Group's investment properties at their fair values are analysed as follows:

	2015 HK$'000	2014 HK$'000
Investment properties in Hong Kong, held on:		
Long-term leases	**26,300**	25,300
Investment properties outside Hong Kong, held on:		
Medium-term leases	**607,950**	590,817
	634,250	616,117

(d) Investment properties with the carrying amount of approximately HK$284,539,000 (2014: HK$562,482,000) have been pledged to secure banking facilities granted to the Group.

(e) The Group's investment properties, amounting to approximately HK$538,503,000 (2014: HK$539,584,000) are rented out under operating leases.

17. INVESTMENT PROPERTIES *(Continued)*

Notes: *(Continued)*

(f) Fair value measurements

At the end of each reporting period, the management of the Group will (i) verify all major inputs to the independent valuation report; (ii) assess property valuations movements when compared to the prior year valuation report; and (iii) hold discussion with the independent valuer.

Changes in fair values are analysed at the end of each reporting period by the management of the Group.

The table below analyses recurring fair value measurements for investment properties located in Hong Kong and outside Hong Kong. These fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to valuation techniques used.

	Level 1 HK$'000	**Level 2** HK$'000	**Level 3** HK$'000	**Total** HK$'000
At 31 March 2015				
Hong Kong	**–**	**26,300**	**–**	**26,300**
Outside Hong Kong	**–**	**–**	**607,950**	**607,950**
	–	**26,300**	**607,950**	**634,250**
At 31 March 2014				
Hong Kong	–	25,300	–	25,300
Outside Hong Kong	–	–	590,817	590,817
	–	25,300	590,817	616,117

There were no transfers among Level 1, Level 2 and Level 3 during the year. The Group's policy is to recognise transfers into/out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

The movements of the balance of investment properties measured at fair value based on Level 3 are as follows:

	2015 **HK$'000**	2014 HK$'000
At beginning of the year	**590,817**	561,800
Fair value change	**17,133**	25,484
Exchange alignment	**–**	3,533
At end of the year	**607,950**	590,817

Information about fair value measurements based on Level 3 fair value hierarchy:

Description	**2015 Fair value HK$'000**	2014 Fair value HK$'000	**Valuation techniques**	**Range of significant unobservable inputs** Daily rental rate	Capitalisation rate
Commercial premises outside Hong Kong	**607,950**	590,817	Combination of direct comparison approach and income approach	RMB2.41 to 10.15 (2014: RMB2.03 to 9.69) per square feet	4.75% to 6.75% (2014: 4.75% to 6.75%)

The fair value measurements are positively correlated to the daily rental rate and negatively correlated to the capitalisation rate.

In estimating the fair value of the properties, their current use equates to the highest and best use of the properties.

18. PROPERTY, PLANT AND EQUIPMENT

	Properties under development HK$'000	Hotel properties HK$'000	Leasehold improvements HK$'000	Furniture and fixtures HK$'000	Equipment, motor vehicle and others HK$'000	Total HK$'000
Cost						
At 1 April 2013	7,310	–	5,456	19,703	10,201	42,670
Additions	2,421	–	–	4,201	–	6,622
Disposals	–	–	–	–	(619)	(619)
Disposals of subsidiaries (note 34(b))	–	–	–	(298)	–	(298)
Acquisition of a subsidiary (note 36)	–	–	–	–	2,053	2,053
Written off	–	–	–	(271)	(385)	(656)
Exchange alignment	–	–	–	(643)	(261)	(904)
At 31 March 2014 and 1 April 2014	9,731	–	5,456	22,692	10,989	48,868
Additions	–	–	–	283	243	526
Disposal	–	–	–	–	(700)	(700)
Reclassification	(337)	–	–	10	327	–
Acquisition of subsidiaries (note 35)	–	580,126	–	–	206	580,332
Written off	(9,267)	–	–	–	(5)	(9,272)
At 31 March 2015	127	580,126	5,456	22,985	11,060	619,754
Accumulated depreciation and impairment						
At 1 April 2013	3	–	5,075	14,820	5,239	25,137
Charge for the year	–	–	378	1,401	1,474	3,253
Elimination upon disposal	–	–	–	–	(340)	(340)
Elimination of disposal of subsidiaries (note 34(b))	–	–	–	(260)	–	(260)
Elimination upon written off	–	–	–	(271)	(386)	(657)
Impairment (note (b))	–	–	–	–	1,536	1,536
Exchange alignment	–	–	3	(3)	(386)	(386)
At 31 March 2014 and 1 April 2014	3	–	5,456	15,687	7,137	28,283
Charge for the year	–	3,604	–	1,854	1,351	6,809
Elimination upon disposal	–	–	–	–	(416)	(416)
Reclassification	(3)	–	–	1	2	–
Elimination upon written off	–	–	–	–	(5)	(5)
At 31 March 2015	–	3,604	5,456	17,542	8,069	34,671
Carrying amount						
At 31 March 2015	**127**	**576,522**	**–**	**5,443**	**2,991**	**585,083**
At 31 March 2014	9,728	–	–	7,005	3,852	20,585

Notes:

(a) No property, plant and equipment (2014: nil) have been pledged to secure general banking facilities granted to the Group.

(b) During the year ended 31 March 2014, certain property, plant and equipment were obsolete, damaged or that could not generate future economic benefits. In the opinion of the directors of the Company, impairment loss of HK$1,536,000 was provided for in the consolidated statement of profit or loss. The recoverable amount of the impaired assets is its fair value less costs of disposal with reference to an active market.

(c) During the year ended 31 March 2015, hotel properties of the Group included above are held under long term leases in the PRC.

19. MINING RIGHTS

	HK$'000
Cost	
At 1 April 2013, 31 March 2014 and 1 April 2014	1,232,400
Exchange alignment	(5,056)
At 31 March 2015	1,227,344
Accumulated amortisation and impairment	
At 1 April 2013	132,600
Impairment	31,200
At 31 March 2014 and 1 April 2014	163,800
Impairment	194,200
Exchange alignment	(672)
At 31 March 2015	357,328
Carrying amount	
At 31 March 2015	**870,016**
At 31 March 2014	1,068,600

The mining rights were acquired through the acquisition of Universe Glory Limited and its subsidiary (the "Universe Glory Group"). The mining rights represent the rights to conduct mining activities in East Nusa Tenggara, Kupang, Indonesia.

The mining rights are amortised using the unit-of-production methods based on the total proven and probable mineral reserves, under the assumption that the mining rights have a finite useful lives and valid expire on 18 November 2031, till all proven and probable mineral reserves have been mined. For the years ended 31 March 2015 and 2014, the management considered that the commercial production of the mine has not yet commenced, no amortisation was provided during both years.

As a result of the negative effect of persistent weak prices for manganese and manganese products, the directors reviewed the carrying amount of the mining rights, an impairment loss of approximately HK$194,200,000 (2014: HK$31,200,000) under business segment of natural resources operation was charged to the consolidated statement of profit or loss for the year and the recoverable amount has been reduced to approximately HK$870,016,000 (2014: HK$1,068,600,000).

19. MINING RIGHTS *(Continued)*

The recoverable amount of the mining rights was estimated by an independent valuer, Roma Appraisals Limited. The valuation was performed based on the excess earning method under the income-approach. The excess earnings were the net profit after deducting all the charges for contributory assets, including fixed assets, working capital, assembled workforce, which were then discounted at an appropriate discount rate to arrive at the fair value of the mining rights. Weighted average cost of capital plus additional premium was adopted as the discount rate for the excess earnings cash flow. There were no changes to the valuation techniques during the year. Key assumptions adopted by management in the valuation are summarised as follows:

Valuation as at 31 March	2015	2014
Adopted manganese ore benchmark price (US$/dmtu) (Note (a))	**US$4.55**	US$5.32
Discount rate (Note (b))	**15%**	16%

Notes:

(a) The adopted manganese ore benchmark price for valuation as at 31 March 2015 has declined by approximately 14% than that as at 31 March 2014, which was estimated with reference to the manganese ore benchmark price (reference by 44% Mn grade lump published by Metal Bulletin) fell from US$5.11/dmtu at the beginning of 2014 to US$4.29/dmtu at the beginning of 2015. No growth rate was assumed to the manganese ore benchmark price estimation over a period longer than five years. The treatment was consistent among valuation as at 31 March 2015 and as at 31 March 2014.

(b) The slightly decrease of 1% was due to normal market data fluctuation.

(c) No growth rate was assumed for operating costs.

No mining rights have been pledged to secure general banking facilities granted to the Group in both 2015 and 2014.

20. GOODWILL

	HK$'000
Cost	
At 1 April 2013, 31 March 2014 and 1 April 2014	29,362
Acquisition of subsidiaries (note 35)	45,738
At 31 March 2015	75,100
Impairment	
At 1 April 2013, 31 March 2014, 1 April 2014 and 31 March 2015	11,293
Carrying amount	
At 31 March 2015	**63,807**
At 31 March 2014	18,069

Goodwill is allocated to the Group's cash generating unit ("CGU") identified according to business segment as follow:

	2015 HK$'000	2014 HK$'000
Hotel operation	**45,738**	–
Property investment operation	**18,069**	18,069
	63,807	18,069

Impairment tests for CGU containing goodwill

The recoverable amount of the CGU is determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. The directors of the Company estimate discount rate using pre-tax rate that reflect current market assessments of the time value of money and the risks specific to the CGU. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

The management considers that the recoverable amount calculated with value in use method with based on a discounted future cash flow of the CGU of property investment operation and hotel operation is higher than the carrying amount.

Hotel operation

During the year, the Group performed impairment tests for hotel operation containing goodwill allocated to hotel operation based on cash flow forecasts derived from the most recent financial budgets approved by management covering a five-year period and cash flows beyond the five-year period are extrapolated using a growth rate of 5% per annum. The growth rate does not exceed the long-term average growth rate for the business of hotel operation. Discount rate of 14% was used in preparation of the cash flow forecasts to reflect current market assessments of the time value of money and the risks specific to hotel operation.

20. GOODWILL *(Continued)*

Impairment tests for CGU containing goodwill *(Continued)*

Property investment operation

During the year, the Group performed impairment tests for property investment operation containing goodwill based on cash flow forecasts derived from the most recent financial budgets approved by management covering a five-year period and cash flows beyond the five-year period are extrapolated using a growth rate of 4% (2014: 4%) per annum. The growth rate does not exceed the long-term average growth rate for the business of property investment operation. Discount rate of 7.5% (2014: 7.5%) was used in preparation of the cash flow forecasts to reflect current market assessments of the time value of money and the risks specific to property investment operation.

21. INTEREST IN AN ASSOCIATE

	2015 HK$'000	2014 HK$'000
Cost of investment		
— Listed outside Hong Kong (note (a) and (b))	**1,385,005**	1,800,773
Share of result of an associate	**82,784**	71,655
Share of other comprehensive income of an associate	**170**	7,196
	1,467,959	1,879,624
Market value of the listed associate	**2,376,059**	1,818,683

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

(a) For the year ended 31 March 2015

On 16 May 2014, the Group disposed of an aggregate of 72,000,000 shares of Heilongjiang Interchina Water Treatment Company Limited ("Heilongjiang Interchina"), an associate of the Company listed on the Shanghai Stock Exchange at a cash consideration of RMB311,760,000 (equivalent to approximately HK$392,151,000), representing RMB4.33 per Heilongjiang Interchina share.

Upon completion of the partial disposal of interests in Heilongjiang Interchina, the aggregate number of Heilongjiang Interchina shares held by the Group decreased from 299,312,500 Heilongjiang Interchina shares, representing approximately 20.56% of the issued share capital of Heilongjiang Interchina, to 227,312,500 Heilongjiang Interchina shares, representing approximately 15.61% of the issued share capital of Heilongjiang Interchina. A loss on partial disposal of approximately HK$61,026,000 was recognised in consolidated statement of profit or loss during the year ended 31 March 2015.

The Group is entitled to 15.61% equity interest in Heilongjiang Interchina. The directors of the Company consider that the Group has retained significant influence over Heilongjiang Interchina by the representation of the Group on the Board of Directors of Heilongjiang Interchina despite that the interest held by the Group is below 20% and therefore the Group has continuously accounted for Heilongjiang Interchina as its associate for the year ended 31 March 2015.

21. INTEREST IN AN ASSOCIATE *(Continued)*

(b) For the year ended 31 March 2014

In July 2012, Heilongjiang Interchina had submitted a proposal to the Shanghai Stock Exchange to increase its issued shares by not more than 160,000,000 Heilongjiang Interchina new shares to not more than ten subscribers (the "Non-public Share Issue") which also constituted a deemed disposal of the Group's interest in Heilongjiang Interchina (the "Deemed Disposal"). On 19 October 2012, the shareholders of the Company approved the Deemed Disposal.

On 12 April 2013, Heilongjiang Interchina received the formal approval notice from the China Securities Regulatory Committee ("CSRC") in respect to the Non-public Share Issue.

On 21 June 2013, Heilongjiang Interchina issued an aggregate of 155,024,691 shares to eight subscribers at the price of RMB8.1 per share and result net proceeds of approximately RMB1,215,231,000 (equivalent to approximately HK$1,529,170,000) were raised accordingly. Following completion of the Deemed Disposal, the Group's interests in Heilongjiang Interchina was diluted from 28.02% to 20.56%. Considering the equity interest of 28.02% in Heilongjiang Interchina, the excess of the net proceeds from the Deemed Disposal over the carrying amount of equity interest in the Heilongjiang Interchina upon completion of the Deemed Disposal amount to approximately HK$169,442,000 was recognised as gain on deemed disposal of an associate in the consolidated statement of profit or loss.

(c) The summarised financial information of the Heilongjiang Interchina Group as extracted from the consolidated financial statements is set out below:

	2015 HK$'000	2014 HK$'000
Current assets	**1,541,414**	2,146,361
Non-current assets	**3,706,097**	2,477,699
Current liabilities	**(845,797)**	(431,376)
Non-current liabilities	**(638,170)**	(690,965)
Total equity	**3,763,544**	3,501,719
The Group's share of net assets of the listed associate	**587,489**	719,953

	2015 HK$'000	2014 HK$'000
Revenue	**903,063**	795,534
Profit for the year	**174,998**	232,688
Other comprehensive (loss)/income for the year	**(124)**	469
Total comprehensive income for the year	**174,874**	233,157
The Group's share of result of an associate for the year	**29,050**	49,838
The Group's share of other comprehensive income for the year	**26**	41

21. INTEREST IN AN ASSOCIATE *(Continued)*

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

	2015 HK$'000	2014 HK$'000
Net assets of the associate	**3,763,544**	3,501,719
Proportion of the Group's ownership interest in the associate	**15.61%**	20.56%
	587,489	719,953
Add: Goodwill	**880,470**	1,159,671
Carrying amount of the Group's interest in the associate	**1,467,959**	1,879,624

(e) Particulars of the Group's associate at 31 March 2015 were as follows:

Name of associate	Place of incorporation/ registration and operation	Paid-up issued ordinary shares/ registered capital	Percentage of issued ordinary shares/registered capital held by the Group	Principal activity
Heilongjiang Interchina (黑龍江國中水務股份有限公司)	The PRC	RMB427,225,000	15.61% (Notes (i) and (ii))	Investment holding

Notes:

(i) Following completion of the Deemed Disposal, the Group's interest in Heilongjiang Interchina was decreased from 20.56% to 15.61% on 16 May 2014.

(ii) Heilongjiang Interchina and its subsidiaries are principally engaged in water supply, water facilities construction, distilled water supply, sewage treatment and environmental protection engineering service in the PRC.

(f) The information above reflects the amounts presented in the financial statement of the associate (and not the Group's share of those amounts) adjusted for differences in accounting policies between the Group and the associate.

(g) Amount due from/to an associate is unsecured, interest free and repayable on demand.

22. OTHER NON-CURRENT ASSETS

	2015 HK$'000	2014 HK$'000
Art works and jade (Note)	**40,376**	51,560
Contribution to the compensation fund and fidelity fund with the Stock Exchange	**97**	97
Wine	**4,333**	6,500
	44,806	58,157

Note:

The amount represents the aggregate cost of art works and jade held by the Group. In the opinion of the directors of the Company, with reference to valuation performed by an independent professional valuer not connected to the Group, the carrying amounts of the art works and jade exceeds the recoverable amount at the end of the reporting period. The estimated recoverable amounts are determined based on their respective fair value less costs of disposal within level 1 of the fair value hierarchy. Market comparable approach is applied that reflects recent transaction prices for similar products which are adjusted to reflect the conditions and characteristic of the related products. There was no change in valuation technique used during the year. It results an impairment loss of approximately HK$11,184,000 (2014: HK$12,707,000) was recognised in the consolidated statement of profit or loss for the year accordingly and the recoverable amounts have been reduced to approximately HK$40,376,000 (2014: HK$51,560,000).

23. INVENTORIES

	2015 HK$'000	2014 HK$'000
Beverages	**15**	–

24. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	2015 HK$'000	2014 HK$'000
Trade receivables	**79,047**	76,721
Margin clients' accounts receivables	**99,761**	99,761
Prepayments, deposits and other receivables	**975,991**	1,543,968
	1,154,799	1,720,450
Less: Impairment of trade and other receivables and prepayments	**(120,908)**	(92,234)
	1,033,891	1,628,216

The Group allows an average credit period of 60 days (2014: 60 days) to its trade customers.

24. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS *(Continued)*

The following is an aged analysis of trade receivables:

	2015 HK$'000	2014 HK$'000
0 to 30 days	**1,418**	–
31 to 60 days	**333**	–
61 to 90 days	**90**	–
91 to 180 days	**30**	–
Over 180 days	**77,176**	76,721
	79,047	76,721

Movement on impairment of trade and other receivables and prepayments were as follow:

	2015 HK$'000	2014 HK$'000
At beginning of the year	**92,234**	74,152
Written off	**–**	(25,514)
Impairment loss recognised	**28,674**	43,596
At end of the year	**120,908**	92,234

The aged analysis of the trade receivables that are past due but not impaired was as follow:

	2015 HK$'000	2014 HK$'000
Over 180 days	**32,790**	76,721

Trade receivables within credit terms relate to a wide range of customers for whom there is no recent history of default. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of trade receivables. The Group does not hold any collateral over these balances.

Loans to margin clients are secured by client's pledged securities, repayable on demand and bear interest at commercial rates. No aged analysis is disclosed, as in the opinion of directors of the Company, the aged analysis does not give additional value in view of the nature of business of share margin financing.

The Group's prepayments, deposits and other receivables as at 31 March 2015 and 2014, inter alia, the following:

(i) prepayments and other receivables of approximately HK$336,643,000 (2014: HK$588,515,000) paid for acquisition of certain investment properties and several potential water plant projects in the PRC. An amount of approximately HK$251,872,000 has been refunded in April 2014;

(ii) prepayments and other receivables of approximately HK$286,712,000 (2014: HK$295,458,000) to various contractors for construction of environmental protection and water treatment projects in the PRC; and

24. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS *(Continued)*

(iii) deposits of HK$159,000,000 (2014: HK$159,000,000) paid for acquisition of companies aggregately owned 30% equity interest in a "Indonesia" company which is a 65% owned subsidiary of the Group and principally engaged in the exploration, mining, processing and sale of manganese resources in Indonesia. Details of which were set out in the Company's announcements dated 26 November 2013, 29 November 2013, 10 January 2014, 28 March 2014, 15 August 2014, 30 September 2014, 31 December 2014 and 31 March 2015.

25. LOAN RECEIVABLES

	2015 **HK$'000**	2014 HK$'000
Loan receivables	**364,022**	342,103
Less: Impairment loss recognised	**(109,404)**	(109,404)
	254,618	232,699

The loan was unsecured, carrying at the prevailing interest rate ranging from 2% to 7.2% (2014: 2% to 7.2%) per annum with fixed repayment terms.

There was no impairment loss recognised during the year (2014: HK$8,114,000).

The remaining balance of loan receivables relates to a number of independent debtors that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the amounts were still considered recoverable. The Group does not hold any collateral over these balances.

26. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2015 **HK$'000**	2014 HK$'000
Held for trading:		
Listed equity securities — Hong Kong, at fair value	**368,193**	188,509

27. CASH AND CASH EQUIVALENTS

	2015 **HK$'000**	2014 HK$'000
Cash and bank balances	**468,859**	321,777

Cash at banks earns interest at floating rates based on daily bank deposit rates.

At 31 March 2015, cash and cash equivalents of approximately HK$464,675,000 (2014: HK$311,095,000) are denominated in Renminbi ("RMB"). RMB is not freely convertible currency and the remittance of funds out of the PRC is subject to the exchange restrictions imposed by the PRC government.

28. TRADE AND OTHER PAYABLES AND DEPOSITS RECEIVED

The following is an analysis of trade payables:

	2015 HK$'000	2014 HK$'000
Trade payables	1,318	–
Other payables and deposits received	57,339	58,925
	58,657	58,925

The aged analysis of trade payables is as follow:

	2015 HK$'000	2014 HK$'000
0 to 30 days	212	–
31 to 60 days	371	–
Over 60 days	735	–
	1,318	–

Included in other payables were the amounts of interest expenses payable and amount due to a director of the subsidiaries amounted to approximately HK$980,000 (2014: HK$2,953,000) and HK$2,881,000 (2014: HK$914,000) respectively.

29. BANK AND OTHER BORROWINGS

	2015 HK$'000	2014 HK$'000
Bank borrowings, secured (Note (i))	21,916	27,480
Bank overdraft, unsecured	212	–
Other borrowings, secured (Note (ii))	711,849	415,095
Total borrowings	733,977	442,575
Carrying amount repayable:		
Within one year		
bank borrowings and overdraft	5,348	5,380
other borrowings	711,849	415,095
	717,197	420,475
Carrying amount that are not repayable within one year from the end of the reporting period but contain a repayment on demand clause (shown under current liabilities)	16,780	22,100
	733,977	442,575

Notes:

(i) The mortgage loans with carrying amount of approximately HK$21,916,000 are variable-rate borrowings, thus exposing the Group to cash flow interest rate risk. The effective interest rate on mortgage loans denominated in Hong Kong dollars is 2.45% (2014: ranging from 2.45% to 5.25%) per annum. The effective interest rates on bank borrowings denominated in RMB is 6.83% (2014: 6.83%) per annum.

The mortgage loans are secured by the Group's investment properties in both the PRC and Hong Kong with carrying values of approximately HK$284,539,000 (2014: HK$562,482,000). The term loans are repayable on agreed repayment schedule and the mortgage loans are repayable by instalments over a period of 1 to 20 years.

29. BANK AND OTHER BORROWINGS *(Continued)*

Notes: *(Continued)*

(ii) The other borrowings bear interest rate ranging from 8.00% to 8.20% per annum for the year ended 31 March 2015 (2014: 8.63% per annum).

The other borrowings with carrying amount of HK$477,987,000 are secured by certain shares of an associate, Heilongjiang Interchina, which its shares are listed in the Shanghai Stock Exchange and the remaining balance of approximately HK$233,862,000 is a margin loan secured by securities listed in the Hong Kong Stock Exchange.

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

	2015 HK$'000	2014 HK$'000
Hong Kong Dollar	**238,471**	5,881
RMB	**495,294**	436,694
Indonesian Rupiah	**212**	–
	733,977	442,575

30. DEFERRED TAX LIABILITIES

The followings are the major deferred tax liabilities recognised by the Group and movements thereon:

	Revaluation of property HK$'000	**Fair value adjustments arising on acquisition of subsidiaries** HK$'000	**Total** HK$'000
At 1 April 2013	57,399	–	57,399
Charge to the consolidated statement of profit or loss (note 12)	6,509	–	6,509
Exchange alignment	223	–	223
At 31 March 2014 and 1 April 2014	64,131	–	64,131
Acquisition of subsidiaries	–	55,944	55,944
Charge/(credit) to the consolidated statement of profit or loss (note 12)	4,283	(901)	3,382
At 31 March 2015	68,414	55,043	123,457

Under the New Tax Law, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards. At the end of the reporting period, the aggregate amount of temporary difference relating to undistributed profits of subsidiaries and associate of the Group for which deferred tax liabilities have not been recognised was approximately HK$520,665,000 (2014: HK$222,165,000). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

31. SHARE CAPITAL

	Number of shares		Nominal value	
	2015	2014	**2015**	2014
			HK$'000	HK$'000
Issued and fully paid:				
Voting ordinary shares:				
At beginning of the year	**6,078,669,363**	6,078,669,363	**2,490,454**	607,867
Transfer from share premium (note 33)	**–**	–	**–**	1,882,587
At the end of the year	**6,078,669,363**	6,078,669,363	**2,490,454**	2,490,454

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

32. SHARE OPTIONS

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. The Company adopted a share option scheme pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 12 August 2011 (the "Share Option Scheme"). The Share Option Scheme became effective for a period of 10 years commencing on 12 August 2011. Under the Share Option Scheme, the Board is authorised, at their discretion, invite a wider category of participants as defined in the Company's circular issued on 18 July 2011 (the "Participants"), to take up options to subscribe for fully paid ordinary shares in the Company subject to the terms and conditions stipulated therein.

The subscription price for shares under the Share Option Scheme shall be a price determined by the directors, but shall not be less than the highest of (i) the closing price of shares as stated in the Stock Exchange's daily quotation sheet on the date of the offer of grant, which must be a trading day; (ii) the average closing price of shares as stated in the Stock Exchange's daily quotation sheet for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of a share.

The total number of shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option scheme of the Company (including exercised, cancelled and outstanding options) to each Participant in any 12-month period shall not exceed 1% of the issued share capital of the Company in issue (the "Individual Limited"). Any further grant of options in excess of the Individual Limited in any 12-month period up to and including the date of such further grant, shall be subject to the issue of a circular to the shareholders and the shareholders' approval in general meeting of the Company with such Participant and his associates abstaining from voting.

No share option was granted under the Share Option Scheme during the years ended 31 March 2015 and 2014.

33. STATEMENT OF FINANCIAL POSITION AND MOVEMENT OF RESERVES OF THE COMPANY

(a) Statement of financial position of the Company

	At 31 March 2015 HK$'000	2014 HK$'000
Non-current assets		
Interests in subsidiaries	**1,130,120**	1,130,044
Other non-current assets	**4,333**	6,500
	1,134,453	1,136,544
Current assets		
Trade and other receivables and prepayments	**425**	507,494
Financial assets at fair value through profit or loss	**368,193**	188,509
Amounts due from subsidiaries	**2,484,277**	1,994,179
Cash and cash equivalents	**292**	8,915
	2,853,187	2,699,097
Total assets	**3,987,640**	3,835,641
Equity		
Share capital	**2,490,454**	2,490,454
Reserves (note 33(b))	**337,597**	500,295
	2,828,051	2,990,749
Current liabilities		
Trade and other payables and deposits received	**3,411**	11,654
Amounts due to subsidiaries	**919,816**	833,238
Other borrowings	**233,862**	–
Amount due to an associate	**2,500**	–
Total liabilities	**1,159,589**	844,892
Total equity and liabilities	**3,987,640**	3,835,641
Net current assets	**1,693,598**	1,854,205
Total assets less current liabilities	**2,828,051**	2,990,749

33. STATEMENT OF FINANCIAL POSITION AND MOVEMENT OF RESERVES OF THE COMPANY *(Continued)*

(b) Movement of reserves of the Company

The changes in the share reserves of the Company during the years ended 31 March 2015 and 2014 are as follows:

	Share premium HK$'000	Contributed surplus HK$'000	Exchange reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2013	1,882,587	1,342,477	(5,473)	(635,481)	2,584,110
Exchange differences on translation	–	–	3,991	–	3,991
Release of reserve upon termination of oversea branches	–	–	1,482	(1,482)	–
Net loss for the year	–	–	–	(205,219)	(205,219)
Total comprehensive income/(loss) for the year	–	–	5,473	(206,701)	(201,228)
Transfer to share capital (note 31)	(1,882,587)	–	–	–	(1,882,587)
At 31 March 2014 and 1 April 2014	–	1,342,477	–	(842,182)	500,295
Net loss for the year	–	–	–	(162,698)	(162,698)
Total comprehensive loss for the year	–	–	–	(162,698)	(162,698)
At 31 March 2015	**–**	**1,342,477**	**–**	**(1,004,880)**	**337,597**

34. DISPOSAL OF SUBSIDIARIES

For the year ended 31 March 2014

(a) On 23 September 2013, the Group entered into a sale and purchase agreement to disposal of 100% equity interest and a shareholder's loan of approximately HK$4,160,000 in Grand Bright Group Holdings Limited and its wholly owned subsidiary, 國中乾源(上海)有限公司 (collectively referred as the "Grand Bright Group") at a total consideration of HK$100. The Grand Bright Group is engaged in supply and procurement operation. The disposal was completed on 30 September 2013, on which date control of the Grand Bright Group was passed to the acquirer.

34. DISPOSAL OF SUBSIDIARIES *(Continued)*

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

(a) *(Continued)*

Analysis of assets and liabilities over which control was lost:

	HK$'000
Other receivable	5
Cash and cash equivalent	188
Trade payables	(1,860)
Other payables	(4,603)
Amount due to a shareholder	(4,160)
Net liabilities of the Grand Bright Group	(10,430)
Sale loan	4,160
Gain on disposal of the Grand Bright Group	6,270
Consideration	–
Net cash outflow arising from disposal	
Cash and cash equivalent disposal of	(188)

The impact of Grand Bright Group on the Group's results and cash flows in the current and prior periods is disclosed in note 13 to the consolidated financial statements.

(b) On 5 November 2013, the Group entered into a sale and purchase agreement to disposal of 80% equity interest in 國中(漢中)石門供水有限公司 at a total consideration of RMB1,000,000 (equivalent to approximately HK$1,258,000). 國中(漢中)石門供水有限公司 is engaged in water supply operation.

Analysis of assets and liabilities over which control was lost:

	HK$'000
Property, plant and equipment (note 18)	38
Intangible assets	125,280
Other receivables	147
Cash and cash equivalent	163
Other payables	(20,908)
Amount due to fellow subsidiaries	(106,030)
Net liabilities of 國中(漢中)石門供水有限公司	(1,310)
Less: Non-controlling interests	(2,279)
Exchange fluctuation reserve realised	4,074
Gain on disposal of 國中(漢中)石門供水有限公司	773
Consideration satisfied by cash	1,258
Net cash inflow arising from disposal	
Cash consideration received	1,258
Less: Cash and cash equivalent disposed of	(163)
	1,095

34. DISPOSAL OF SUBSIDIARIES *(Continued)*

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

(c) On 3 December 2013, the Group entered into a sale and purchase agreement to disposal of 80% equity interest in 漢中市國源供水有限公司 at a total consideration of RMB4,000,000 (equivalent to approximately HK$5,031,000). 漢中市國源供水有限公司 is engaged in water supply operation.

Analysis of assets and liabilities over which control was lost:

	HK$'000
Amount due from fellow subsidiaries	6,081
Cash and cash equivalent	121
Net assets of 漢中市國源供水有限公司	6,202
Less: Non-controlling interests	(1,240)
Gain on disposal of 漢中市國源供水有限公司	69
Consideration satisfied by cash	5,031
Net cash inflow arising from disposal	
Cash consideration receivable	5,031
Less: Cash and cash equivalent disposed of	(121)
	4,910

(d) On 2 December 2013, the Group entered into a sale and purchase agreement to disposal of 80% equity interest in Interchina Northwest Nonferrous Holdings Limited at a total consideration of approximately HK$200 and sale loan of approximately HK$32,000. Interchina Northwest Nonferrous Holdings Limited is a dormant company.

Analysis of assets and liabilities over which control was lost:

	HK$'000
Other receivables	1
Other payables	(4)
Amount due to the shareholder	(32)
Net liabilities of Interchina Northwest Nonferrous Holdings Limited	(35)
Less: Non-controlling interests	(1)
Sale loan	32
Gain on disposal of Interchina Northwest Nonferrous Holdings Limited	4
Consideration satisfied by cash	–
Net cash inflow arising from disposal	
Cash consideration received	–

35. ACQUISITION OF SUBSIDIARIES

On 29 November 2013, the Group entered into the sale and purchase agreement with Mr. Jiang Zhaobai ("Mr. Jiang") and Mr. Jiang Lei, being Mr. Jiang's brother (collectively the "Vendors"), where Mr. Jiang is an executive director and the chairman of the Company, regarding the acquisition of the entire equity interests in Loyal Rich International Investment Limited and its subsidiaries (the "Loyal Rich Group") and the amount owing by Loyal Rich Group to the Vendors at the consideration of HK$573,000,000, (the "Acquisition"). The Acquisition was completed on 18 December 2014. Details of the Acquisition are disclosed in the Company's announcement and circular on 29 November 2013 and 23 January 2014 respectively.

35. ACQUISITION OF SUBSIDIARIES *(Continued)*

Analysis of assets and liabilities recognised at fair value at the date of acquisition:

	HK$'000
Property, plant and equipment (note 18)	580,332
Inventories	14
Trade and other receivables and prepayments	2,341
Cash and cash equivalents	8,498
Trade and other payables	(7,058)
Tax payable	(922)
Amount due to shareholders	(384,872)
Deferred tax liabilities	(55,943)
Net assets acquired	142,390
Shareholders' loan	384,872
Goodwill	45,738
Consideration satisfied by cash	573,000
Net cash outflow arising from acquisition	
Cash consideration paid	(573,000)
Add: Cash and cash equivalent acquired	8,498
	(564,502)

Since the Acquisition, the Loyal Rich Group contributed approximately HK$7,595,000 to the Group's turnover and loss of HK$1,329,000 to the consolidated loss for the year ended 31 March 2015.

Had the Acquisition taken place at the beginning of the year, the turnover from continuing operations of the Group and the loss of the Group for the year would have been approximately HK$76,285,000 and HK$515,557,000 respectively.

Acquisition-related costs amounting to approximately HK$1,152,000 have been excluded from the consideration transferred and have been recognised as an expense, within "other operating expenses" line item in the consolidated statement of profit or loss.

The fair value of trade and other receivables and prepayments at the date of Acquisition is approximately HK$2,341,000. The gross contractual amount for trade and other receivables and prepayments due is approximately HK$2,341,000, of which the best estimate at the date of acquisition of the contractual cash flows are expected to be fully collectable.

36. ACQUISITION OF ASSET THROUGH ACQUISITION OF A SUBSIDIARY

On 18 July 2013, the Group entered into a sale and purchase agreement to acquire 100% equity interest and a shareholder loan of approximately HK$1,374,000 in Joint Triumph Investment Limited ("Joint Triumph") at a total consideration of HK$2,050,000. Joint Triumph is engaged in renting of motor vehicle and its only asset is a motor vehicle. The transaction has been accounted for as acquisition of asset that does not meet the definition of a business combination. The transaction had been completed on 19 July 2013.

36. ACQUISITION OF ASSET THROUGH ACQUISITION OF A SUBSIDIARY *(Continued)*

Asset acquired and liability recognised at the date of acquisition is as follows:

	HK$'000
Property, plant and equipment (note 18)	2,053
Amount due to the shareholder	(1,374)
Accrual	(3)
	676
Sale loan	1,374
Consideration	2,050
Satisfied by:	
Cash and cash equivalent	2,050
Net cash outflow arising from acquisition	
Cash consideration paid	(2,050)

37. CAPITAL COMMITMENTS

	2015 HK$'000	2014 HK$'000
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of:		
— acquisition of property, plant and equipment	**–**	2,109
— acquisition of subsidiaries	**159,000**	891,000

38. OPERATING LEASE COMMITMENTS

The Group as lessee

At 31 March 2015 and 2014, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of rented premises which fall due as follows:

	2015 HK$'000	2014 HK$'000
Within one year	**8,004**	9,298
In the second to fifth year inclusive	**9,957**	25,604
	17,961	34,902

Operating lease payments represent rentals payable by the Group for certain of its office properties and land use rights in the PRC. Leases for the office properties are negotiated for an average term of three years. Lease for land use rights in the PRC is negotiated for 20 years.

38. OPERATING LEASE COMMITMENTS *(Continued)*

The Group as lessor

Property rental income earned during the year was approximately HK$25,941,000 (2014: HK$23,473,000). Some of the properties held have committed tenants for one to two years.

At 31 March 2015, the Group had contracted with tenants for the following future minimum lease payments:

	2015 HK$'000	2014 HK$'000
Within one year	**25,147**	23,163
In the second to fifth year inclusive	**38,532**	38,810
After five years	**–**	4,480
	63,679	66,453

39. RETIREMENT BENEFITS SCHEMES

(a) The Group operates a Mandatory Provident Fund Scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Pursuant to the rules of the MPF Scheme, the Group and its employees are each required to make contributions to the scheme at specific rates, subject to relevant income levels. Contributions of the Group to the MPF Scheme are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme.

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

(c) Employees employed by the Group outside Hong Kong are covered by the appropriate local retirement benefits schemes pursuant to the local labour rules and regulations.

40. MATERIAL RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in these consolidated financial statements, the Group entered into the following material transactions with related parties during the year:

(a) On 29 November 2013, the Group entered into the sale and purchase agreement with Mr. Jiang and Mr. Jiang Lei, being Mr. Jiang's brother, where Mr. Jiang is an executive director and the chairman of the Company, regarding the acquisition of the entire equity interests in Loyal Rich and the amount owing by Loyal Rich Group to the Vendors at the consideration of HK$573,000,000. Details of the Acquisition are set out in note 35.

(b) During the year ended 31 March 2015, the rental income and rental deposit amounted to approximately HK$4,570,000 (2014: HK$736,000) and HK$7,156,000 (2014: HK$7,190,000) respectively were received or receivable from Heilongjiang Interchina, an associate of the Company.

40. MATERIAL RELATED PARTY TRANSACTIONS *(Continued)*

(c) Compensation of key management personnel

Compensation for key management personnel, including amounts paid to the Company's directors and the senior executives are as follow:

	2015 HK$'000	2014 HK$'000
Salaries and other short-term benefits	**8,290**	9,860
Pension scheme contributions	**142**	380
	8,432	10,240

Further details of directors' emoluments are included in note 9(a) to the consolidated financial statements.

(d) During the year ended 31 March 2015, the Company was reimbursed from Heilongjiang Interchina amounted to HK$1,950,000 regarding the salary paid to Mr. Zhu Yongjun as the role of director of Heilongjiang Interchina for the year. He was an executive director of the Company from May 2008 to February 2013.

41. GOVERNMENT SUBSIDIES

During the year ended 31 March 2014, the Group received government subsidies of approximately HK$17,758,000 for its operations in certain provinces in the PRC. The amount has been included in other income. No government subsidies has been obtained by the Group during the year ended 31 March 2015.

42. FINANCIAL RISK MANAGEMENT

Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, bank balances, cash and cash equivalents, loan receivables, amount due from an associate, financial assets at fair value through profit or loss, trade and other payables, amount due to an associate and bank and other borrowings. Details of these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Categories of financial instruments

	2015 HK$'000	2014 HK$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**1,344,180**	825,500
Financial assets at fair value through profit or loss	**368,193**	188,509
Financial liabilities		
Amortised cost	**790,407**	510,468

42. FINANCIAL RISK MANAGEMENT *(Continued)*

Financial risk factors

The Group is exposed to a variety of financial risks: market risk (including foreign exchange risk and price risk), credit risk, liquidity risk and cash flow and fair value interest rate risk, which result from both its operating and investing activities. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group's treasury function operates as a centralised service for managing financial risks and for providing cost efficient funding to the Group.

(a) Market risk

(i) Foreign exchange risk

The Group operates mainly both in the PRC and Hong Kong and majority of transactions are denominated in RMB and Hong Kong dollars. It results the Group exposed to foreign exchange risk arising from the exposure of RMB against Hong Kong dollars.

Sensitivity analysis

The sensitivity at the end of the reporting period to a reasonably possible change of 5% in the exchange rate of Hong Kong Dollar against RMB, with all other variables held constant, of the Group's loss before tax and the Group's equity would be increased or decreased by approximately HK$2,162,000 (2014: HK$2,674,000).

(ii) Price risk

The Group is exposed to equity securities price risk because investments held by the Group are classified on the consolidated statement of financial position as financial assets at fair value through profit or loss which are measured at fair value at the end of each reporting period. The Group manages the price risk exposure by maintaining a portfolio of investments with different risk profiles.

Sensitivity analysis

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

If the prices of the respective equity instruments have been 5% higher/lower, loss before taxation for the Group would be decreased/increased by approximately HK$18,410,000 (2014: profit before taxation increased/decreased by approximately HK$9,425,000) as a result of the changes of fair value of financial assets at fair value through profit or loss.

(b) Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations as at 31 March 2015 in relation to each class of recognised financial assets is the carrying amount of those assets. With respect to credit risk arising from loan receivables, the Group's exposure to credit risk arising from default of the counterparty is limited as the counterparty has good history of repayment. The Group's time deposits are deposited with banks of high credit quality in Hong Kong.

The Group made transactions with counterparties with acceptable credit quality in conformance to the Group treasury policies to minimise credit exposure. Acceptable credit ratings from reputable credit rating agencies and scrutiny of financials for nonrated counterparties are two important criteria in the selection of counterparties. The credit quality of counterparties will be closely monitored over the life of the transactions. The Group reviews its financial counterparties periodically in order to reduce credit risk concentrations relative to the underlying size and credit strength of each counterparty and ensure that adequate impairment losses are made for irrecoverable amounts.

42. FINANCIAL RISK MANAGEMENT *(Continued)*

Financial risk factors *(Continued)*

(b) Credit risk *(Continued)*

In an attempt to forestall adverse market movement, the Group also monitors potential exposures to each financial institution counterparty.

Other than concentration of credit risk on the loan receivables, the Group does not have any other significant concentration of credit risk.

(c) Liquidity risk

The Group manages liquidity risk by maintaining adequate reserves and considering of obtaining banking facilities to support the Group's short, medium and long-term funding and liquidity management requirements. In addition, the management of the Group continuously monitors forecast and actual cash flows and matches the maturity profiles of financial assets and liabilities.

The following table details the remaining contractual maturities at the end of the reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on weighted average effective interest rates) and the earliest date the Group can be required to pay:

	Weighted average effective interest rate	Within 1 year or on demand HK$'000	Between 1 and 5 years HK$'000	Over 5 years HK$'000	Total contractual undiscounted cash flows HK$'000	Total carrying amount HK$'000
At 31 March 2015						
Trade and other payables	**–**	**56,430**	**–**	**–**	**56,430**	**56,430**
Bank and other borrowings	**2.45%-8.20%**	**741,272**	**–**	**–**	**741,272**	**733,977**
		797,702	**–**	**–**	**797,702**	**790,407**

	Weighted average effective interest rate	Within 1 year or on demand HK$'000	Between 1 and 5 years HK$'000	Over 5 years HK$'000	Total contractual undiscounted cash flows HK$'000	Total carrying amount HK$'000
At 31 March 2014						
Trade and other payables	–	51,593	–	–	51,593	51,593
Bank and other borrowings	2.45%-8.63%	473,025	–	–	473,025	442,575
Amount due to an associate	–	16,300	–	–	16,300	16,300
		540,918	–	–	540,918	510,468

Bank borrowings with a repayment on demand clause are included in the "within 1 year or on demand" time band in the above maturity analysis. As at 31 March 2015, the aggregate undiscounted principal amounts of bank borrowings amounted to approximately HK$16,780,000 (2014: HK$22,100,000).

42. FINANCIAL RISK MANAGEMENT *(Continued)*

Financial risk factors *(Continued)*

(c) Liquidity risk *(Continued)*

The following table summarises the maturity analysis of term loans with a repayment on demand clause based on agreed scheduled repayments set out in the loan agreements. The amounts include interest payments computed using contractual rates. As a result, these amounts were greater than the amounts disclosed in the "on demand" time band in the analysis contained above. Taking into account the Group's financial position, the directors of the Company do not consider that it is probable that the bank and other lender will exercise their discretion to demand repayment immediately. The directors of the Company believe that such term loans will be repaid in accordance with the scheduled repayment dates as set out in the loan agreements.

	Weighted average effective interest rate	Within 1 year or on demand HK$'000	Between 1 and 5 years HK$'000	Over 5 years HK$'000	Total contractual undiscounted cash flows HK$'000	Total carrying amount HK$'000
At 31 March 2015	**2.45%-8.20%**	**741,272**	**–**	**–**	**741,272**	**733,977**
At 31 March 2014	2.45%-8.63%	473,025	–	–	473,025	442,575

(d) Cash flow and fair value interest rate risk

Bank and other borrowings at variable interest rates expose the Group to cash flow interest rate risk and those at fixed rates expose the Group to fair value interest rate risk. The Group monitors the interest rate risk exposure on a continuous basis and adjusts the portfolio of borrowings where necessary.

Sensitivity analysis

The sensitivity analysis below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For variable-rate borrowings, the analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis points increase or decrease in HIBOR is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's loss for the year ended 31 March 2015 would increase/decrease by approximately HK$3,670,000 (2014: profit decreased/increased by approximately HK$2,213,000). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

Fair value measurement

HKFRS 7 (Amendment) "Financial Instruments — Disclosures" requires disclosure of fair value measurements for financial instruments by level of the following fair value measurement hierarchy:

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 (that is, as prices) or indirectly (that is, derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

42. FINANCIAL RISK MANAGEMENT *(Continued)*

Fair value estimation *(Continued)*

The following table presents the Group's financial assets and financial liabilities that are measured at fair value at 31 March 2015 and 2014:

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
As at 31 March 2015				
Financial assets at fair value through profit or loss	**368,193**	**–**	**–**	**368,193**
As at 31 March 2014				
Financial assets at fair value through profit or loss	188,509	–	–	188,509

Details of the Group's non-financial assets that are measured at fair value at 31 March 2015 and 2014 were set out in the note 17 to the consolidated financial statements.

There has been no significant transfers between level 1, 2 and 3 in the reporting period.

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

Capital risk management

The primary objective of the Group's capital management is to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders. The Group's overall strategy remains unchanged from prior year.

The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of issue new shares or sell assets to reduce debts.

The Group monitors its capital on the basis of the gearing ratio of borrowings over total equity. This ratio is calculated as borrowings less cash and cash equivalent divided by total equity. The Group aims to maintain the gearing ratio at a reasonable level.

The gearing ratios at the end of the reporting period are as follows:

	2015 HK$'000	2014 HK$'000
Total borrowings (note 29)	**733,977**	442,575
Less: Cash and cash equivalents (note 27)	**(468,859)**	(321,777)
	265,118	120,798
Total equity	**4,980,734**	5,458,884
Gearing ratio	**5.32%**	2.21%

43. MAJOR NON-CASH TRANSACTIONS

The Group had no major non-cash transactions of investing and financing activities during the years ended 31 March 2015 and 2014.

44. PARTICULARS OF PRINCIPAL SUBSIDIARIES

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

Name of subsidiary	Place of incorporation/ registration and operation	Paid-up issued ordinary shares/ registered capital* HK$ (unless otherwise stated)	Percentage of issued ordinary shares/registered capital held by the Company Directly %	Indirectly %	Principal activity
Interchina (Tianjin) Water Treatment Company Limited*	PRC	RMB900,000,000	100	–	Environmental protection
Action Investments Limited	Hong Kong	100	100	–	Property investment
Jet Source Investment Limited	Hong Kong	2	100	–	Property investment
Success Flow International Limited	BVI	US$1	100	–	Investment holding
Long Bao Property Limited	Hong Kong	100	–	100	Investment holding
External Fame Limited	BVI	US$1	–	100	Investment holding
北京龍堡物業管理有限公司*	PRC	RMB45,000,000	–	100	Property investment
北京博雅宏遠物業管理有限公司*	PRC	RMB20,000,000	–	100	Property investment
Omnigold Resources Limited	BVI	US$1	–	100	Property investment
Interchina Finance (H.K.) Limited	Hong Kong	10,000	–	100	Provision of financial services
Interchina Resources Holdings Limited	Hong Kong	100	100	–	Investment holding
Universe Glory Limited	BVI	US$50,000	–	100	Natural resources investment
P.T.Satwa Lestari Permai	Indonesia	RP5,000,000,000	–	65	Exploration, mining, processing and sale of manganese resources
Everchina Hotel Investment Limited	BVI	US$10,000	100	–	Investment holding
Loyal Rich International Investment Limited	Hong Kong	10,000	–	100	Hotel investment
天富(上海)酒店管理有限公司*	PRC	RMB2,000,000	–	100	Hotel management
Interchina Corporate Services Limited	Hong Kong	10,000	100	–	Management

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

* Wholly-owned foreign enterprise

44. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(Continued)*

Details of non-wholly owned subsidiary that has material non-controlling interests

The following table lists out the information relating to P.T. Satwa Lestari Permai, the only subsidiary of the Group which has material non-controlling interests. The summarised financial information of P.T. Satwa Lestari Permai is set out below:

	2015 **HK$'000**	2014 HK$'000
Non-controlling interests percentage	**35%**	35%
Current assets	**327**	383
Non-current assets	**870,458**	1,078,328
Current liabilities	**(13,275)**	(12,381)
Net assets	**857,510**	1,066,330
Equity attributable to owners of the Company	**554,348**	682,275
Non-controlling interests	**303,162**	384,055

	2015 **HK$'000**	2014 HK$'000
Turnover	**–**	–
Loss for the year	**(204,435)**	(32,852)
Loss for the year attributable to:		
Owners of the Company	**(122,008)**	(32,274)
Non-controlling interests	**(82,427)**	(578)
	(204,435)	(32,852)
Total comprehensive loss attributable to:		
Owners of the Company	**(122,008)**	(32,274)
Non-controlling interests	**(82,427)**	(578)
Total comprehensive loss for the year	**(204,435)**	(32,852)
Dividend paid to non-controlling interests	**–**	–
Net cash (used in)/generated from operating activities	**(349)**	2,493
Net cash used in investing activities	**–**	(2,420)
Net (decrease)/increase in cash and cash equivalents	**(349)**	73

The information above is the amount before inter-company eliminations.

Cash and bank balances held by the subsidiaries of the Company amounted to approximately HK$464,651,000 in aggregate are held in the PRC and are subject to local exchange control regulations. These local exchange control regulations provide for restrictions on exporting capital from the country, other than through normal dividends.

45. EVENTS AFTER THE REPORTING PERIOD

(a) On 28 April 2015, the Company entered into a bought and sold note with Ms. Pauline Po ("Ms. Po"), an independent third party, pursuant to which the Company disposed to Ms. Po the 119,500,000 shares of Honbridge Holdings Limited ("Honbridge"), representing approximately 1.7985% of the issued share capital of Honbridge (based on the 6,644,571,606 number of issued shares of Honbridge as at 31 March 2015 according to publicly available information), at a total cash consideration of HK$167,300,000. Honbridge is a company incorporated in the Cayman Islands with limited liabilities and the shares of which are listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (Stock Code: 8137). The disposal has been completed on 29 April 2015. Details of which was set out in the Company's announcement dated 28 April 2015.

(b) On 21 March 2014, Interchina Resources Holdings Limited, a wholly-owned subsidiary of the Company entered into the sale and purchase agreement with Mr. Ji WenWen regarding the further acquisition of the 30% equity interest in an Indonesian Company at the consideration of HK$318,000,000. As at the date of approval of these consolidated financial statements, acquisition of the additional interests has not completed and the management of the Group was still in the midst of determining the financial effect of the aforesaid transactions. Details of which were set out in the Company's announcements dated 21 March 2014, 30 April 2014, 30 May 2014, 20 June 2014, 15 August 2014 and 30 September 2014, 31 December 2014, 31 March 2015 and 20 May 2015 and the Company's circular dated 7 July 2014.

46. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 26 June 2015.

FIVE YEAR FINANCIAL SUMMARY

For the year ended 31 March 2015

RESULTS

	For the year ended 31 March				
	2015 HK$'000	2014 HK$'000	2013 HK$'000	2012 HK$'000 (Restated)	2011 HK$'000 (Restated)
Turnover	**66,534**	40,785	370,612	405,502	413,473
(Loss)/profit from ordinary activities before taxation	**(402,065)**	121,932	1,188,543	(256,225)	(39,901)
Taxation	**(54,009)**	58,579	(160,766)	(16,104)	(43,018)
(Loss)/profit for the year from continuing operations	**(456,074)**	180,511	1,027,777	(272,329)	(82,919)
Loss for the year from discontinued operation	**(29,512)**	(1,696)	(79,492)	(22,218)	–
(Loss)/profit for the year	**(485,586)**	178,815	948,285	(294,547)	(82,919)
Owners of the Company	**(403,159)**	177,124	942,344	(356,396)	(101,699)
Non-controlling interests	**(82,427)**	1,691	5,941	61,849	18,780
(Loss)/profit for the year	**(485,586)**	178,815	948,285	(294,547)	(82,919)

ASSETS AND LIABILITIES

	As at 31 March				
	2015 HK$'000	2014 HK$'000 (Restated)	2013 HK$'000	2012 HK$'000 (Restated)	2011 HK$'000 (Restated)
Total assets	**5,900,132**	6,033,557	6,539,062	7,228,609	6,834,487
Total liabilities	**(919,398)**	(574,673)	(1,304,857)	(2,498,876)	(2,541,386)
Non-controlling interests	**(303,162)**	(384,055)	(385,884)	(1,346,902)	(831,602)
Shareholders' fund	**4,677,572**	5,074,829	4,848,321	3,382,831	3,461,499

PARTICULARS OF MAJOR PROPERTIES

Location	Use	Lease term
Flat No. 17 on 27/F, Apartment Tower, Western Side of Convention Plaza, Wan Chai, Hong Kong	Residential premises for rental	Long-term lease
Retail portion on basement Level 1, Level 1 to Level 2, 88 office units from Level 3 to Level 12 and 164 carparking spaces on basement, Level 2 and 3 situation at Interchina Commercial Building 33, Dengshikou Street, Dong Cheng District, Beijing, PRC	Commercial premises for rental	Medium-term lease
Level 1–20, 1729 Huangxing Road, Wujiaochang Jiedao, Yangpu District, Shanghai, PRC	Hotel operation	Long-term lease
B2 & B3, 1737 Huangxing Road, Wujiaochang Jiedao, Yangpu District, Shanghai, PRC	Car parking space for rental	Long-term lease