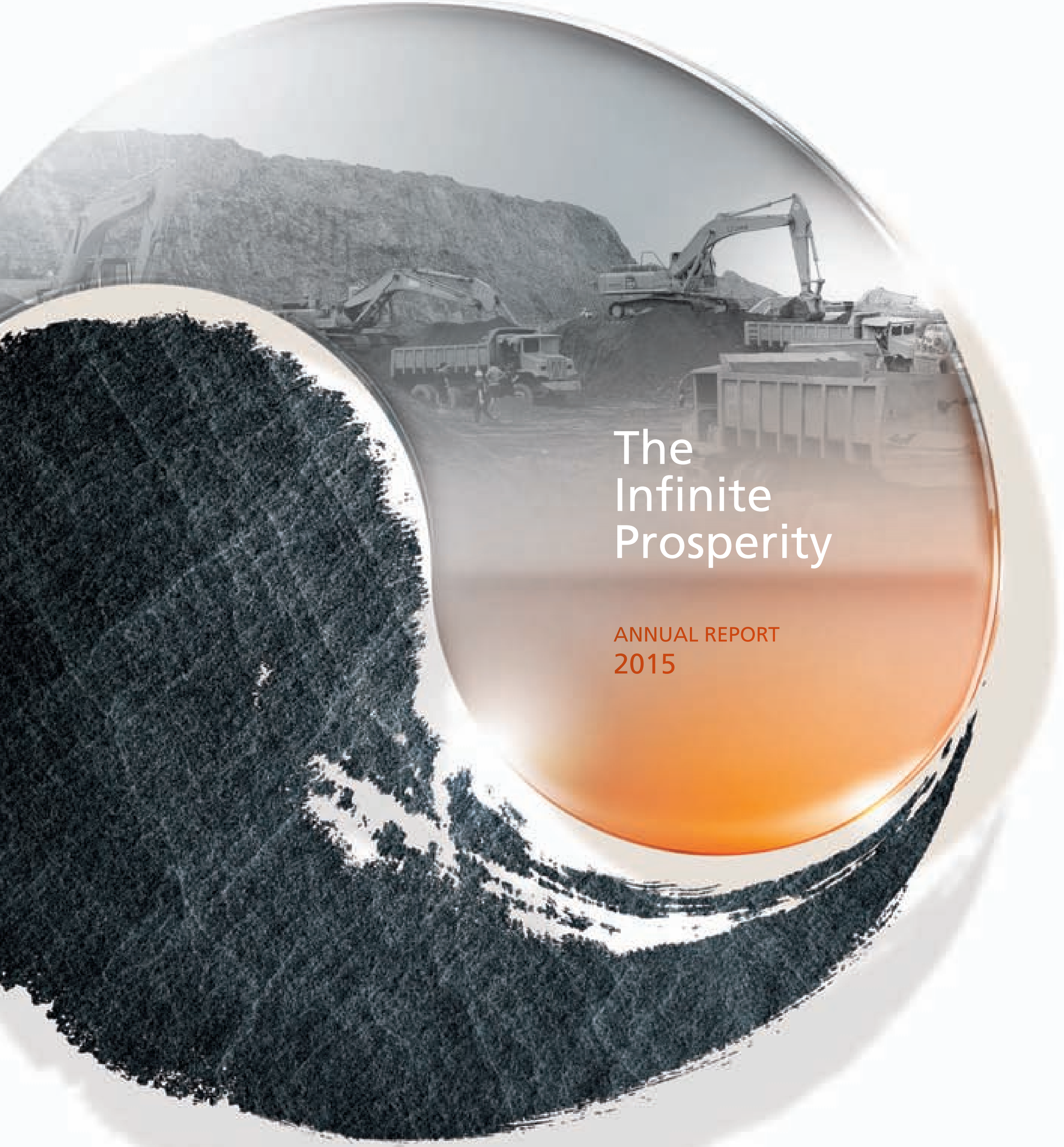
PROSPERITY INTERNATIONAL HOLDINGS (H.K.) LIMITED
昌興國際控股(香港)有限公司
(Incorporated in Bermuda with limited liability)
Stock Code: 803



The Infinite Prosperity

ANNUAL REPORT
2015


KOMATSU
HITACHI

CONTENTS

This annual report is printed on environmentally friendly paper

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. WONG Ben Koon, *Chairman*
Mr. SUN Yong Sen, *Deputy Chairman*
(retired on 15 September 2014)
Dr. MAO Shuzhong
Mr. ZHU Kai, *Deputy Chairman*
(resigned on 31 January 2015)
Mr. WU Likang
Ms. Gloria WONG
Mr. KONG Siu Keung

Non-executive Director

Mr. LIU Yongshun

Independent Non-executive Directors

Mr. YUEN Kim Hung, Michael
Mr. YUNG Ho
Mr. CHAN Kai Nang
Mr. MA Jianwu

QUALIFIED ACCOUNTANT

Mr. KONG Siu Keung, *FCPA, FCCA*

COMPANY SECRETARY

Mr. KONG Siu Keung, *FCPA, FCCA*

AUTHORISED REPRESENTATIVES

Mr. WONG Ben Koon
Mr. KONG Siu Keung

AUDIT COMMITTEE

Mr. YUEN Kim Hung, Michael, *Chairman*
Mr. YUNG Ho
Mr. MA Jianwu

REMUNERATION COMMITTEE

Mr. YUEN Kim Hung, Michael, *Chairman*
Mr. YUNG Ho
Mr. CHAN Kai Nang

NOMINATION COMMITTEE

Mr. CHAN Kai Nang, *Chairman*
Mr. MA Jianwu
Mr. KONG Siu Keung

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

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Tower 2
The Gateway
25 Canton Road
Tsim Sha Tsui
Kowloon
Hong Kong

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Clarendon House
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Hamilton HM 11
Bermuda

BERMUDA PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Codan Services Limited
Clarendon House
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Hamilton HM11
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

STOCK CODE

803

AUDITOR

RSM Nelson Wheeler
Certified Public Accountants
29th Floor
Lee Gardens Two
28 Yun Ping Road
Hong Kong

SOLICITORS

Stephenson Harwood
18th Floor
United Centre
95 Queensway
Hong Kong

PRINCIPAL BANKERS

China Minsheng Banking Corporation Limited, Hong Kong Branch
DBS Bank (Hong Kong) Limited
Hang Seng Bank Limited
Industrial and Commercial Bank of China (Asia) Limited
Standard Chartered Bank (Hong Kong) Limited

COMPANY WEBSITE

www.pihl-hk.com

CHAIRMAN'S STATEMENT

We strengthened and fine-tuned our vertically-integrated iron ore business to fully capitalize on China's increasing reliance on quality iron ore imports.

Prosperity International Holdings (H.K.) Limited (the "Company", which together with its subsidiaries, is collectively referred to as the "Group") pressed ahead with its strategic transformation into a principal iron ore trader by strengthening and fine-tuning its vertically integrated operations that included iron ore mining, processing and trading during the year ended 31 March 2015 (the "Year").

It took an entire equity interest in an iron ore mining and processing business in the State of Pahang, Malaysia and increased its stake in an iron ore mining business in Brazil, thus manoeuvring into a better position to capitalize on China's increasing reliance on quality iron ore imports to satisfy the demand arising from its ongoing urbanization. The initiative was taken amid the global iron ore industry consolidation, which resulted in rapid capacity expansion, oversupply and a significant decline in the price of the commodity in the Year.

While the worldwide industry consolidation will take some time to finish, the Group will continue to reinforce its existing and newly acquired iron ore mining and processing assets to improve the profitability in the future.

Meanwhile, it grasped good investment opportunities in mainland China's property market by embarking on some new projects in economically vibrant cities such as Yancheng and Suzhou following the success of its commercial and residential property projects in Guangzhou.

RESULTS OVERVIEW

For the Year, the Group recorded a net loss of approximately HK$758 million, against the net profit of approximately HK$287 million for the year ended 31 March 2014 (the "Previous Financial Year"). The loss was mainly attributable to a loss of approximately HK$1,099 million arising from the impairment of assets, including the Group's iron ore mining and processing businesses in Malaysia and Brazil, in a re-measurement after the persistent decline in iron ore price, oversupply of the commodity and estimated industry trend have been factored in. In addition, the Group's property project in Zhangzhou, Fujian Province also recorded an impairment loss in the re-measurement of its asset value because of a change in its marketing strategy by which average selling price of residential units had been reduced to attract potential buyers. However, the loss is only provision for impairment of assets and does not affect the Group's cash flow. Basic loss per share was 11.29 HK cents, against the basic earnings per share of 2.04 HK cents for the Previous Financial Year. The board of directors of the Company (the "Director" or "Board") does not recommend payment of a final dividend for the Year (2014: HK$Nil) as it considers that it will be prudent to bolster the internal reserve for implementing its development strategy and enhancing its businesses.

BUSINESS REVIEW

Iron Ore Operations

The world's iron ore industry was undergoing consolidation in which leading industry players had been expanding their production capacity aggressively, leading to oversupply of the commodity and a sharp decline in its price. However, China's appetite for iron ore imports kept growing and its reliance on such imports, which had higher quality and costed less in production, was rising as the country's urbanization picked up steam.

Aiming to win in the industry consolidation and tap into China's huge iron ore market, the Group took a prudent approach to iron ore trading, pressed ahead with its strategy of shifting from agency to principal trading in the commodity, and consolidated its iron ore businesses. For instance, during the Year, it completed the acquisition of an entire stake in Billion Win Capital Limited ("Billion Win") which operates an iron ore mine in Sri Jaya, State of Pahang, Malaysia and an iron ore processing plant nearby. It also increased its equity stake in a Brazilian iron ore mining operation, United Goalink Limited ("UGL"), from 35% to 85% in June 2014. The moves will enable the Group to weather the changes in the market better with a more stable supply of quality iron ore.

Property Investment and Development

By 31 March 2015, 608 of the 649 residential units and 141 of the 251 car parking spaces at Oriental Landmark in Guangzhou were sold and most of them had been delivered to the buyers. The Group recognised an aggregate of approximately RMB772 million (equivalent to approximately HK$965 million) in revenue from the sales for the Year. Moreover, tenancy agreements have been signed over 77% of the shop spaces in the shopping arcade of Oriental Landmark by the end of the Year. The shopping arcade was opened in August 2014.

Following the success of the property project in Guangzhou, the Group actively embarked on several new projects in buoyant cities such as Yancheng and Suzhou in Jiangsu Province.

In Yancheng, the Group will build residential and commercial properties in Binhai County. Construction work has already commenced this year and presale of the residential units is scheduled to commence in the last quarter of 2015. Sale of such residential units is expected to be completed in 2017.

In Suzhou, the Group acquired a 55% equity stake in Suzhou Jiaxin Real Estate Development Company Limited ("Suzhou Jiaxin") that owns the land use rights over a piece of land with a site area of 100,483.3 square metre ("sq. m.") on Xishan Island at the heart of the scenic Taihu Lake. The acquired company will undertake a deluxe property project called Fu Yuan, which will comprise 51 villas, a deluxe hotel and gardens in an ancient, classical architectural style peculiar to Suzhou, with a total gross floor area of 46,170.2 sq.m. The presale of the villas started in the last quarter of 2014.

Clinker and Cement Business

During the Year, the Group was able to satisfy its customers' demand for more cost-competitive clinker and cement by sourcing them from countries where the suppliers were pricing the commodities aggressively because of the oversupply in their domestic markets. We seized this opportunity by matching our customers' preferences to our suppliers' need to export, especially those from Vietnam.

For the Year, the business generated a segment profit of approximately HK$6.2 million, compared with the segment profit of approximately HK$0.6 million for the Previous Financial Year.

The Group holds an equity interest in Anhui Chaodong Cement Company Limited ("ACC"). For the Year, ACC contributed an attributable profit of approximately HK$39.4 million to the Group (The Previous Financial Year: HK$54.8 million). On 31 March 2015, the Company's indirect wholly-owned subsidiary, Prosperity Minerals Investment Limited ("PMIL"), which had originally held a 33.06% equity interest in ACC, entered into an agreement to sell its 15% equity stake in ACC to Anhui Xinli Investment Group Company Limited, an independent third party, for a consideration of RMB580.8 million (equivalent to approximately HK$723 million). The Group recognised a gain of approximately HK$450 million as a result of the disposal of the equity stake.

Operations of Public Ports and Related Facilities

The Group has invested in a public port and provides warehousing services in Jiangsu Province, mainland China, through its 25% equity stake in a joint venture with Anhui Conch Venture Investment Company Limited ("Anhui Conch").

In January 2015, the Group sold its equity interest in the public port to Anhui Conch for a consideration of approximately RMB83.4 million (equivalent to approximately HK$104.3 million) and recorded a gain of approximately HK$19 million, which was recognised during the Year.

The public port recorded an attributable profit of approximately HK$8.1 million from 1 April 2014 to the date of disposal.

PROSPECTS

We expect the global iron ore market to remain oversupplied in the next several years as the expanded production capacity of the world's leading industry players has been going on stream. The surplus of the commodity will be exerting downward pressure on its price.

The improvement of profitability of cost-efficient producers of high-quality iron ore hinges on whether more high-cost, less-efficient competitors will be squeezed out of the market during the industry consolidation, and how well China's increasing reliance on iron ore imports will absorb the surplus.

There are already signs of improving prospects because the Chinese government has been trying to revive the country's property market and cutting the benchmark interest rate several times in an attempt to buck the trend of the slowing economy. In addition, China has proposed the "One Belt, One Road" initiative to boost economic cooperation and development among the countries in Central Asia, West Asia, the Middle East and Europe. These measures will probably generate huge demand for iron ore.

To gear up for such opportunities, the Group has already been transforming itself into a principal iron ore trader with stable supply and efficient operations of mining, processing and trading. Notably, it did so by acquiring a majority stake in a low-cost and efficient producer of high-quality iron ore such as UGL in Brazil, and by completing the acquisition of an entire equity stake in Billion Win in Malaysia during the Year. It also reached an iron ore off-take agreement to supply 3.3 million tonnes of iron ore to Nanjing Iron and Steel Group Co., Ltd. ("Nanjing IS"), a mainland Chinese steel producer.

Stepping up its efforts to tap into China's promising market, the Group has been increasing its investment in the country's property market by starting several projects in thriving cities, including Yancheng and Suzhou. The investments there will allow the Group to continue the momentum of its successful property business as demonstrated by its property project Oriental Landmark in Guangzhou.

We will continue to execute our business strategies and plans, aiming to bring good returns to the shareholders.

WORDS OF THANKS

On behalf of the Company, I would like to express my gratitude to our shareholders and business partners for their support and to the management and staff for their dedication during the Year. I believe we can create a bright future with our concerted effort.

WONG Ben Koon
Chairman
Hong Kong, 30 June 2015

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS OVERVIEW

For the Year, Prosperity International Holdings (H.K.) Limited ("Prosperity" or the "Company") and its subsidiaries (collectively referred to as the "Group") recorded a net loss of approximately HK$758 million, against the net profit of approximately HK$287 million for the Previous Financial Year. The loss was mainly attributable to a loss of approximately HK$1,099 million arising from the impairment of assets, including the Company's wholly-owned mine in Malaysia and 85%-held mine in Brazil, in a re-measurement after the persistent decline in iron ore price, oversupply of the commodity and estimated industry trend have been factored in. Moreover, the Group's property project in Zhangzhou, Fujian Province also recorded an impairment loss in the re-measurement of its asset value because of a change in its marketing strategy by which average selling price of residential units had been reduced to attract potential buyers. The Group has carried out a review of the recoverable amount of the mining operations in Malaysia and Brazil and the property project in Zhangzhou, Fujian Province, and considered the value-in-use of the cash-generating units ("CGUs") in accordance with the Hong Kong Accounting Standard 36, "Impairment of Assets". The loss is only provision for impairment of assets and does not affect the Group's cash flow. For further details and explanation of the impairment losses and the valuation method, please refer to note 21 and 23 to the consolidated financial statements. Basic loss per share was 11.29 HK cents, against the basic earnings per share of 2.04 HK cents of the Previous Financial Year.

The Board does not recommend payment of a final dividend for the Year (2014: HK$Nil).

Creating Opportunities

BUSINESS REVIEW

PRC Steel Market

China's crude steel output growth decelerated drastically to 0.9% in 2014 from 7.5% in 2013 (source: World Steel Association) as the country's consumption of the alloy dropped for the first time in three decades amid slowing economy, which was characterized by economic restructuring and a property market slump (source: "China's annual steel consumption drops for first time in three decades" Reuters news dated 22 January 2015). The country's apparent crude steel consumption declined 3.4% to 738.3 million tonnes in 2014, according to estimates by the China Iron and Steel Association ("CISA") (source: "China's annual steel consumption drops for first time in three decades" Reuters news dated 22 January 2015).

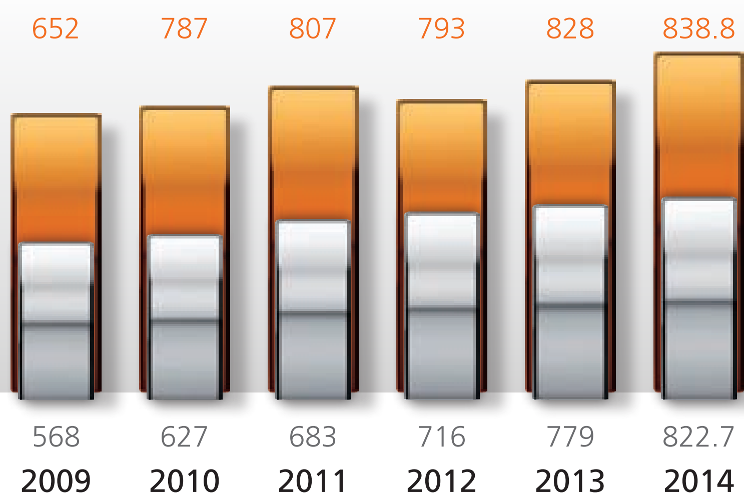
Outpaced by the 1.2% growth in the world's crude steel output in 2014, China produced 822.7 million tonnes of the commodity (source: World Steel Association), but still maintained its dominance with a 49.52% share of the global output of 1,661.5 million tonnes and a 72.66% share of Asia's output of 1,132.3 million tonnes, according to World Steel Association.

The country's decreased demand and its steel industry's persistent overcapacity took their toll on the world's composite carbon steel price, which ended 11.3% lower at US$644 per tonne in December of 2014 from US$726 per tonne in January of the year in a consistent downtrend (source: worldsteelprices.com). Facing the weak domestic demand and overcapacity, Chinese steel mills sought to step up exports, which surged 50.5% to 93.78 million tonnes of steel in 2014, according to the data of the country's National Bureau of Statistics.

Global Steel Production: China vs Rest of the World 2009–2014

Source: Worldsteel

China
ROW



(in million tonnes)

PRC Iron Ore Market

Iron ore imports to China remained robust despite the country's slowing steel output and economy. It was because the increasing global supply of the steel making ingredient at falling prices on the back of rapid capacity expansion by leading, lower-cost iron ore producers boosted the country's reliance on high-quality imports. Presently, China purchases about two-thirds of the world's seaborne iron ore.

The country's iron ore imports rose 13.8% to 932.5 million tonnes in 2014, marking a rise of 9.7 percentage points in China's import dependency to 78.5%, according to the CISA (source: "China plans to subsidise iron ore miners after price slump — paper" Reuters news dated 8 April 2015).

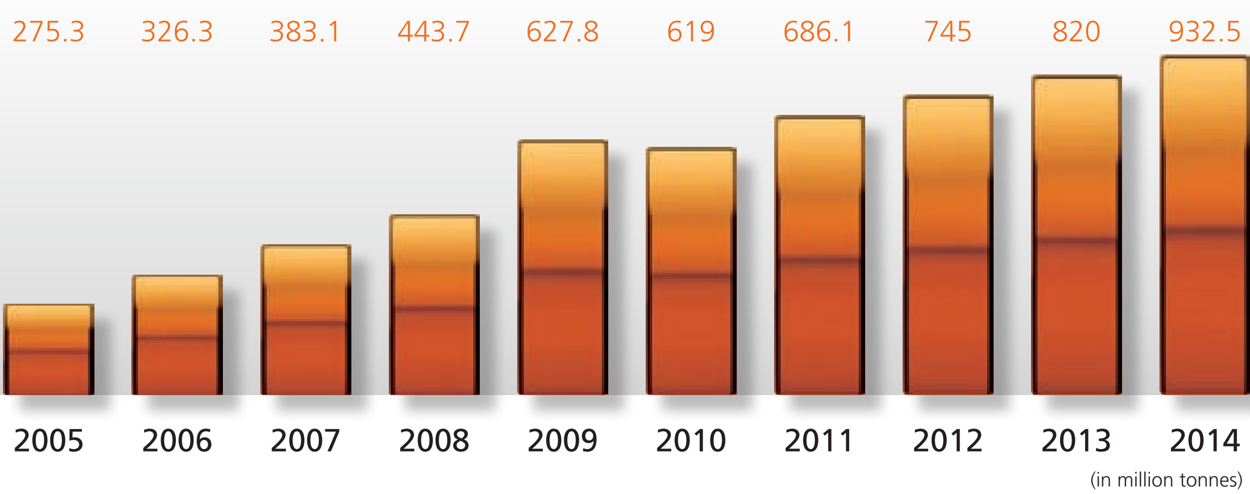
Price of benchmark 62% grade iron ore halved to US$56.94 per dry metric tonne in March 2015 from US$114.58 per dry metric tonne in April 2014 as rapid capacity expansion by major iron ore producers led to oversupply (source: indexmundi). The global surplus of seaborne iron ore supply increased to 72 million tonnes in 2014 from 14 million tonnes in 2013. (source: "Vale's Q1 Preview: Higher Shipment Volumes To Partially Offset Impact Of Lower Iron Ore Prices" Forbes article dated 28 April 2015).

The world's top four iron ore miners, Vale SA, BHP Billiton Ltd., Rio Tinto Group and Fortescue Metals Group Ltd., had turned on the capital expenditure spigot, pumping billions of dollars to ramp up production as they had been banking on China's growing demand for the commodity, not least to realize its grand urbanization project. The capacity expansion initiatives were also aimed at squeezing out high-cost iron ore producers, who found it hard to survive at lower margins resulting from the market glut.

To secure stable supplies of iron ore, China has been diversifying the sources of procurement beyond Australia and Brazil, which shipped 548.4 million tonnes and 170.96 million tonnes of iron ore respectively to the country in 2014. The two countries together had a combined 77.14% share of China's total imports of the commodity in the year (source: "China 2014 iron ore imports from Australia rise 31.6%" Reuters news dated 23 January 2015). Meanwhile, the Chinese government had been encouraging domestic corporations to acquire overseas ore mines.

PRC'S IRON ORE IMPORTS FROM 2005 TO 2014

Source: umetal.com and Tex Report


275.3
326.3
383.1
443.7
627.8
619
686.1
745
820
932.5
2005
2006
2007
2008
2009
2010
2011
2012
2013
2014
(in million tonnes)

Iron Ore Trading and Mining

In order to remain competitive and to fully tap into China's growing appetite for the steel making ingredient, the Group has been developing itself into a low-cost, efficient and stable producer and supplier of high-quality iron ore. It has effectively carried out its strategic transformation into a principal iron ore trader by strengthening and fine-tuning its vertically integrated operations that include iron ore mining, processing and trading.

The Group sources iron ore from the producers of the steel making ingredient in South Africa and Malaysia, and also produces iron ore in its 85%-held mine in Brazil and its wholly-owned mine in Malaysia, and then ships it mainly to the large steel mills in China.

During the Year, the Group acquired or increased its equity stake in competitive iron ore mines in Malaysia and Brazil. Such moves would enable the Group to weather the changes in the market better with a more stable supply of quality iron ore as well as to capitalize on China's increasing dependency on the lower-cost, higher-quality imports of the commodity.

1. Sri Jaya Iron Ore Mining Operation

On 18 June 2014, the Company completed its acquisition of an entire equity interest in Million Sea Group Limited ("Million Sea"), which holds 15% interests in Billion Win, for a consideration of approximately US$44.5 million (equivalent to approximately HK$347 million). Billion Win, through its wholly-owned subsidiaries, operates an iron ore mine in Sri Jaya, State of Pahang, Malaysia ("Sri Jaya Mines") and an iron ore processing plant which is adjacent to the Sri Jaya Mines ("Sri Jaya Plant"). The acquisition enables the Group to strengthen its market position, reinforce its access to reliable sources of iron ore, and also enhance its returns of iron-ore trading business. On 10 October 2014, the Company completed the acquisition of the remaining 85% interests in Billion Win, thus making the Malaysia-based iron ore mining and processing operations its wholly-owned business. Details of the transaction can be found in the section of "Material Acquisition and Disposal" of this annual report.

The Sri Jaya Mines is a resource rich mine in Malaysia and has a total mining area of approximately 420 acres. As at 31 March 2015, it had a combined 94.6 mega tonnes (Mt) probable reserve at an average grade of 41.7% total iron, which exceed the Chinese 30% crude iron ore average grade. The Sri Jaya Mines is an open pit mine which has a mine life of approximately 14 years.

The Group produces the processed iron ore products through Sri Jaya Plant, which is adjacent to the Sri Jaya Mines. The products are processed through a relatively low cost process, including ball-milling, magnetic separation and dewatering. The Sri Jaya Plant is designed to have a feed capacity of 6 Mt per annum, producing a salesable product of 3 Mt per annum. During the period from 10 October 2014 (date of acquisition) to 31 March 2015, Billion Win delivered approximately 169,000 tonnes of iron ore with an iron content approximately ranging from 58% to 62%.

As at 31 March 2015, having regard to the persistent decline in iron ore price, oversupply of the commodity and estimated industry trend, the Group carried out a review of the recoverable amount of Billion Win, which considered the CGU of the Sri Jaya Iron Ore Mining Operation, with reference to the valuation report prepared by independent qualified valuer, and led to the recognition of an impairment loss of approximately HK$522 million and approximately HK$138 million in other intangible assets and property, plant and equipment respectively.

2. Brazilian Iron Ore Mining Operation

In June 2014, the Company increased its equity stake from 35% to 85% in UGL, a joint venture company holding an exploration right over a mining site of approximately 600 square kilometers (sq.km.) and mining concessions over 3 sq.km. of the site in Ceará, Brazil (“Brazil Mine”).

The Group produces the processed iron ore products through the processing plant which is adjacent to the mining concessions and was completed installation in 2013. The products are processed through a relatively low cost process, including magnetic separation. The processing plant is designed to have a feed capacity of 1 million tonnes per annum, producing a saleable product of approximately 600,000 tonnes per annum.

During the Year, UGL delivered approximately 236,800 tonnes of iron ore with an iron content of approximately 62%. For the Previous Financial Year, UGL delivered approximately 21,000 tonnes of iron ore with an iron content of approximately 58% and approximately 148,000 tonnes of 62% grade iron ore.

At 31 March 2015, the Group also carried out the review of the recoverable amount on Brazil Iron Ore Mining Operation, with reference to the valuation report prepared by an independent qualified valuer. Having regard to the significant drop in the iron ore price for the past few months, the review led to the recognition of an impairment loss of approximately HK$35.5 million, HK$24.4 million and HK$70 million for goodwill, property, plant & equipment and other intangible assets respectively.

In addition, the Group owns an iron ore processing plant in Malaysia which is leased back to one of the Group’s long-term iron ore suppliers on an exclusive basis for a fee of HK$19.5 million per annum.

On 12 January 2015, Prosperity Materials Macao Commercial Offshore Limited (“MCO”), a Company’s indirect wholly-owned subsidiary, and Nanjing IS reached a master off-take agreement on iron ore transactions, and the agreement was approved by the shareholders of the Company at the Company’s special general meeting on 13 February 2015. Under the agreement, MCO would sell up to US$389 million (equivalent to approximately HK$3,034.2 million) worth of 62% grade iron ore to Nanjing IS from 12 January 2015 to 11 December 2017. The iron ore to be sold during the period would be total 3.3 million tonnes.

During the Year, the Group shipped approximately 2.3 million tonnes of iron ore, 23% less than that in the Previous Financial Year.

Real Estate Investment and Development

China’s property market peaked and began falling in 2014 as sales declined by 7.6% to about 1.21 billion sq.m. in terms of area and decreased by 6.3% to about RMB7.63 trillion in value, according to the country’s National Bureau of Statistics. Growth of investment in real estate development decelerated to 10.5% in the year from 19.8% in 2013.

In an attempt to revive the flagging property market, the Chinese government had the People’s Bank of China (“PBOC”) loosen the control on mortgage loans. Under such a policy, home buyers as families have been able to take out mortgage loans from banks for their second home on the terms and conditions for first-home buyers if they have already paid off

the mortgage for their first home. Another measure of the central bank that could also favour the property market is the four benchmark interest rate cuts between November of 2014 and June of 2015 to counter the pressure of the slowing economy. Moreover, more and more provincial and municipal governments eased or removed restrictions on the number of home purchases. These policies may help release the pent-up demand. The country's ongoing urbanization also supports the development of its property sector.

During the Year, the Group's business of real estate investment and development continued to focus on China's economically vibrant areas such as Guangzhou in Guangdong province, Zhangzhou in Fujian province, Binhai county in Yancheng and Suzhou in Jiangsu province, by strengthening its existing operations or by embarking on new projects.

1. Guangzhou City, Guangdong Province

   Through its indirect wholly-owned subsidiary, Bliss Hero Investment Limited, the Company has two major property investments in Guangzhou's downtown area, including approximately 11,472 sq.m. of office and commercial space in a commercial building, Silver Bay Plaza, and a 55% interest in a commercial and residential property project called Oriental Landmark.

   As at 31 March 2015, Silver Bay Plaza had an occupancy rate of 92%. The commercial building contributed approximately HK$13 million to the rental income during the Year, compared with approximately HK$12 million during the Previous Financial Year.

   Oriental Landmark is just a few minutes' walk from Beijing Road, a popular pedestrianized shopping street in the centre of the city. The property development project comprises a four-floor shopping arcade with four basement floors (one of which is part of the shopping arcade and the other three form a car park), four residential buildings, of which three are 35-floor high and one is 29-floor high, and a 26-floor commercial building. The aggregate gross floor area of the entire project is approximately 169,202 sq.m.

Presale of residential units at Oriental Landmark commenced in December 2011 and the construction was completed by the end of 2013. By 31 March 2015, 628 of the 649 residential units and 183 of the 251 car parking spaces were sold in which 608 residential units and 141 car parking spaces had been delivered to the buyers. The Group recognised an aggregate of approximately RMB772 million (equivalent to approximately HK$965 million) in revenue from the sales for the Year.

Moreover, tenancy agreements have been signed over 77% of the shop spaces in the shopping arcade of Oriental Landmark by the end of the Year. The shopping arcade was opened in August 2014.

2. Binhai County in Yancheng City, Jiangsu Province

On 1 July 2014, the Group succeeded in bidding RMB455.05 million (equivalent to approximately HK$568.8 million) for the land use rights over a piece of land of 159,698 sq.m. in Binhai county in Yancheng, Jiangsu province to develop residential and commercial properties there. It is accessible through a convenient transportation network that includes two nearby airports, namely Lianyungang Baitabi Airport and Yancheng Airport, the national highway G204 and three expressways, namely Beijing-Shanghai Expressway, Nanjing-Lianyungang Expressway and Nanjing-Jinjiang-Yancheng Expressway.

To leverage the place's favourable policies and advantages, the Group plans to build residential properties such as apartments and houses, and a shopping mall of approximately 368,000 sq.m. on the piece of land that it acquired in the county. The property project will have a plot ratio between 1.0 and 2.3 and gross floor area of 159,698 sq.m. to 367,305 sq.m.

Construction work commenced in 2015 and presale of the residential units is scheduled to commence in the last quarter of 2015, and sale of residential units is expected to be completed in 2017. The Group is negotiating with banks for the construction loan.

3. Suzhou City, Jiangsu Province

In June 2014, the Company completed the acquisition of a 55% equity interest in Suzhou Jiaxin, which owns the land use rights over a piece of land with a site area of 100,483.3 sq.m. in Xishan Island, Wuzhong District, Suzhou city, the PRC, for a consideration of RMB55 million (equivalent to approximately HK$69 million).

The island is located at the heart of the scenic Taihu Lake, and the plot of land, which is to be developed by Suzhou Jiaxin, is adjacent to the Xishan Mountain Scenic Area, an ecological park, a farming zone and a zone for folk customs tour on the Xishan Island. The acquired company will undertake a deluxe property project called Fu Yuan, which will comprise 51 villas, a deluxe hotel and gardens in an ancient, classical architectural style peculiar to Suzhou, with a total gross floor area of 46,170.2 sq.m. The presale of the villas started in the last quarter of 2014.

4. Zhangzhou City, Fujian Province

The Group develops an integrated project of commercial and residential properties and recreational facilities in Zhangzhou City, Fujian Province ("Zhangzhou Property Project") through a 50:50 joint venture.

The project offers high-end accommodation and hot spring resort facilities. The joint venture company buys the land in phases for development.

Under the joint venture agreement, the Group's maximum investment is RMB480 million (equivalent to approximately HK$594 million). Up to 31 March 2015, the Group had invested a total of approximately RMB328 million (equivalent to approximately HK$410 million) in the project.

The presale started from November 2013 and 22 units had been sold with deposits received by the end of March 2015. More residential properties will be available for presale in the coming financial year.

Having regard to the change in marketing strategy to lower the average selling price to attract more potential buyers in response to the recent change in the market condition of the villa market as well as the increase in estimated construction cost incurred for flattening the land in the hillside for the villas, the Group carried out a review of the recoverable amount of the joint venture company which considered the CGU of the Zhangzhou Property Project as at 31 March 2015. As a result, an impairment loss of approximately HK$162.7 million was recognised on interest in a joint venture during the Year.

5. Dongguan City, Guangdong Province

On 5 May 2015, the Company's indirect wholly owned subsidiary, Prosperity Real Estate Holdings Limited ("PREHL"), signed an agreement to form a joint venture with Dongguan City Danxin Property Company Limited for a redevelopment project in Fenggang Town in Dongguan City, Guangdong Province. For further details, please refer to the announcement of the Company dated 5 May 2015.

Clinker and Cement Trading Business and Operation

China's cement output edged up 1.8% to 2.479 billion tonnes in 2014, marking the lowest growth in the past 24 years, according to China Cement Research Institute ("CCRI"). The trend seems to be in line with the country's gross domestic product growth which also hit a record low since 1990. Specifically, the decelerating growth of investment in property development also resulted in a slowdown in the country's fixed asset investment, which in turn led to a significantly slower growth in demand for cement in 2014.

During the Year, the Group was able to satisfy its customer's demand for more cost-competitive clinker and cement by sourcing them from countries where the suppliers were pricing the commodities aggressively because of the oversupply in their domestic markets. We seized this opportunity by matching our customers' preferences to our suppliers' need to export. We also kept assessing the supply and demand in Southeast Asia to spot any advantageous situations.

The Group's management guided the clinker and cement trading business through the highly competitive environment with its experience, expertise and extensive regional network. For the Year, the business generated a segment profit of approximately HK$6.2 million, compared with the segment profit of approximately HK$0.6 million for the Previous Financial Year.

In addition, the Group holds an equity interest in ACC which is listed on the Shanghai Stock Exchange (stock code: 600318). ACC is a cement and clinker manufacturer located in Anhui Province. For the Year, ACC contributed an attributable profit of approximately HK$39.4 million to the Group (2014: HK$54.8 million). On 31 March 2015, the Company's indirect wholly-owned subsidiary, PMIL, which had originally held 33.06% equity interests in ACC, entered into an agreement to sell its 15% equity stake in ACC to Anhui Xinli Investment Group Company Limited, an independent third party, for a consideration of RMB580.8 million (equivalent to HK$723 million). The Group recognised a gain of approximately HK$450 million as a result of the disposal of the equity stake.

Granite Production

The Company acquired a 60% shareholding in WM Aalbright Investment Holdings (Hong Kong) Limited in 2007 and thereafter owns the Xiang Lu Shan Granite Mining Site in Guangxi, the PRC ("Guilin Granite Mine"), and has a mining permit to produce up to 40,000 cubic metres ("m^3") (equivalent to approximately 102,000 tonnes) of granite products per annum at the site. Its feldspar powder plant there has a designed annual production capacity of 100,000 tonnes.

The products from the Guilin Granite Mine are dimension stone and feldspar powder. Dimension stone is high value products for building materials, decorative tiles, sanitary ware, porcelain and tableware, while the feldspar powder can be used in the ceramics and glass industries. The granite is fresh clean, with a minimal waste ratio as the waste material can be used in road construction.

The existing mining license covers an area of 2.0371 sq.km. and current exploration area only covers 0.8 sq.km. of the quarry lease area. This indicates an opportunity to increase the estimate of stone resources.

The Group developed a local technical team further exploit the mine and design the processing plant to improve product quality and production volume to meet customers' requirement.

At 31 March 2015, the Group also carried out a review of the recoverable amount of the granite mining operation, with reference to the valuation report prepared by an independent qualified valuer. Having regard to the decrease in selling price of the granite products, the review led to the recognition of an impairment loss of approximately HK$35.3 million and HK$2.7 million for other intangible assets and property, plant and equipment respectively.

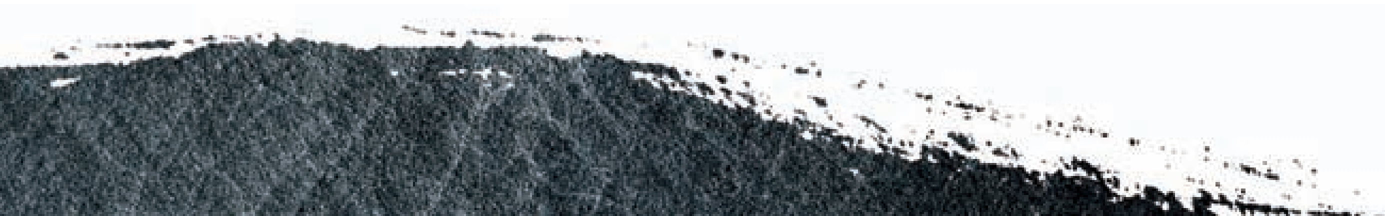
Operation of Public Port and Other Related Facilities

The Group has an investment in a public port and provides warehousing services in Jiangsu Province, the PRC, through its 25% equity stake in a joint venture with Anhui Conch which shares are listed on the Stock Exchange of Hong Kong Limited ("Stock Exchange") (stock code: 586).

The public port is located in Jiangdu City of Jiangsu Province, and is one of the few deep water ports along the Yangtze River Delta, accommodating ten berth docks (three for 70,000-tonnage vessels and seven for 5,000-tonnage vessels) which provide inland waterway cargo transportation services and lightering service. The public port has a terminal storage area of approximately 340,000 sq.m. with stockpiling capacity of 3.5 million tonnes.

In January 2015, the Group disposed its interest in public port to Anhui Conch, for a consideration of approximately RMB83.4 million (equivalent to approximately HK$104.3 million) and a gain of disposal of approximately HK$19 million was recognised during the Year.

This business segment recorded an attributable profit of approximately HK$8.1 million from 1 April 2014 to the date of disposal.



Share Placement

On 13 May 2015, the Company completed placing 714,280,000 new shares to six independent investors as to raise net proceeds of approximately HK$161.5 million. The placing shares accounted for 7.67% of the Company's enlarged share capital immediately after completion of the placing.

On 12 June 2015, the Company completed placing 489,000,000 new shares to an independent investor as to raise net proceeds of approximately HK$125 million. The placing shares accounted for 4.99% of the Company's enlarged share capital immediately after completion of the placing.

For further details, please refer to the announcements of the Company dated 30 April 2015, 13 May 2015, 4 June 2015 and 12 June 2015.

STATEMENT ON PORTFOLIO OF MINERAL RESOURCES AND ORE RESERVES

The Group has developed a portfolio of diverse resources comprising iron ore and granite in Malaysia, Brazil and the PRC.

The Group owns the Guilin Granite Mine, which produces dimension stone and feldspar powder. During the Year, aiming to win in the iron ore industry consolidation and tap into China's huge iron ore market, the Group acquired or increased its equity stake in competitive iron ore mines in Malaysia and Brazil. The moves enable the Group to develop a portfolio of iron ore to weather the changes in the market better with a more stable supply of quality iron ore. Details about the operation of the three mines can be found in the section of "Iron Ore Trading and Mining" and "Granite Production" under "Business Review" of this annual report.

For the purpose of this section, mineral resources are concentration or occurrence of materials of intrinsic economic interest in or on the Earth's crust in such form, quality and quantity that there are reasonable prospects for their eventual economic extraction. The location, quantity, grade, geological characteristics and continuity of a mineral resource are known, estimated or interpreted from specific geological evidence and knowledge. Exploration that consists of drilling, trenching, pitting and other methods is the methodology to obtain these specific geological evidences. Mineral resources are sub-divided, in order of increasing geological confidence, into inferred, indicated and measured resources, as defined in the Joint Ore Reserves Committee ("JORC") Code (elaborated below). In common practice, geological confidence is predominantly determined by the level of detail of exploration work done.

Ore reserves are defined as the economically mineable part of a measured, and/or indicated resource, taking into account diluting materials and allowances for losses, which may occur when the material is mined. Ore reserves are sub-divided in order of increasing confidence into probable reserves and proved reserves. Factors such as product price, exchange rate, mining pit design, processing cost, transportation cost and other factors are thoroughly justified during the estimation of ore reserves by independent technical adviser.

Iron Ore

Although no material exploration activity was carried out after the acquisition or increase in the equity stake in competitive iron ore mines in Malaysia and Brazil, changes to resources and reserves were made due to ongoing production and revision of mining plans. The tables below reflect those changes and detail the mineral resources and ore reserves with a cut-off grade of 30% as at 31 March 2015.

The report on mineral resources and ore reserves of the Sri Jaya Mines are prepared based on the technical report of Blackstone Mining Associates Limited, an independent mining and geological consulting company, as stated in the circular of the Company dated 30 August 2014 ("Sri Jaya Report") in accordance with the "Australasian Code for Reporting Mineral Resources and Ore Reserves" (2012 edition published by the JORC) of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and the Minerals Council of Australia (the "JORC Code"); for determining mineral resources and ore reserves, while the report on mineral resources and ore reserves of the Brazil Mine are prepared based on the Group's internal geologist report ("Brazilian Report") in accordance with the JORC Code. The presentation of the data in round figures may result in minor computational discrepancies. Such discrepancies are deemed to be insignificant whenever this occurs.

Management Discussion and Analysis *(Continued)*

Projects	Classification	Quantity (Mt)	Fe Grade (%)
MINERAL RESOURCES	Indicated	107.5	43.8
Sri Jaya Mines	Inferred	70.7	42.0
	Sub-total	178.2	43.1
Brazil Mine	Indicated	11.3	35.7
	Inferred	–	–
	Sub-total	11.3	35.7
Total	Indicated	118.8	43.0
	Inferred	70.7	42.0
	Total	189.5	42.6
ORE RESERVES			
Sri Jaya Mines	Proved	–	–
	Probable	94.6	41.7
	Sub-total	94.6	41.7
Brazil Mine	Proved	–	–
	Probable	9.6	36.5
	Sub-total	9.6	36.5
Total	Proved	–	–
	Probable	104.2	41.2
	Total	104.2	41.2

* *Assumed average cut-off grades for both Sri Jaya Mines and Brazil Mine are 30%.*

All assumptions and technical parameters for the preparation of the above figures have not been materially changed from those in the Sri Jaya Report and Brazilian Report and continued to apply to the data disclosed above.

During the period between the dates of acquisition of the Sri Jaya Mining Operation and increase in equity stake in the Brazilian Iron Ore Mining Operation and 31 March 2015, no material exploration activity was carried out at both mines. The following tables detail the mining and production activities, and the expenditure incurred for mining and development activities of both mines.

	For the Year	
	Sri Jaya Mines	Brazil Mine
	tonnes	tonnes
Mining volume (by quarter ended)		
30 June 2014	N/A*	149,042
30 September 2014	N/A*	235,654
31 December 2014	274,222	95,266
31 March 2015	16,656	–
Production volume (by quarter ended)		
30 June 2014	N/A*	104,884
30 September 2014	N/A*	92,942
31 December 2014	122,880	24,304
31 March 2015	17,092	–

* *Changes to resources and reserves of Sri Jaya Mines between 28 February 2014 (date of Sri Jaya Report) and 9 October 2014, immediately before the date of the acquisition of Sri Jaya Mining Operation, were due to the ongoing mining and production activities.*

	From the dates of acquisitions to 31 March 2015	
	Sri Jaya Mines HK$'000	Brazil Mine HK$'000
Major expenditure incurred in respect of mining activities		
— Royalty payment to mining lease holder	22,548	N/A*
— Transportation and fuels	30,281	31,908
— Labour costs	8,749	9,141
Capital expenditure incurred in respect of development activities		
— Purchase and construction of mining properties and machinery	4,750	2,369

* *The Brazil Mine has no obligation to pay any royalty.*

Granite

The Company acquired the Guilin Granite Mine through the acquisition of a 60% interest in WM Aalbright Investment Holdings (Hong Kong) Limited in 2007. The Company engaged Minarco-Mineconsult ("MMC"), an independent technical adviser, to prepare a technical report in 2007, when the Company acquired Guilin Granite Mine. With the given exploration results in accordance with "Chinese Standard for Reporting Mineral Resources and Ore Reserves" (published by Ministry of Land and Resources of the PRC in 1999) (the "Chinese Standards"), MMC made a feasibility assessment on the granite stone resources in comparative terms with the reporting requirements of the JORC Code and the Code and Guidelines for technical assessment and/or valuation of mineral and petroleum assets and mineral and petroleum securities for Independent Expert Reports (the "Valmin Code") as of 14 December 2007 ("MMC Report"). In 2008 and 2009, the Company engaged Rockhound Limited, an independent technical adviser, to investigate and assess granite stone resources and the mining operation (including the mining process, operating cost and sales and marketing) of the Guilin Granite Mine in accordance with the JORC Code as of 23 November 2008 and 25 June 2009 ("Rockhound Reports"). During the Year, no dimension stone production activity was carried out.

The following tables detail the mineral resources of the Guilin Granite Mine in accordance with the JORC Code and are prepared based on MMC Report and Rockhound Reports. The presentation of the data in round figures may result in minor computational discrepancies. Such discrepancies are deemed to be insignificant whenever this occurs.

Products	Classification	Quantity ($000m^3$)	% suitable for dimension stone (%)	Dimension stone quantity ($000m^3$)
MINERAL RESOURCES	Indicated	160.0	17.5	28.0
M1, M2, R	Inferred	330.0	17.0	56.1
	Sub-total	490.0	17.2	84.1
P & W	Indicated	650.0	19.5	126.8
	Inferred	2,930.0	21.3	624.1
	Sub-total	3,580.0	21.0	750.8
Total	Indicated	810.0	19.1	154.8
	Inferred	3,260.0	20.9	680.2
	Total	4,070.0	20.5	835.0

All assumptions and technical parameters for the preparation of the above figures have not been materially changed from those in the MMC Report and Rockhound Reports, and continued to apply to the data disclosed above.

There was no material change in the mineral resources as compared to 31 March 2014. During the Year, no material exploration, development or production activities were undertaken and no material expenditure was incurred for these activities.

FINANCIAL REVIEW

The following discussion and analysis of the Group's financial condition and results of operations should be read in conjunction with the financial statements and the related notes in this report.

Results of Operations

For the Year, turnover decreased to approximately HK$3,579 million, compared with approximately HK$5,452 million for the Previous Financial Year. The Group's gross profit decreased by 71% to approximately HK$190 million from approximately HK$665 million for the Previous Financial Year. The decreases in revenue and gross profit were mainly due to the drastic decline in iron ore price while the volume of the trade in the commodity was similar to that in the Previous Financial Year. Moreover, there was a decrease in revenue from the delivery of residential units of Oriental Landmark to the buyers compared to that in the Previous Financial Year.

The Group's selling and distribution costs was approximately HK$56 million for the Year as compared to approximately HK$39 million for the Previous Financial Year. It represented about 1.6% of the revenue for the Year, compared to 0.7% for the Previous Financial Year. The administrative expenses, which mainly represented the staff costs, including directors' emoluments, the legal and professional fees and other administrative expenses, increased by HK$105 million or 37% to approximately HK$386 million. The increases in the selling and distribution costs and administrative expenses were mainly caused by the fact that the Company completed the acquisition of Billion Win in October 2014 and increased its equity interest in UGL from 35% to 85% in June 2014. Billion Win and UGL have since been classified as subsidiaries of the Group.

The Group recorded an impairment loss of approximately HK$1,099 million for the Year, the breakdown of major items included in the impairment loss is shown as follows:

	HK$'000
Sri Jaya Iron Ore Mining Operation	660,000
Brazil Iron Ore Mining Operation	129,847
Guilin Granite Mine	38,000
Zhangzhou Property Project	162,726

Sri Jaya Iron Ore Mining Operation

The Group operates the Sri Jaya Mines and Sir Jaya Plant through its wholly-owned subsidiary, Billion Win, in Malaysia. On 10 October 2014, date of the completion of acquisition of the 85% interests in Billion Win, the spot price and the market consensus on forecast price ("Forecasted Price") were approximately US$80 per tonne and US$99 per tonne respectively. However, due to the oversupply in the iron ore market after October 2014, the spot price and Forecasted Price at 31 March 2015 experienced a sharp decline by 36% and 30% respectively.

Having regard to the persistent decline in iron ore price, oversupply of the commodity and estimated industry trend, the Group carried out a review of the recoverable amount of Billion Win, which considered the CGU of the Sri Jaya Iron Ore Mining Operation. As a result, an impairment loss on other intangible assets and property, plant and equipment of approximately HK$660 million in aggregate was recognised by the Group.

Brazil Iron Ore Mining Operation

The Group operates the Brazil Mine through UGL with 85% effective interest. Due to the oversupply in the iron market and the global economic downturns, persistent decline in iron ore price was experienced.

Same reasons as Sri Jaya Iron Ore Mining Operation mentioned above, the Group also carried a review of the recoverable amount of UGL, which considered the CGU of the Brazil Iron Ore Mining Operation. As a result, an impairment loss on other intangible assets, property, plant and equipment and goodwill of approximately HK$130 million in aggregate was recognised by the Group.

Guilin Granite Mine

The Group operates the Guilin Granite Mine in Guangxi, the PRC, to produce granite products during the Year. Due to the decrease in selling price of the granite products, the Group carried out a review of the recoverable amount of the granite mining operation, which considered the CGU of the Guilin Granite Mine. As a result, an impairment loss on other intangible assets and property, plant and equipment of approximately HK$38 million in aggregate was recognised by the Group.

For the detail assumptions and calculation basis of the impairment loss of Sri Jaya Iron Ore Mining Operation, Brazil Iron Ore Mining Operation and Guilin Granite Mine, please refer to note 21 to the consolidation financial statements.

Zhangzhou Property Project

The Group develops the Zhangzhou Property Project with a joint venture partner since December 2010. The presale started from November 2013 for the first phase residential units. Due to the change of local property market during the Year, a change in marketing strategy was carried out to mark down the average selling price to attract more potential buyers for residential units. The Group carried out a review of the recoverable amount of the Zhangzhou Property Project as at 31 March 2015. As a result, an impairment loss on interests in a joint venture of approximately HK$163 million was recognised by the Group. For the detail assumptions and calculation basis of the impairment loss of Zhangzhou Property Project, please refer to note 23 to the consolidated financial statements.

The finance costs were approximately HK$257 million (of which approximately HK$9 million were capitalized) for the Year, compared to approximately HK$247 million (of which approximately HK$8 million were capitalized) for the Previous Financial Year. The increase was mainly due to the increase in the average amount of the outstanding bank borrowings.

The Group recorded a gain on disposal of associates with an amount of approximately HK$469 million for the Year. The gain was mainly from the disposal of 15% out of 33.06% equity stake in ACC held by PMIL for a consideration of RMB580.8 million (equivalent to approximately HK$723 million). The Group recognised a gain of approximately HK$450 million from the disposal of ACC.

On 12 May 2014, the Company redeemed the convertible loan notes with the aggregated principal amounts of US$30 million (equivalent to HK$234 million), from LIM Asia Multi-Strategy Fund Inc. and LIM Asia Special Situations Master Fund Limited, in accordance with the terms of the convertible loan notes. On 19 September 2014, the Company entered into the amendment deeds with ICBC International Investment Management Limited, pursuant to which the Company partially redeemed a total principal amount of US$12.5 million (equivalent to approximately HK$97.5 million) of each of the convertible notes during the Year. During the Year, the total effective interest expenses on convertible loan notes were approximately HK$69 million (2014: HK$85 million) and there was no additional interest on early redemption of convertible loan note for the Year (2014: HK$59 million).

The derivative financial instruments mainly represented derivatives embedded in convertible loan notes. During the Year, the fair value gains on revaluation of the derivative financial instruments amounted to approximately HK$41 million (2014: HK$39 million).

Loss attributable to the owners of the Company for the Year was approximately HK$839 million, against a net profit of approximately HK$131 million for the Previous Financial Year. The loss was mainly due to loss of approximately HK$1,099 million arising from impairment loss of the assets, including the Company’s wholly-owned mine in Malaysia, 85%-held mine in Brazil and the Zhangzhou Property Project. The loss is only provision for the impairment of assets and does not affect the Group’s cash flow. The basic loss per share for the Year was 11.29 HK cents against the basic earnings per share of 2.04 HK cents for the Previous Financial Year.

MATERIAL ACQUISITION AND DISPOSAL

(i) Investment in Malaysian Iron Ore Mine

On 6 June 2014, the Company entered into a sale and purchase agreement (the "Million Sea Acquisition") with Dato Sri' Tan Hoe Beng to acquire his entire equity interests in Million Sea, which holds 15% interests in Billion Win, for a consideration of approximately US$44.5 million (equivalent to approximately HK$347 million). The Million Sea Acquisition was completed on 18 June 2014.

On 10 October 2014, the Group acquired the remaining 85% interests in Billion Win, for the consideration of US$168.1 million (equivalent to approximately HK$1,311 million), of which US$85 million (equivalent to approximately HK$663 million) were settled by deferred cash payment and the remaining portion were settled by allotment of new shares of the Company at the closing market price of the Company's ordinary shares (the "Shares") on the acquisition date of HK$0.295 per share.

Billion Win and its subsidiaries are principally engaged in (i) the operation of Sri Jaya Mines; (ii) the operation of Sri Jaya Plant; and (iii) the sale of iron ore mined in Malaysia.

Full details about the investments in Malaysian iron ore mine can be found in relevant announcements of the Company dated 6 June 2014 and 10 October 2014.

(ii) Reorganisation of Brazilian Iron Ore Mine Interests

On 14 April 2014, the Company entered into a sale and purchase agreement (the "UGL SPA") with Mr. Li Ping ("Mr. Li") to acquire 50% interest in UGL from Mr. Li for a total cash consideration of US$3 million (equivalent to HK$23.4 million) and the accrued interest and the principal in relation to the loans in an aggregate principal amount of US$2.61million (equivalent to approximately HK$20.4 million) granted by the Company to Galaxy Mining Company Limited, a company wholly-owned by Mr. Li and the accrued interest and principal in relation to the loans in an aggregate principal amount of US$500,000 (equivalent to approximately HK$3.9 million) granted by the Company to RGN Resources Holdings Limited, which is a joint venture of the Company. UGL also entered into a sale and purchase agreement (the "Globest SPA") with Mr. Li to acquire the remaining 0.01% interest in Globest Resources Limited from Mr. Li for a nominal consideration of HK$1. Upon completion of the UGL SPA and the Globest SPA in June 2014, the Company increased its equity stake from 35% to 85% in UGL, and therefore UGL becomes an indirect-subsidiary of the Company.

Full details about the reorganisation of Brazilian iron ore mine interest can be found in relevant announcements of the Company dated 14 April 2014 and 22 April 2014.

(iii) Land bidding in Binhai County, Jiangsu Province

On 1 July 2014, the Group succeeded in the bid of the land use rights of a piece of land of 159,698 sq.m. in Binhai county in Yancheng, Jiangsu province through the listing-for-sale process for a consideration of RMB455.05 million (equivalent to approximately HK$568.81 million) to develop residential and commercial properties there. Following completion of the listing-for-sale process, the Group entered in to the land grant contract on 8 July 2014.

Details about the bidding of land in Binhai can be found in relevant announcement of the Company dated 2 July 2014.

(iv) Provision of financial assistance to a non-controlling shareholder

On 10 July 2014, 30 July 2014 and 31 October 2014, Guangzhou Fuchun Dongfang Real Estate Investment Company Limited ("Fuchun Dongfang"), a 55%-owned subsidiary of the Company, pledged certain units of Oriental Landmark, for the benefit of non-controlling shareholder of Fuchun Dongfang, as security for the loans taken by its associate companies, in aggregation of RMB332.5 million (equivalent to approximately HK$413.8 million).

Full details about the arrangement can be found in relevant announcements of the Company.

(v) Disposal of 15% interests in ACC

On 31 March 2015, the Group disposed 15% equity interests in ACC (representing approximately 45.38% of the equity interest held by the Group) to an independent party, for the consideration of RMB580.8 million (equivalent to approximately HK$723 million). A gain of disposal of HK$450 million in relation of disposal was recognised for the Year.

On 23 June 2015, the Group entered into equity transfer agreements with Huatai Securities (Shanghai) Asset Management Company Ltd. and Ms. Zhang Jinghong for the disposal of the remaining 18.06% equity stake in ACC held by PMIL for a consideration of approximately RMB745.5 million (equivalent to approximately HK$932 million) in aggregate. It is expected that the Group will recognise a gain of approximately HK$494 million as a result of the disposal.

Following completion of the disposals, PMIL will no longer hold any equity interest in ACC.

Full details about the arrangement can be found in relevant announcements of the Company dated 31 March 2015 and 23 June 2015.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The total shareholders' fund of the Group as at 31 March 2015 was approximately HK$2,409 million (2014: HK$2,875 million). As at 31 March 2015, the Group had current assets of approximately HK$3,972 million (2014: HK$3,599 million) and current liabilities of approximately HK$3,960 million (2014: HK$3,455 million). The current ratio was 1.00 as at 31 March 2015 as compared to 1.04 as at 31 March 2014. The Group generally finances its operations with internally generated cash flow, credit facilities provided by its principal bankers in Hong Kong and the PRC and proceeds from the issuance of convertible loan notes. As at 31 March 2015, the Group had outstanding debts (including bank borrowings and convertible loan notes) of approximately HK$2,875 million (2014: HK$2,023 million). As at 31 March 2015, the Group maintained time deposits, bank and cash balances of approximately HK$271 million (2014: HK$814 million), whilst the pledged deposits amounted to approximately HK$96 million (2014: HK$137 million). The Group's debt-to-equity ratio (total debts to shareholders' equity) increased from 0.70 as at 31 March 2014 to 1.19 as at 31 March 2015. The Group possesses sufficient cash and available banking facilities to meet its commitments and working capital requirements.

FOREIGN EXCHANGE EXPOSURE

The trading in the clinker and cement and trading in iron ore and other raw materials are conducted predominantly in US dollars. The granite mining and production business and the property development business are conducted in Renminbi. The Group has not experienced any material difficulties with its operations or liquidity as a result of fluctuations in currency exchange rates during the Year. The Group does not currently engage in hedging activities against foreign exchange exposure, as it believes that the cost associated with such hedging arrangements would exceed the benefits. However, the management will continue to monitor the relevant circumstances and will take such a measure if it is deemed prudent.

CHARGE ON GROUP ASSETS

As at 31 March 2015, the Group's banking facilities were secured by:

(a) the charge over certain bank deposits, inventories, property, plant and equipment and investment properties of the Group;

(b) equity interests in certain subsidiaries of the Group;

(c) 18.06% equity interests in ACC, an associate of the Group;

(d) corporate guarantees of the Company and subsidiaries; and

(e) personal guarantee executed by Mr. Wong Ben Koon.

COMMITMENTS

As at 31 March 2015, the Group had the following commitments:

(a) Operating lease commitments — as lessee

The Group had total future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2015 HK$'000	2014 HK$'000
Within one year	**324,454**	9,507
In the second to fifth years, inclusive	**884**	6,034
	325,338	15,541

Operating lease payments represent land costs payable by the Group for the properties under development for sale and rentals payable by the Group for the office premises and staff quarters. Leases are negotiated for a term of one to three years and rentals are fixed over the lease terms and do not include contingent rentals.

(b) Operating lease commitments — as lessor

The Group leases out investment properties under operating leases. The leases typically run for an initial period of 1 to 10 years (2014: 1 to 10 years), with an option to renew the lease after that date at which time all terms are renegotiated. None of the leases includes contingent rentals.

At 31 March 2015, the Group's total future minimum lease payments under non-cancellable operating leases are receivable as follows:

	2015 HK$'000	2014 HK$'000
Within one year	**6,552**	6,165
In the second to fifth years inclusive	**6,484**	5,873
After five years	**1,093**	1,405
	14,129	13,443

(c) Capital and other commitments

In respect of its interests in joint ventures, the joint venture is committed to incur capital expenditure of approximately HK$384 million (2014: HK$312 million), of which the Group's share of this commitment is approximately HK$192 million (2014: HK$156 million).

HUMAN RESOURCES AND REMUNERATION POLICY

As at 31 March 2015, the Group had a total of 323 employees. The Group remunerates its employees based on their performance, experience and the prevailing industry practice. Remuneration packages are normally renewed on an annual basis, based on performance appraisals and other relevant factors. The Group may pay a discretionary bonus to its employees based on individual performance in recognition of their contribution and hard work. Staff benefit plans maintained by the Group include several mandatory provident fund schemes as well as travel, medical and life insurance.

With a view to retaining certain important employees who will continue to make valuable contribution to the Group, share options to subscribe for shares of the Company in accordance with the share option scheme adopted on 25 September 2009 may be granted.

The Group has not experienced any significant problems with its employees or any disruption to its operations due to labor disputes nor has it experienced any difficulties in the recruitment and retention of experienced staff. The Directors believe that the Group has a good working relation with its employees.

OUTLOOK

Global iron ore market is expected to remain oversupplied in the next several years, with the seaborne surplus projected to be 175 million tonnes in 2015 and 300 million tonnes in 2017, up from the 72 million tonnes in 2014. (source: "Vale's Q1 Preview: Higher Shipment Volumes To Partially Offset Impact Of Lower Iron Ore Prices" — Forbes article dated 28 April 2015) As the world's largest buyer of the commodity, China is likely to keep increasing iron ore imports even though the growth in its economy and steel output is tapering off. It is because the country is growing more and more dependent on low-cost, higher-quality iron ore imports made available by the capacity expansion of the world's leading, efficient iron ore producing firms amid the industry consolidation.

Although this development has resulted in increasing global surplus of the commodity, thus triggering a significant decline in its price, efficient and low-cost producers may be able to make profits at the current price level as they are pursuing the strategy of supplanting high-cost competitors and banking on China's ongoing urbanization to absorb the surplus.

In terms of demand, China has been trying to revive its flagging property market by relaxing restrictions on the number of home purchases. It has also cut the benchmark interest rate four times between November of 2014 and June of 2015 in an attempt to counter the pressure of the slowing economy. Moreover, the country has recently proposed the "One Belt, One Road" initiative to boost economic cooperation and development among the countries in Central Asia, West Asia, the Middle East, and Europe that will probably call for huge amount of infrastructural construction, hence an immense demand for steel. These policies bode well for the iron ore industry.

In order to remain competitive and to fully tap into China's growing demand for the steel making ingredient, the Group has been developing itself into a low-cost, efficient and stable producer and supplier of high-quality iron ore. It has effectively transformed itself into a principal iron ore trader by enhancing its vertically integrated business that encompasses iron ore mining, processing and trading. Notably, it did so by taking a majority stake in a low-cost and efficient producer of high quality iron ore such as UGL in Brazil, and by acquiring an entire equity stake in Billion Win, an operator of an iron ore mine and an iron ore processing plant in Malaysia during the Year. It also reached an iron ore off-take agreement to supply 3.3 million tonnes of iron ore to Nanjing IS, a mainland Chinese steel producer. All these initiatives will enable the Group to weather the volatile market better and reap a bumper harvest when the iron ore industry's consolidation comes off.

The Group judges that the iron ore price may become less volatile in the long term as demand of China and other developing and industrialized countries can be satisfied with a more stable supply of lower-priced and higher-quality iron ore from the more advanced and efficient low-cost producers in the world.

Meanwhile, the Group keeps seeking opportunities in China's property market, especially in the prime locations of the country's economically vibrant areas. During the Year, the Group embarked on three new property projects in the cities of Yancheng and Suzhou in Jiangsu province and Dongguan city in Guangdong province. In these three cities, the Group will try to replicate the success of its residential and commercial property project Oriental Landmark in Guangzhou.

The Group will keep developing itself into a low-cost, high-quality iron ore mining company and taking advantage of China's property market in order to bring good returns to the shareholders.

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Executive directors

Mr. WONG Ben Koon, aged 62, is one of the co-founders of the Group and the chairman of the Company. Mr. Wong is responsible for deriving the corporate culture and long term strategic plan of the Group. Mr. Wong has extensive experience in building materials and mineral resources industries in the PRC and global markets.

Dr. MAO Shuzhong, aged 53, was appointed as an executive director and chief executive officer of the Company on 6 January 2010. Dr. Mao has extensive experience in business management, organization structure and re-organisation, the management of mining iron ore, coal and various other metals, as well as marketing, sales and logistics. Prior to joining the Group, Dr. Mao was the vice chairman and president of Northtonhe Holdings Co. Ltd. from May 2006 to July 2008 and he was the managing director and principal of Auckland Institute of Education, New Zealand from October 2001 to April 2006. He obtained a doctorate degree in economics from Jiangxi University of Finance & Economics, China in 2009, a master's degree in business administration from New York Institute of Technology, U.S.A. in 1999 and a bachelor's degree of arts in English literature from Zhejiang University in Zhejiang, China in 1983.

Mr. WU Likang, aged 48, was appointed as an executive director of the Company on 1 February 2014. He holds a bachelor's degree in Ceramic Engineering from the Wuhan University of Technology. Mr. Wu has over 25 years of extensive experience in the building materials productions and logistic development. Prior to joining the Company, Mr. Wu was appointed as an assistant to the general manager in Anhui Conch Cement Company Limited (the "Conch", stock code: 0914), the shares of which are traded on the Stock Exchange, the general manager of Anhui Xuancheng cement Co., Limited and Ningguo Cement Plant of Conch and the head of the Anhui Conch Construction Materials Design Institute. Mr. Wu also held several senior positions in Conch.

Mr. Wu joined the Company as a general manager in the cement division in July 2007 until the disposal of the major cement production business in April 2010. Mr. Wu re-joined the Company in July 2012 as the general manager and chief operating officer of the mineral division of the Company.

Ms. Gloria WONG, aged 32, was appointed as an executive director of the Company on 1 June 2010. Ms. Wong has over 7 years' work experience and she is currently responsible for assisting in the implementation of decisions and policies relating the Group's overall business plan as approved by the Board from time to time. Ms. Wong graduated from Queen Mary College, University of London with a bachelor's degree in Economics and Finance and from King's College London with a master's degree in International Management. Ms. Wong is the daughter of Mr. Wong Ben Koon.

Mr. KONG Siu Keung, aged 46, is an executive director and the chief financial officer of the Company. Mr. Kong holds a master's degree in business administration and is a fellow member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants. Mr. Kong joined the Group in January 2004 and has over 20 years' experience in finance and accounting field. Mr. Kong is a member of the nomination committee of the Company.

Non-executive director

Mr. LIU Yongshun, aged 54, has been appointed as an executive director of the Company with effect from 19 September 2011 and re-designated as non-executive director from 1 February 2014. Before the appointment, Mr. Liu was appointed as a deputy chief executive officer of the Company on 1 June 2011 and will continue to hold such position of the Company. Mr. Liu has extensive experience in raw material supply management for iron and steel making, mineral resource development and raw material trading. Mr. Liu obtained his bachelor's degree in ironing making from Maanshan Institute of Iron Steel (East China University of Metallurgy/Anhui University of Technology) in 1983. He subsequently obtained his Executive Master of Business Administration degree from China Europe International Business School in 2005. He was the president of the Department of Mineral Resources, Shanghai Baosteel Group International Economic and Trading Co., Ltd. from November 2001 to May 2005. He was appointed as deputy general manager of the Purchase Centre of Baosteel Corporation from May 2005 to April 2006. He acted as deputy general manager of Baosteel Trading Co., Ltd. from May 2006 to April 2007. In April 2007, Mr. Liu was appointed as non-executive director of APAC Resources Limited ("APAC"), a listed company on the Stock Exchange and re-designated as executive director and chief executive officer of the APAC in July 2007. Mr. Liu resigned as chief executive officer of APAC in December 2009 and has been re-designated as non-executive director of APAC from April 2010 until he resigned on 1 March 2012.

Independent non-executive directors

Mr. YUEN Kim Hung, Michael, aged 54, was appointed as an independent non-executive director in January 2002. Mr. Yuen is a member of the Hong Kong Institute of Certified Public Accountants, a fellow member of the Association of Chartered Certified Accountants and a member of Certified General Accountants Association of Canada. Mr. Yuen has over 19 years' experience in auditing, tax and accounting field. Mr. Yuen is the chairman of the remuneration committee of the Company and the audit committee of the Company. Mr. Yuen has been appointed as an independent non-executive director of New Universe International Group Limited, a listed company on Growth Enterprise Market of the Stock Exchange, since 24 April 2002.

Mr. YUNG Ho, aged 70, was appointed as an independent non-executive director in September 2004. Mr. Yung has extensive experience in the industries of trading and property development in the PRC. Mr. Yung is a member of the audit committee of the Company and a member of the remuneration committee of the Company.

Mr. CHAN Kai Nang, aged 69, was appointed as independent non-executive director on 17 August 2010. Mr. Chan holds a diploma in management studies from The University of Hong Kong and a bachelor's degree in Law from the University of London. Mr. Chan is an associate member of The Chartered Institute of Management Accountants in the United Kingdom, a fellow member of The Association of Chartered Certified Accountants in the United Kingdom and a member of the Hong Kong Institute of Certified Public Accountants. Mr. Chan has been appointed as an independent non-executive director of Asian Capital Holdings Limited, a listed company on the Growth Enterprise Market of the Stock Exchange, since 4 June 2010. Mr. Chan is also currently an independent non-executive director of Soundwill Holdings Limited, a listed company on the Stock Exchange. Mr. Chan was the Deputy Chief Executive of the then Land Development Corporation. He was an executive director and the managing director of the construction materials division of K. Wah Construction Materials Limited (currently known as Galaxy Entertainment Group Limited), a company listed on the Stock Exchange, until 1 May 2008. Mr. Chan is the chairman of the nomination committee of the Company and a member of remuneration committee of the Company.

Mr. MA Jianwu, aged 66, was appointed as independent non-executive director on 17 August 2010. Mr. Ma worked as a deputy general manager of Guangzhou Iron & Steel Enterprises Group Co., Ltd. and executive deputy general manager, general manager, vice chairman and party committee secretary of Guangzhou Iron and Steel Co., Ltd., a listed company on the Shanghai Stock Exchange, before joining the Company. Mr. Ma is a member of audit committee of the Company and a member of nomination committee of the Company.

SENIOR MANAGEMENT

Mr. LI Siu Ming Patrick, aged 52, is the director of PREHL. Patrick obtained a bachelor's degree in Social Sciences from the University of Hong Kong in 1985 and a bachelor's degree in Law from Manchester Metropolitan University in 1996. Patrick has also obtained a post-graduate diploma in Corporate Administration in 2000 and a master's degree in Professional Accounting from the Hong Kong Polytechnic University in 2001.

Ms. SO Yuen Yee Selina, aged 53, is the general manager of iron ore trading business. She is responsible for the implementation and development of corporate strategy and company administration including the operation of trading activities in Prosperity Minerals Holdings Limited ("PMHL"). She began her career in 1981 with Robin Information Systems and subsequently took on various administrative positions with companies including Radofin Electronics (FE) Ltd, High Fashion Garments Ltd and Leshons Enterprises Ltd. Selina joined Prosperity Merchandise Agency Ltd, a company controlled by Mr. Wong, in 1988 as a director's assistant. In 2003, she was the director and general manager of Prosperity Minerals (Asia) Limited and subsequently took up the position of general manager of Prosperity Minerals Limited in February 2004.

Directors and Senior Management *(Continued)*

Mr. CHEN Hao, aged 56, is the group general manager of the Group's real estate investment and development business. He has nearly 20 years experience in property investment and development in the PRC. He was general manager of Jiaye Real Estate Development Ltd from the time the company was founded in 1999. In 2005, he obtained a Masters Degree in Quality Management from Hong Kong Polytechnic University. In 2009, Jiaye Real Estate Development Ltd and two other property development companies merged and formed China Calxon Group Co., Limited (the "Calxon"), which was successfully listed on the Shenzhen Stock Exchange (Stock code: 918). Before joining the Group in April 2013, he was an executive director and standing vice president of Calxon.

Mr. HONG Chengzhang, aged 54, is a deputy general manager of the Group's real estate investment and development business. He is responsible for the implementation of corporate strategy and overseeing operational activities. He started his career at the Industrial and Commercial Bank of China in 1978 as a loan officer and was promoted to vice president and president of ICBC Guangzhou Fangcun Branch in 1984 and 1995 respectively. In 1998, he joined Guangzhou Bliss Hero Real Estate Development Limited which was subsequently acquired by the Group in August 2010, as managing director, where he is responsible for overseeing the development and management of Silver Bay Plaza as well as the development of Oriental Landmark.

Mr. TOK Beng Tiong, aged 44, is an executive in charge of the clinker and cement business. Mr. Tok obtained his bachelor's degree in Commerce from the University of New South Wales in Australia. Mr. Tok has over 15 years' experience in building material industry and relevant logistics management in the PRC and global markets. He had been an employee of the Group from December 2001 to February 2003 and re-joined the Group in January 2005.

Mr. HUANG Xianfang, aged 52, is the chief mining engineer of the Company since July 2010 and he is responsible for organising and managing mining activities as well as monitoring compliance with the health and safety regulations at the Sri Jaya Mines. He has approximately 20 years of experience in the mining industry. Prior to joining the Company, Mr. Huang has held numerous management positions (including assistant engineer, engineer, senior engineer, chief mining engineer and deputy general manager) at various mining companies including group companies of Maanshan Iron & Steel Company Limited (Stock Code: 323) and APAC Resources Limited (Stock Code: 1104), both currently listed on the Main Board of the Stock Exchange, and Baoshan Iron & Steel Company Limited (SHA: 600019), which is currently listed on the Shanghai Stock Exchange. Mr. Huang holds a bachelor degree from Central-South Institute of Mining and Metallurgy and a master degree in mining from the Mining Department of the University of Science and Technology Beijing.

Mr. DENG Shaoqing, aged 68, is the head of technical department of Billion Win since November 2010. Mr. Deng is primarily responsible for conducting exploration works of the Sri Jaya Mines and assists in developing the mining plan and feasibility studies. He has over 19 years of experience in the mining industry. Mr. Deng has held a number of positions (including manager, head of department and deputy director) at various departments of Bureau of Geology and Minerals Exploration and Development of Guizhou Province from 1993 to 2007. Mr. Deng graduated from 貴陽地質學校 (Guiyang School of Geology*) and 武漢地質學院 (Wuhan Institute of Geoscience*) (presently known as China University of Geoscience) in the 1960s and 1980s respectively.

Ms. LEE Yee Man Hester, aged 39, is the chief accounting officer of PMHL. Hester graduated from the University of Hong Kong with a bachelor's degree in Economics in 1998. Hester joined PMHL in January 2009 and has over 15 years' experience in commercial and accounting firms. She is a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants. She is also a Certified Tax Advisor in Hong Kong and a fellow member of the Taxation Institute of Hong Kong.

Mr. LIU Tsz Kit, aged 36, is the finance manager of PMHL. He is a fellow member of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants. He graduated from the Hong Kong Polytechnic University with a bachelor's degree in Accounting. He joined PMHL in January 2011 and has over 12 years' experience in commercial and international accounting firms in Hong Kong and Mainland China.

* *For identification purpose only*

CORPORATE GOVERNANCE REPORT

INTRODUCTION

The Company is committed to maintaining a high standard of corporate governance, emphasising transparency, independence and accountability, in order to promote the interests of all shareholders and enhance shareholders' value.

The Company's corporate governance practices are based on principles and code provisions as prescribed in the Code on Corporate Governance Practices ("CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). The board of directors of the Company (the "Director" or the "Board") reviews its corporate governance practices from time to time with reference to the latest development of corporate governance in order to meet expectations from all interested parties and comply with requirements from relevant regulatory authorities.

In the opinion of the Directors, the Company has complied with all code provisions set out in the CG Code during the Year, except for one non-compliance that is discussed under the section "Annual General Meeting" in this report and the Board considered that the deviation is immaterial given the size, nature and circumstances of the Group.

THE BOARD

As at 31 March 2015, the Board comprises ten directors including five executive directors, one non-executive director and four independent non-executive directors. At least one of the independent non-executive director possesses appropriate professional qualifications (or accounting or related financial management expertise) as required by the Listing Rules. The composition of the Board as at 31 March 2015 is set out below:

Executive Directors:

Mr. Wong Ben Koon *(Chairman of the Board)*
Dr. Mao Shuzhong *(Chief Executive Officer)*
Mr. Wu Likang *(Chief Operating Officer)*
Ms. Gloria Wong
Mr. Kong Siu Keung *(Chief Financial Officer)*

Non-executive Director:

Mr. Liu Yongshun

Independent non-executive Directors:

Mr. Yuen Kim Hung, Michael
Mr. Yung Ho
Mr. Chan Kai Nang
Mr. Ma Jianwu

The biographical details of the Directors are set out on pages 30 to 31 to this annual report.

Regular board meetings are held at least two times a year to review the financial and operating results of the Group and to propose interim and final dividends, if appropriate. A meeting is also held as and when necessary to discuss significant matters. Sufficient notice of not less than 14 days has been given to all Directors for regular board meetings and reasonable notice has been given for other meetings. All Directors are given an opportunity to include matters in the agenda for board meetings and have access to the company secretary of the Company to ensure that all board procedures and, and all applicable rules and regulations are followed. The Board also enables Directors to seek independent professional advice at the Company's expense in appropriate circumstances.

17 Board meetings were held during the year ended 31 March 2015 and the details of attendance are set out below:

Name of Directors	**Attendance/ Number of Board Meetings**
Mr. Wong Ben Koon ("Mr. Wong")	15/17
Mr. Sun Yong Sen (retired on 15 September 2014)	1/9
Mr. Zhu Kai (resigned on 31 January 2015)	5/17
Dr. Mao Shuzhong	11/17
Mr. Wu Likang	11/15
Ms. Gloria Wong	14/17
Mr. Kong Siu Keung	17/17
Mr. Liu Yongshun	12/17
Mr. Yuen Kim Hung, Michael	14/17
Mr. Yung Ho	7/17
Mr. Chan Kai Nang	15/17
Mr. Ma Jianwu	14/17

The Board sets the Group's overall objectives and strategies, monitors and evaluates its operating and financial performance and reviews the corporate governance standard of the Company. It also decides on matters such as quarterly (if any), interim and annual results, investment, director appointments or re-appointments, and dividend and accounting policies. The Board has delegated the authority and responsibility for implementing its business strategies and managing the daily operations of the Group's businesses to the chief executive officer and the senior management.

Mr. Wong is the controlling shareholder of the Company. His respective interests are disclosed in the section headed "Directors' and Chief Executive's Interests and Short Positions in Shares and Underlying Shares" and "Substantial Shareholders' and Other Persons' Interests in Shares and Underlying Shares" in the Report of the Directors. Mr. Wong has beneficial interests in certain companies outside the Group. Transactions between these companies and the Group (if any) during the Year are disclosed in note 47 to the consolidated financial statements.

Save as disclosed above and in note 47 to the consolidated financial statements, there is no financial, business, family or other material or relevant relationship among the Directors or between the chairman and the chief executive officer, except that Ms. Gloria Wong, the executive director, is the daughter of Mr. Wong, the Chairman of the Company.

The Board complied with Rule 3.10A of the Listing Rules to appoint at least one-third of its Directors as independent non-executive directors. All the independent non-executive directors are appointed for a specific term and will be subject to retirement by rotation and re-election at the annual general meetings of the Company. The Company has received an annual written confirmation from each of the independent non-executive Directors of his independence. The Board considers that all the independent non-executive Directors are independent in accordance with the guidelines set out under Rule 3.13 of the Listing Rules. The details of the service contract of each independent non-executive Director are disclosed in the section headed "Directors' Service Contracts" under the Report of the Directors.

All Directors, including independent non-executive directors, are subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the bye-laws of the Company, provided that every director shall be retired at least once every three years.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Mr. Wong is the chairman of the Company and he is responsible for deriving the corporate culture and long term strategic plan of the Group. Dr. Mao Shuzhong is the chief executive officer of the Company and he is responsible for the overall management of the Group, including strategic planning, business developments and operations.

AUDIT COMMITTEE

The terms of reference of audit committee of the Company (the "Audit Committee") has been revised in March 2012 in compliance with the provisions set out in the CG Code. The Audit Committee currently comprises three independent non-executive directors, namely, Mr. Yuen Kim Hung, Michael (Chairman of the Audit Committee), Mr. Yung Ho and Mr. Ma Jianwu.

All members possess diversified industry experiences and appropriate professional qualifications as required under the Listing Rules.

The Audit Committee held two meetings during the Year. Their major duties and responsibilities are set out in the terms of reference including the following matters:

1. Reviewed the Company's financial results and reports, internal controls and corporate governance issues, risk management, financial and accounting policies and practices and made recommendations to the Board;
2. Discussed with the external auditor on their independence and the nature and scope of the audit and recommended to the Board on the re-appointment of RSM Nelson Wheeler as auditor; and
3. Discussed with the external auditor on any material queries raised by the auditor to management in respect of the accounting records, financial accounts or systems of control and management's response.

The attendance record of each committee member at the meetings of the Audit Committee during the Year is set out below:

Name of Directors	**Attendance/ Number of Audit Committee Meetings**
Mr. Yuen Kim Hung, Michael (Chairman of audit committee)	2/2
Mr. Yung Ho	1/2
Mr. Ma Jianwu	2/2

During the year ended 31 March 2015, the Audit Committee (i) reviewed the reports from the auditor of the Company (the "Auditor"), accounting principles and practices adopted by the Group in relation to the annual results for the year ended 31 March 2014 and the interim results for the six months ended 30 September 2014; (ii) reviewed the financial reports for the year ended 31 March 2014 and for the six months ended 30 September 2014 and recommended the same to the Board for approval; (iii) reviewed the Group's internal control based on the information obtained from the external auditor and Company's management and was of the opinion that there are adequate internal controls in place in the Group; and (iv) concurred with the Board regarding the selection, appointment, resignation or dismissal of the external auditor.

The Audit Committee has also reviewed with the management and the Auditor, the audited consolidated financial statements of the Group for the year ended 31 March 2015. The Audit Committee reviewed the Group's audited results for the Year and recommended its adoption to the Board.

REMUNERATION COMMITTEE

The remuneration committee of the Company (the "Remuneration Committee") was set up in March 2005 and its term of reference is in full compliance with the provisions set out in CG Code. It is currently constituted by three independent non-executive directors, namely, Mr. Yuen Kim Hung, Michael (Chairman of the remuneration committee), Mr. Yung Ho and Mr. Chan Kai Nang.

The primary objectives of the Remuneration Committee include making recommendations on and approving the remuneration policy and structure and the remuneration packages of the Directors and senior management. The Remuneration Committee is also responsible for establishing formal and transparent procedures for developing such remuneration policy and structure.

The emoluments of Directors and senior management of the Company are based on skills, knowledge and performance, together with reference to the prevailing market conditions. In addition, the Company has established a Share Option Scheme to provide incentives and rewards to eligible participants and to attract suitable personnel for continuous development of the Group.

Three meetings had been held during the Year to discuss remuneration related matters. The Remuneration Committee reviewed and made recommendations to the Board on bonus payments and increments in salary and housing allowance (if any) for the Directors and senior management of the Company.

The attendance record of each remuneration committee member at the meetings of the Remuneration Committee during the Year is set out below:

Name of Directors	**Attendance/ Number of Remuneration Committee Meetings**
Mr. Yuen Kim Hung, Michael	2/2
Mr. Yung Ho	2/2
Mr. Chan Kai Nang	2/2

NOMINATION COMMITTEE

The nomination committee of the Company (the "Nomination Committee") was set up on 30 March 2012 and has adopted the terms of reference of Nomination Committee in full compliance with provisions set out in the CG Code. It is currently constituted by three directors, namely, Mr. Chan Kai Nang (Chairman of the nomination committee), Mr. Ma Jianwu and Mr. Kong Siu Keung.

The major duties and responsibilities of the Nomination Committee shall be:

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

(b) to identify individuals suitably qualified to become board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;

(c) to assess the independence of independent non-executive directors, having regarded to the requirements under the Listing Rules;

(d) to ensure that the Board has a balance of skill, knowledge, experience and diversity of perspective appropriate to the requirements of the Company's business; and

(e) to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman of the Board and the chief executive officer.

During the Year, two meetings were held by nomination committee to assess the structure, size and competitions of the Board; to assess the independence of independent non-executive directors; and to evaluate the implementation of the Board Diversity Policy (elaborated below).

The attendance records of each nomination committee during the Year is set out below:

Name of Directors	**Attendance/ Number of Nomination Committee Meetings**
Mr. Chan Kai Nang	2/2
Mr. Ma Jianwu	2/2
Mr. Kong Siu Keung	2/2

DIRECTORS' SECURITIES TRANSACTIONS

The Board has adopted the Model Code for securities transactions by the directors of listed companies as set out in Appendix 10 to the Listing Rules (the "Model Code"), as the code of conducts regarding Directors' securities transactions during the Year.

Having made specific enquiry with all Directors, each of them confirmed that the Model Code has been complied in full throughout the year ended 31 March 2015.

SECURITIES TRANSACTIONS BY RELEVANT EMPLOYEES

The Board has also adopted a policy with no less exacting terms than the Model Code for the relevant employees (the "Relevant Employees") in respect of their dealings in securities of the Company. Having made specific enquiry with all Relevant Employees, each of them confirmed that this policy has been complied in full throughout the Year.

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for the preparation of the financial statements for each financial period with a view to ensuring such financial statements give a true and fair view of the state of affairs of the Group and of the results and cash flow for that period. The Company's financial statements are prepared in accordance with all relevant statutory requirements and applicable accounting standards. The Directors are responsible for ensuring that appropriate accounting policies are selected and applied consistently and that judgments and estimates made are prudent and reasonable.

There are no material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

The statement of the external auditor of the Company about its reporting responsibilities on the financial statements is set out in the Independent Auditor's Report on page 54 of this annual report.

COMMUNICATIONS WITH SHAREHOLDERS

The Company has established and maintained difference communication channels with its shareholders. The Company updates its shareholders on its latest business developments and financial performance through its corporate publications including annual reports, interim reports and public announcements. The Company also maintains its website (http://www.pihl-hk.com) to provide an alternative communication channel for the public and its shareholders. All corporate communication and the Company's latest updates are available on the Company's website for public information.

ANNUAL GENERAL MEETING

During the Year, the Company had been in deviation from A.6.7 and E.1.2 of the Code as the Chairman and some of the Directors were unable to attend the annual general meeting of the Company held on 15 September 2014 (the "AGM") due to business engagement. Mr. Kong Siu Keung, being the executive director of the Company, attended the AGM and were delegated to make himself available to answer questions if raised at the meetings. The absence of the chairman of the Company in the annual general meeting constituted a deviation from the CG Code.

DIRECTORS' CONTINUOUS TRAINING AND DEVELOPMENT

The Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure their contribution to the Board remains informed and relevant.

The Directors are regularly briefed on the latest changes and development of the Listing Rules, corporate governance practices and other regulatory regime with written materials, as well as attending seminars on the professional knowledge and latest development of regulatory requirements related to director's duties and responsibilities.

All Directors participated in the continuous professional developments in relation to regulatory update, the duties and responsibility of the Directors and the business of the Group including reading materials in relation to regulatory update and/or attending seminars to develop professional skills.

COMPANY SECRETARY

Mr. Kong Siu Keung, the executive director and the chief financial officer of the Company, is also appointed by the Board as company secretary. He fulfilled the hours of training required under Rule 3.29 of the Listing Rules to perform the duties required.

Company Secretary is to ensure there is a good information flow within the Board and between the Board and senior management, provides advice to the Board in relation to directors' obligations under the Listing Rules and applicable laws and regulations and assists the Board in implementing the corporate governance practices.

BOARD DIVERSITY POLICY

The Company is dedicated to having a diverse board which can enable corporate issues be considered from different perspectives and appropriate level of examination and evaluation be conducted. In this connection, the Board has adopted a board diversity policy which sets out the approach to achieve diversity on the Board (the "Board Diversity Policy").

Pursuant to the Board Diversity Policy, the Company considers Board diversity from a number of perspectives, including but not limited to gender, age, nationality, cultural and educational background, professional experience, skills, knowledge, industry experience and length of service.

The ultimate decision would be based on merit and contribution the selected candidates would bring to the Board. The Nomination Committee opined that the Company has a diverse board. The Nomination Committee and the Board would review the Diversity Policy at least annually.

CORPORATE SOCIAL RESPONSIBILITY

The Group is conscious of its role as a socially responsible group of companies. It has made donations from time to time, supports the communities and encourages its employees to participate in any charitable events and caring services.

INTERNAL CONTROL

The Board has overall responsibility for the establishment, maintenance and review of the Group's system of internal control. During the Year, the Board has conducted a review of and is satisfied with the effectiveness of the system of internal control of the Group.

Based on the assessment made by the Company's management and external auditor during its statutory audit, the audit committee is satisfied that the internal control system is sufficient to provide reasonable assurances that the Group's assets are safeguarded against loss from unauthorized use or disposition, transactions are properly authorized and paper accounting records are maintained. In addition, the Board considered that resources, qualification and experience of staff responsible for the Company's accounting and financial reporting function, their training and budget are adequate. The system is designed to provide reasonable, but not absolute assurance against material misstatement loss, and to manage rather than eliminate risks of failure in the Group's operational system.

SHAREHOLDERS' RIGHTS

(i) Convening a Special General Meeting

Pursuant to Section 74 of the Bermuda Companies Act 1981, shareholder(s) holding at the date of the deposit of the requisition not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company shall have the right to submit a written requisition requiring a special general meeting (the "SGM") to be called by the Board. The written requisition (i) must state the purposes of the SGM, and (ii) must be signed by the requisitionists and deposited at the registered office of the Company for attention of the company secretary of the Company, and may consist of several documents in like form, each signed by one or more requisitionists. Such requisitions will be verified with the Company's share registrars and upon their confirmation that the requisition is proper and in order, the company secretary will ask the Board to convene a SGM by serving sufficient notice to all shareholders. On the contrary, if the requisition has been verified as not in order, the requisitionists will be advised of this outcome and accordingly, the SGM will not be convened as requested.

If the Board does not within 21 days from the date of the deposit of the requisition proceed duly to convene a SGM, the requisitionists or any of them representing more than one-half of the total voting rights of all of them may convene a SGM, but any SGM so convened shall not be held after expiration of two months from the said date of deposit of the requisition. A SGM convened by the requisitionists shall be convened in the same manner, as nearly as possible, as that in any SGM to be convened by the Board.

(ii) Putting Forward Proposals at General Meetings

Pursuant to Sections 79 and 80 of the Bermuda Companies Act 1981, either any number of shareholders representing not less than one-twentieth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company, or not less than 100 shareholders, can request the Company in writing to (a) give to shareholders entitled to receive notice of the next annual general meeting notice of any resolution which may properly be moved and is intended to be moved at that meeting; and (b) circulate to shareholders entitled to have notice of any general meeting sent to them any statement of not more than 1,000 words with respect to the matter referred to in any proposed resolution or the business to be dealt with at that meeting. The requisition signed by all the requisitionists must be deposited at the registered office of the Company with a sum reasonably sufficient to meet the Company's relevant expenses and not less than six weeks before the meeting in case of a requisition requiring notice of a resolution or not less than one week before the meeting in case of any other requisition.

(iii) Enquiries to the Board

Shareholders may send their enquiries and concerns, in written form, to the Board by addressing them to the Company Secretary at Suites 1801–06, 18/F., Tower 2, The Gateway, 25 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong. Shareholders may also make enquiries to the Board at the general meetings of the Company. In addition, shareholders can contact Tricor Tengis Limited, the share registrar of the Company in Hong Kong, if they have any enquiries about their shareholdings and entitlements to dividend.

AUDITOR'S REMUNERATION

RSM Nelson Wheeler was appointed as the Company's external auditor. The external auditor is primarily responsible for providing audit services in connection with the annual consolidated financial statements. During the Year, the total remuneration in respect of services provided by RSM Nelson Wheeler amounted to HK$3,485,300, of which HK$3,000,000 was incurred for statutory audit and HK$485,300 was incurred for non-audit services which mainly included tax compliance services and other professional services.

CONSTITUTIONAL DOCUMENTS

There are no changes in the Company's constitutional documents during the Year.

CONCLUSION

The Company strongly believes that good corporate governance can safeguard the effective allocation of resources and protect shareholders' interests. The management will continue to maintain, strengthen and improve the standard and quality of the corporate governance of the Group.

REPORT OF THE DIRECTORS

The board of directors of the Company (the "Board" or the "Director") is pleased to present their report and the audited financial statements of the Group for the Year.

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The principal activity of the Company is investment holding. Details of the principal activities of the principal subsidiaries are set out in note 48 to the consolidated financial statements. The core business of the Group is the (i) mining and trading of iron ore and raw materials; (ii) real estate investment and development; (iii) trading of clinker, cement and other building materials; and (iv) mining and processing of granite and selling of granite products.

An analysis of the Group's performance for the year by operating segment is set out in note 10 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The Group's loss for the year ended 31 March 2015 is set out in the consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income on page 56 and 57 and the state of affairs of the Group as at 31 March 2015 are set out in the consolidated statement of financial position on pages 58 and 59.

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

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past five years ended 31 March 2015 is set out on page 140. This summary does not form part of the audited financial statements.

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.

INVESTMENT PROPERTIES AND INVESTMENT PROPERTIES UNDER DEVELOPMENT

Details of the movements in the investment properties and investment properties under development of the Group during the Year are set out in note 19 to the consolidated financial statements.

PRINCIPAL SUBSIDIARIES

Particulars of the Company's subsidiaries as at 31 March 2015 are set out in note 48 to the consolidated financial statements.

CONVERTIBLE LOAN NOTES

Details of the convertible loan notes are set out in note 41 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the Company's share capital during the Year, together with the reasons therefor, are set out in note 32 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's bye-laws or the Companies Act 1981 of Bermuda which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

PURCHASE, REDEMPTION OR SALES OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the Year, respectively.

RESERVES

Movements in reserves of the Group during the Year are set out in the consolidated statement of changes in equity on page 60.

BANK BORROWINGS

Details of the bank borrowings of the Group are set out in note 35 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

At 31 March 2015, the Company's reserves available for distribution, calculated in accordance with the provisions of the Companies Act 1981 of Bermuda (as amended from time to time) amounted to approximately HK$1,435 million (2014: HK$1,780 million). The Company's share premium, in the amount of approximately HK$1,662 million as at 31 March 2105 (2014: HK$1,036 million), may be distributed in the form of fully paid bonus shares.

MAJOR CUSTOMERS AND SUPPLIERS

During the Year, sales to the Group's five largest customers accounted for approximately 51% of total sales and sales to the largest customer included therein amounted to approximately 16% of total sales. The Group's five largest suppliers accounted for approximately 55% of total purchases for the Year and purchases from the largest supplier included therein amounted for approximately 30% of total purchases.

The Group's largest customer is an indirect wholly owned subsidiary of Nanjing IS.

Save as disclosed above, none of the Directors of the Company or any of their associates, or any other shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers or its five largest suppliers during the Year.

DONATIONS

Donations made by the Group during the Year amounted to HK$29,026,000.

DIRECTORS

The Directors during the Year and as at date of this report are:

Executive Directors:

Mr. Wong Ben Koon ("Mr. Wong")
Mr. Sun Yong Sen (retired on 15 September 2014)
Dr. Mao Shuzhong
Mr. Zhu Kai (resigned on 31 January 2015)
Mr. Wu Likang
Ms. Gloria Wong
Mr. Kong Siu Keung

Non-executive Director:

Mr. LIU Yongshun (re-designated as non-executive director on 1 February 2014)

Independent non-executive Directors:

Mr. Yuen Kim Hung, Michael
Mr. Yung Ho
Mr. Chan Kai Nang
Mr. Ma Jianwu

In accordance with bye-law 87 of the Company's bye-laws, Dr. Mao Shuzhong, Mr. Wu Likang, Ms. Gloria Wong and Mr. Yuen Kim Hung, Michael will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and the senior management of the Group are set out on pages 30 to 32 of this annual report.

DIRECTORS' SERVICE CONTRACTS

Other than statutory compensation, none of the Directors who are proposed for re-election at the forthcoming AGM has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation.

The service contract entered into between the Company and Mr. Wong and Mr. Kong Siu Keung have no expiry date, but can be terminated by the giving of three months' prior notice, and is exempted from the shareholders' approval requirement under Rule 13.68 of the Listing Rules.

DIRECTORS' REMUNERATION

The Directors' fees are subject to shareholders' approval at general meetings. Other emoluments are determined by the Company's Remuneration Committee with reference to Directors' duties, responsibilities and performance and the results of the Group. Details of Directors' emoluments are set out in the note 14 to the consolidated financial statements.

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in note 47 to the consolidated financial statements, no Director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company, or any of its subsidiaries was a party, and which subsisted at the end of the Year or at any time during the Year.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 March 2015, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or (c) were required, pursuant to the Mode Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the "Model Code") to be notified to the Company and the Stock Exchange, were as follows:

(a) Long positions in ordinary shares of the Company

Long position in the Shares and underlying Shares

	Number of Shares and underlying Shares held, capacity and nature of interest					
Name of Director/chief executive	**Directly beneficially owned**	**Through controlled corporation**	**Interest of Director's spouse**	**Number of underlying Shares held under equity derivatives**	**Total**	**Percentage of the Company's issued share capital**
Mr. Wong	1,178,050,153	3,886,591,582 (Note)	22,640,000	– (Note)	5,087,281,735	59.21%
Dr. Mao Shuzhong	–	–	–	30,000,000	30,000,000	0.35%
Mr. Liu Yongshun	–	–	–	15,000,000	15,000,000	0.17%
Ms. Gloria Wong	–	–	–	10,000,000	10,000,000	0.12%
Mr. Kong Siu Keung	–	–	–	10,000,000	10,000,000	0.12%

Note: Mr. Wong is interested in 2,139,675,960 Shares, 2,639,514 Shares, 2,639,514 Shares and1,741,636,594 Shares through his interest in Prosperity Minerals Group Limited ("PMGL"), Max Will Profits Limited ("Max Will"), Max Start Holdings Limited ("Max Start") and Elite Force (Asia) Limited ("Elite Force"), which are owned beneficially as to 67.2%, 65.0%, 65.0% and 100% by Mr. Wong respectively.

(b) Short positions in Shares and underlying Shares

Name of Director/chief executive	Number of Shares and underlying Shares held, capacity and nature of interest					
	Directly beneficially owned	Through controlled corporation	Interest of Director's spouse	Number of underlying Shares held under equity derivatives	Total	Percentage of the Company's issued share capital
Mr. Wong	–	46,527,701 (Note)	–	–	46,527,701	0.54%

Note: Pursuant to the warrant instruments executed between PMGL, Mr. Wong and Luck Well Management Limited ("Luck Well") on 8 April 2011 and 8 April 2013 respectively, PMGL granted the warrants to Luck Well conferring rights to purchase from PMGL of nominal value of HK$0.01 each in the capital of the Company, at the exercise price of HK$0.5152 per share in aggregate up to HK$78,000,000. As at 31 March 2015, the amount of warrants outstanding was HK$23,971,071. Luck Well is the nominee of CCB International Asset Management Limited which is entitled to purchase 46,527,701 Shares pursuant to the terms of the warrant agreements.

Save as disclosed above, as at 31 March 2015, so far as is known to any Directors or chief executive of the Company, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or (c) were required, pursuant to the Model Code to be notified to the Company and the Stock Exchange.

SHARE OPTION SCHEME

The details of the Company's share option scheme, including the movement of, and any outstanding share options during the Year are disclosed in note 42 to the consolidated financial statements. The share option scheme (the "Share Option Scheme") adopted by the Company following the approval of the shareholders of the Company in accordance with the Listing Rules at the annual general meeting held on 25 September 2009.

Save as disclosed above, at no time during the Year were rights to acquire benefits by means of the acquisition of shares in, or debentures of, the Company granted to any Director, or their respective spouse or minor children, or were any such rights exercised by them, or was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire such rights in any other body corporate.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the Year, the following Director was considered having interests in the following businesses ("Excluded Businesses"), being businesses which competed or are likely to compete, either directly or indirectly, with the businesses of the Group, other than those businesses in which the Group was interested and the Director's only interests are as directors appointed to represent the interests of the Group.

Mr. Wong, the substantial shareholder and an executive director of the Company, directly and through his controlled associates, held beneficial interests in the following companies, which were also engaged in the trading of iron ore:

i) Grace Wise Pte Limited ("Grace Wise")

Grace Wise is a limited liability company incorporated in Singapore and engaged in the sale of iron ore exported from Malaysia. Mr. Wong, through his controlled associates, held interests in Grace Wise and was also a director of Grace Wise. The Board believes that as the size of that part of these Excluded Businesses in the PRC, where the Group has iron ore trading business, is not insignificant when compared with the iron ore trading business of the Group in the PRC, it is likely that these Excluded Businesses may compete with the iron ore trading business of the Group in the PRC.

Nonetheless, pursuant to the off-take agreement between MCO, an indirect wholly-owned subsidiary of the Company, and Grace Wise dated 16 May 2013, and as amended by deed of amendment on 15 August 2013, Grace Wise agreed to sell to MCO, for loading at Malaysian sea port, iron ore at a price per tonne following the prevailing market price in similar locations between 1 April 2013 and 31 March 2016, in which whenever Grace Wise has iron ore to sell, it must first offer the same to MCO. Therefore, the Group can have the right, but not obligation to purchase the iron ore from Grace Wise at its own discretion. Furthermore, the Group completed the acquisition of an entire share capital of Billion Win, the holding company of Grace Wise, on 10 October 2014 and there is no competing business thereafter.

ii) Century Iron Ore Holdings Inc. ("Century Holdings")

Century Holdings is a resource development company incorporated under the laws of the Province of British Columbia, Canada which specialises in iron ore mining. Mr. Wong, through his controlled associates, held interests in Century Holdings and was also a director of Century Holdings. The Board believes that as the size of that part of these Excluded Businesses in the PRC, where the Group has iron ore trading business, is not insignificant when compared with the iron ore trading business of the Group in the PRC, it is likely that these Excluded Businesses may compete with the iron ore trading business of the Group in the PRC.

During the Year, the Excluded Businesses were operated and managed by companies (and in the case of Century Holdings, by a publicly listed company) with independent management and administration. On this basis, the Directors believe that the Group is capable of carrying on its business independently of the Excluded Businesses and at arm's length from the Excluded Businesses.

Save as aforesaid, during the Year, none of the Directors had an interest in any businesses which competes or is likely to compete, either directly or indirectly, with the business of the Group.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

So far as is known to any Director or chief executive of the Company, as at 31 March 2015, persons (other than the Directors or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Long position in the Shares and underlying Shares

Name	Capacity/ nature of interest	Number of Shares	Total	Percentage of the Company's issued share capital
Madam Hon Ching Fong	Interest in controlled corporations (Note a)	2,144,954,988	2,144,954,988	24.96%
PMGL (Note g)	Beneficial owner (Note a)	2,139,675,960	2,139,675,960	24.90%
Ms. Shing Shing Wai	Interest of spouse	5,064,641,735		
	Beneficial owner (Note b)	22,640,000		
		5,087,281,735	5,087,281,735	59.21%
Elite Force (Note g)	Interest in controlled corporations (Note c)	1,741,636,594	1,741,636,594	20.27%
Industrial and Commercial Bank of China ("ICBC")	Interest in controlled corporations (Note f)	619,047,620	619,047,620	7.20%
Central Huijin Investment Ltd ("CHI")	Interest in controlled corporations (Note f)	619,047,620	619,047,620	7.20%
ICBC International Holdings Limited	Interest in controlled corporation (note f)	619,047,620	619,047,620	7.20%
ICBC International Investment Management Limited	Beneficial owner (note f)	619,047,620	619,047,620	7.20%
南京鋼鐵集團有限公司 (Note d)	Beneficial owner	1,179,890,378	1,179,890,378	13.73%
南京鋼鐵創業投資有限公司	Interest in controlled corporations (Note e)	1,179,890,378	1,179,890,378	13.73%
南京鋼鐵集團有限公司工會	Interest in controlled corporations (Note e)	1,179,890,378	1,179,890,378	13.73%
南京新工投資集團有限責任公司	Interest in controlled corporations (Note e)	1,179,890,378	1,179,890,378	13.73%
南京市人民政府國有資產監督管理委員會	Interest in controlled corporations (Note e)	1,179,890,378	1,179,890,378	13.73%

Notes:

(a) The entire issued share capital of PMGL, Max Start and Max Will, are beneficially owned as to 32.8%, 35% and 35% by Madam Hon Ching Fong respectively.

(b) Ms. Shing Shing Wai is the spouse of Mr. Wong and the interests of each of Mr. Wong and Ms. Shing Shing Wai are deemed to be the interests of each other.

(c) Elite Force, a company incorporated in the BVI with limited liability which is wholly and beneficially owned by Mr. Wong.

(d) 南京鋼鐵集團有限公司 (Nanjing Iron and Steel Group Co., Ltd.) is a limited liability company incorporated under the laws of the PRC.

(e) 南京鋼鐵創業投資有限公司 held 51% interest of 南京鋼鐵集團有限公司 and 南京新工投資集團有限責任公司 held the remaining 49% interest. 南京鋼鐵創業投資有限公司 is wholly owned by 南京鋼鐵集團有限公司工會. 南京新工投資集團有限責任公司 is wholly owned by 南京市人民政府國有資產監督管理委員會.

(f) These shares are held by ICBC International Investment Management Limited, a wholly-owned subsidiary of ICBC International Holdings Limited, which in turn a wholly-owned subsidiary of ICBC, which in turn owned as to 35.5% by CHI. CHI and ICBC are therefore deemed to be interested in the Shares held by ICBC International Investment Management Limited.

(g) Mr. Wong is a director of each of PMGL and Elite Force.

Short position in the Shares and underlying Shares

Name	**Notes**	**Capacity/nature of interest**	**Number of Shares**	**Percentage of the Company's issued share capital**
Madam Hon Ching Fong	(a) & (c)	Interest of controlled corporation	46,527,701	0.54%
PMGL	(a) & (c)	Beneficial owner	46,527,701	0.54%
Ms. Shing Shing Wai	(b) & (c)	Interest of spouse	46,527,701	0.54%

Notes:

(a) The entire issued share capital of PMGL, Max Start and Max Will, are beneficially owned as to 32.8%, 35% and 35% by Madam Hon Ching Fong respectively.

(b) Ms. Shing Shing Wai is the spouse of Mr. Wong and the interests of each of Mr. Wong and Ms. Shing Shing Wai are deemed to be the interests of each other.

(c) Pursuant to the warrant instruments executed between PMGL, Mr. Wong and Luck Well on 8 April 2011 and 8 April 2013 respectively, PMGL granted the warrants to Luck Well conferring rights to purchase from PMGL of nominal value of HK$0.01 each in the capital of the Company, at the exercise price of HK$0.5152 per share in aggregate up to HK$78,000,000. As at 31 March 2015, the amount of warrants outstanding was HK$23,971,071. Luck Well is the nominee of CCB International Asset Management Limited which is entitled to purchase 46,527,701 Shares pursuant to the terms of the warrant agreements.

Save as disclosed above, as at 31 March 2015, the Company has not been notified by any persons (other than the Directors or chief executive of the Company) of interests or short positions in the shares or underlying shares of the Company held by them which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

Long positions in the shares/registered capital of the member of the Group:

Name of the member of the Group	Name of shareholder(s)	Capacity and nature of interest	Number of ordinary shares held	Percentage of the issued share capital
Fuchun Dongfang	Guangdong Sendao Group Limited	Beneficially owner	N/A	45%
WM Aalbrightt Investment Holdings (Hong Kong) Limited	WM Aalbrightt Investment Holdings Limited	Beneficially owner	40,000	40%
Prosperity Materials (Malaysia) Sdn. Bhd.	Ecocem Industries Sdn. Bhd.	Beneficially owner	4	40%
Gain Fortune Limited	Yamada Sangyo Co., Ltd.	Beneficially owner	1,500	15%
Landmark Mining and Metallurgy Limited	Wu Xiao Jiang	Beneficially owner	3,800	38%
Suzhou Jiaxin	Zhao Xiao Lang	Beneficially owner	N/A	34.2%

Save as disclosed above, so far as is known to any Director or chief executive of the Company, as at 31 March 2015, no other person (who is not a Director or chief executive of the Company) had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register kept by the Company under section 336 of the SFO or, who were directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or held any option in respect of such capital.

Save as disclosed above, as at 31 March 2015, none of the Directors was a director or employee of a company (or its subsidiary) which has an interest or a short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

MANAGEMENT CONTRACT

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

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

Certain related party transactions as disclosed in note 47 to the consolidated financial statements also constituted non-exempt connected transactions of the Company and are required to be disclosed in accordance with Chapter 14A of the Listing Rules. The following transactions are the connected transactions and continuing connected transactions between the connected persons (as defined in Rule 14A.06(7) of the Listing Rules) and the Company. The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules in respect of the following transactions:

1. Continuing connected transactions with respect to the iron ore master off-take agreement with Grace Wise.

MCO, an indirect wholly-owned subsidiary of the Company, had entered into iron ore master off-take agreement (the "Malaysian Master Off-take Agreement") and supplemental agreement with Grace Wise on 31 May 2010 and 23 June 2010 respectively, pursuant to which Grace Wise agreed to sell to MCO, for loading at a Malaysian sea port, iron ore at a price per tonne following the prevailing market price in similar locations, delivered between 1 May 2010 and 31 March 2013 (the "Off-take Period"). The Malaysian Master Off-take Agreement prescribes the maximum value of US$1,555 million (equivalent to approximately HK$12,129 million) of the transactions between MCO and Grace Wise during the Off-take Period.

On 16 May 2013, MCO and Grace Wise entered into the new master off-take agreement (the "New Malaysian Master Off-take Agreement") on terms substantially the same as those of the Malaysian Master Off-take Agreement. The New Malaysian Master Off-take Agreement is deemed to have taken effect on 1 April 2013 immediately follow the expiry of the Malaysian Master Off-take Agreement on 31 March 2013, and shall continue until 31 March 2016 (the "New Off-take Period"), subject to early termination by the MCO and Grace Wise in accordance with the terms of the New Malaysian Master Off-take Agreement. The maximum value of the transactions contemplated under New Malaysian Master Off-take Agreement during the New Off-take Period will be US$1,140 million (equivalent to HK$8,892 million). On 15 August 2013, MCO and Grace Wise entered into a deed of amendment to amend the maximum value of the transactions contemplated under the New Malaysian Master Off-take Agreement to US$863 million (equivalent to approximately HK$6,731.4 million).

Grace Wise has become an indirect wholly-owned subsidiary of the Company, after the Group acquired an entire share capital of Billion Win, the holding company of Grace Wise, on 10 October 2014, the transactions do not form part of the continuing connected transactions thereafter.

During the period from 1 April 2014 to 9 October 2014, the Group purchased iron ore amounted to approximately HK$100,846,000 from Grace Wise pursuant to the New Malaysia Master Off-take Agreement (2014: HK$72,673,000). The price and terms of the above with the pricing policies and guidelines are set out in relevant announcement of the Company dated 15 August 2013 and relevant circular of the Company dated 16 September 2013.

2. Continuing connected transactions with respect to the iron ore master off-take agreement with Century Holdings.

On 14 March 2011, MCO entered into the iron ore master off-take agreement (the "Canadian Master Off-take Agreement") with Century Holdings, pursuant to which Century Holdings has granted MCO the option to purchase up to 1 million tonnes of iron ore with specific iron ore grade within the off-take period between 14 March 2011 and 28 February 2014 for loading at Qubec, Canada. As prepayment for the contracted iron ore quantity, MCO shall pay the prepayment of US$10 million (equivalent to approximately HK$78 million) to Century Holdings. As repayment of the prepayment, Century Holdings shall apply US$10 (equivalent to approximately HK$78) from the Prepayment as partial payment of the purchase price of each dry tonne of the contracted iron ore quantity delivered to MCO, and repay the balance of the prepayment, if any, to MCO forthwith upon the termination of the Canadian Master Off-take Agreement. Century Holdings has repaid the whole prepayments to the Group in Previous Financial Year and the Group did not exercise the option as to purchase the iron ore from Century Holdings during the Year. For details, please refer to relevant announcement of the Company dated 15 March 2011.

3. Continuing connected transactions with respect to iron ore off-take agreement with Nanjing IS and Grace Wise ("Nanjing Steel Agency Agreement").

On 10 May 2011, Grace Wise as seller, Nanjing IS as buyer and MCO as introducing agent entered into the Nanjing Steel Agency Agreement, pursuant to which Grace Wise shall sell, and Nanjing IS shall purchase, the contracted annual tonnage of iron ore commencing from 10 May 2011 and ending on 31 May 2021 in accordance with the terms thereof. MCO acts as exclusive introducing agent for Grace Wise in respect of the transactions contemplated under the Nanjing Steel Agency Agreement. As exclusive introducing agent for Grace Wise, MCO shall provide Grace Wise with administrative assistance such as handling shipping documents and liaising with payment banks. In consideration of the services of MCO to Grace Wise, Grace Wise shall pay MCO the Commission of US$2.00 per dry metric ton of the ore shipped under the Nanjing Steel Agency Agreement.

During the Year, the Group received the agency income of HK$Nil with respect to Nanjing Steel Agency Agreement (2014: HK$Nil).

4. Connected transaction with respect to acquisition of interest in Billion Win.

The Company entered into a conditional agreement with All Wealthy Capital Limited ("All Wealthy"), Sun Honest Enterprises Limited ("Sun Honest") and Million Sea, in relation to acquisition of an entire share capital of Billion Win, on 29 October 2012 (as amended and supplemented by the supplement agreements). The entire share capital of All Wealthy and Sun Honest are beneficially owned as to 79.26% and 100% by Mr. Wong, the substantial shareholder and executive director, and are therefore the connected persons of the Company.

On 10 October 2014, the Group completed the acquisition of 85% interests in Billion Win from All Wealthy and Sun Honest, for the aggregate consideration of US$168.1 million (equivalent to approximately HK$1,311 million), of which US$85 million (equivalent to approximately HK$663 million) were settled by deferred cash payment and the remaining portion were settled by allotment of new shares of the Company at the closing market price of the Shares on the acquisition date of HK$0.295 per share. Billion Win and its subsidiaries are principally engaged in (i) the operation of the Sri Jaya Mines; (ii) the operation of the Sri Jaya Plant; and (iii) the sale of iron ore mined in Malaysia. For details, please refer to relevant announcements and circluar of the Company.

5. Continuing connected transactions with respect to the master equipment sale and purchase agreement with Phoenix Lake Sdn. Bhd (the "Master Equipment Sale & Purchase Agreement").

On 8 November 2013, Hangzhou Gangchang Technology & Trade Company Limited ("Hangzhou Gangchang"), an indirect wholly-owned subsidiary of the Company, entered into the Master Equipment Sale & Purchase Agreement with Phoenix Lake Sdn. Bhd ("Phoenix Lake"), a wholly-owned subsidiary of Billion Win, pursuant to which Hangzhou Gangchang has agreed from 8 November 2013 to 31 March 2014 (the "Term") (a) to assist Phoenix Lake in reviewing the facility requirements of its iron ore processing plant in Malaysia and identifying the equipment to be purchased by Phoenix Lake for use in its iron ore processing plant; and (b) to source from the PRC the equipment so identified by Phoenix Lake and on-sell them to Phoenix Lake, on the terms of and subject to the conditions set out in the Master Equipment Sale & Purchase Agreement.

The maximum value of the transactions between Hangzhou Gangchang and Phoenix Lake contemplated under the Master Equipment Sale & Purchase Agreement during the Term will be RMB89 million (equivalent to approximately HK$112 million).

In Previous Financial Year, Hangzhou Gangchang has entered into the equipment contracts with Phoenix Lake with aggregate amounts of approximately RMB85 million (equivalent to approximately HK$108 million), of which approximately HK$85.6 million was recognised as revenue for the Year (2014: HK$8.8 million) upon delivery of the equipment. The price and terms of the above transactions have been determined in accordance with the pricing policies and guideline set out in relevant announcement of the Company dated 8 November 2013 and the circular of the Company dated 30 December 2013.

6. **Connected transaction with respect to the provision of financial assistance to a non-controlling shareholder of Fuchun Dongfang.**

   On 10 July 2014, 30 July 2014, and 31 October 2014, Fuchun Dongfang, a 55%-owned subsidiary of Company, pledged certain units of Oriental Landmark, for the benefit of the non-controlling shareholder of Fuchun Dongfang, as a security for the bank loans taken by his associated companies, in aggregation of RMB332.5 million (equivalent to approximately HK$413.8 million).

7. **Connected transaction in relation to the sale of iron ore.**

   On 8 January 2015, MCO entered into the sale and purchase agreement (the "SPA") with Singapore Jinteng International Company Limited ("Singapore Jinteng"), a wholly-owned subsidiary of Nanjing IS, pursuant to which MCO agreed to sell 105,000 metric tonnes of iron ore to Singapore Jinteng at the aggregate Consideration of approximately US$7.13 million (equivalent to approximately HK$55.61 million).

   On 15 January 2015, all the rights and obligations of Singapore Jinteng under the SPA were transferred by novation to Hong Kong Jinteng International Company Limited ("HK Jinteng"), which is also a wholly-owned subsidiary of Nanjing IS.

   Nanjing IS was then the substantial shareholder of the Company and therefore both Singapore Jinteng and HK Jinteng are connected persons of the Company.

   The price and the terms of the above transaction have been determined in accordance with the pricing policies and guideline set out in relevant announcements dated 8 January 2015 and 15 January 2015 and relevant circular dated 29 January 2015.

8. **Continuing connected transactions with respect of iron ore off-take agreement with Nanjing IS.**

   On 12 January 2015, MCO had entered into iron ore off-take agreement (the "Nanjing Steel Off-take Agreement") with Nanjing IS, pursuant to which MCO agreed to sell to Nanjing IS from 12 January 2015 to 11 December 2017, prescribing the maximum aggregate value of US$389 million (equivalent to approximately HK$3,034 million).

   During the Year, the Group sold iron ore amounted to US$18.6 million (equivalent to approximately HK$144.8 million) pursuant to the Nanjing Steel Off-take Agreement. The price and the terms of the above transactions have been determined in accordance with the pricing policies and guideline set out in relevant announcements dated 8 January 2015, 12 January 2015 and 15 January 2015 and relevant circular dated 29 January 2015.

Pursuant to Rule 14A.55 of the Listing Rules, the independent non-executive directors of the Company have reviewed the above continuing connected transactions, and are of the opinion that the continuing connected transactions were entered into:

(i) in the ordinary and usual course of businesses of the Group;

(ii) on normal commercial terms or on terms no less favourable to the Group than terms available to or form independent third parties; and

(iii) in accordance with the respective agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Pursuant to Rule 14A.56 of the Listing Rules, the Company's auditor was engaged to report on the Group's continuing connected transactions with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by Hong Kong Institute of Certified Public Accountants. The auditor has issued his unqualified letter containing his findings and conclusions in respect of the continuing transactions disclosed by the Group in accordance with paragraph 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

BUSINESS REVIEW

Details of business review during the Year are set out in section "Business Review" on page 10 to page 21 of this annual report.

EVENTS AFTER THE REPORTING PERIOD

Details of the significant events occurring after the reporting period are set out in note 49 to the consolidated financial statements.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

A full corporate governance report is set out on pages 33 to 40 of this annual report.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information publicly available to the Company and within the knowledge of the Directors as at the date of this annual report, the Company has maintained the prescribed public float under the Listing Rules.

AUDITOR

RSM Nelson Wheeler will retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of RSM Nelson Wheeler as auditor of the Company is to be proposed at the forthcoming annual general meeting.

There is no change in auditors of the Company since the first appointment on 15 May 2006.

ON BEHALF OF THE BOARD
WONG Ben Koon
Chairman

Hong Kong, 30 June 2015

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF
PROSPERITY INTERNATIONAL HOLDINGS (H.K.) LIMITED
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Prosperity International Holdings (H.K.) Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 56 to 139, which comprise the consolidated statement of financial position as at 31 March 2015, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 90 of the Companies Act 1981 of Bermuda and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

OPINION

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

RSM Nelson Wheeler
Certified Public Accountants
Hong Kong
30 June 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2015

	Note	2015 HK$'000	2014 HK$'000
Turnover	8	**3,578,700**	5,451,942
Cost of goods sold		**(3,388,314)**	(4,787,030)
Gross profit		**190,386**	664,912
Other income	9	**195,012**	203,444
Selling and distribution costs		**(56,132)**	(39,107)
Administrative expenses		**(386,174)**	(281,332)
Other operating expenses		**(1,099,354)**	(1,439)
(Loss)/profit from operations		**(1,156,262)**	546,478
Finance costs	11	**(248,068)**	(239,397)
Share of profits less losses of associates	22	**47,484**	66,198
Share of profits less losses of joint ventures	23	**(25,304)**	(66,706)
Gains on disposal of associates		**469,186**	54,100
(Losses)/gains on disposal of joint ventures		**(12,174)**	44,013
Net (losses)/gains on disposal of available-for-sale financial assets		**(29,742)**	4,039
Reversal of impairment loss on interest in a joint venture		**–**	42,789
Fair value gains on derivative financial instruments	41	**41,055**	38,805
Fair value gains on investment properties and investment properties under development	19	**278,316**	239,034
(Loss)/profit before tax		**(635,509)**	729,353
Income tax expense	12	**(122,392)**	(442,177)
(Loss)/profit for the year	13	**(757,901)**	287,176
Attributable to:			
Owners of the Company		**(839,453)**	130,717
Non-controlling interests		**81,552**	156,459
		(757,901)	287,176
(Loss)/earnings per share			
— basic (HK cents)	17(a)	**(11.29)**	2.04
— diluted (HK cents)	17(b)	**N/A**	N/A

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	**(757,901)**	287,176
Other comprehensive income:		
Items that may be reclassified to profit or loss:		
Exchange differences on translating foreign operations	**(147,030)**	6,847
Fair value gains reclassified to statement of profit or loss on disposal of available-for-sale financial assets	**(153,120)**	(7,836)
Fair value (losses)/gains on available-for-sale financial assets	**(18)**	183,944
Other comprehensive income for the year, net of tax	**(300,168)**	182,955
Total comprehensive income for the year	**(1,058,069)**	470,131
Attributable to:		
Owners of the Company	**(1,114,633)**	295,897
Non-controlling interests	**56,564**	174,234
	(1,058,069)	470,131

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2015

	Note	2015 HK$'000	2014 HK$'000
Non-current assets			
Property, plant and equipment	18	**654,977**	73,153
Investment properties	19	**2,359,799**	239,653
Investment properties under development	19	**–**	1,869,935
Goodwill	20	**38,105**	38,105
Other intangible assets	21	**2,272,965**	169,739
Interests in associates	22	**–**	637,127
Interests in joint ventures	23	**87,066**	662,896
Finance lease receivable	24	**–**	149,625
Available-for-sale financial assets	25	**–**	362,215
Derivative financial assets	41	**11,973**	20,107
Non-current prepayments and loan receivables	26	**319,328**	468,867
Deferred tax assets	38	**122,972**	98,786
		5,867,185	4,790,208
Current assets			
Inventories	27	**1,772,336**	1,533,266
Available-for-sale financial assets	25	**139,236**	16,198
Finance lease receivable	24	**103,506**	28,832
Trade and bills receivables	28	**129,623**	210,280
Prepayments, deposits and other receivables	29	**1,144,114**	858,300
Current tax assets		**3,811**	1,449
Pledged deposits	30	**95,930**	136,723
Time deposits	30	**1,493**	10,539
Bank and cash balances	30	**269,027**	803,606
		3,659,076	3,599,193
Assets classified as held for sale	31	**312,629**	–
		3,971,705	3,599,193
TOTAL ASSETS		**9,838,890**	8,389,401

Consolidated Statement of Financial Position *(Continued)*

At 31 March 2015

	Note	2015 HK$'000	2014 HK$'000
Capital and reserves			
Share capital	32	**85,923**	63,950
Reserves	34	**2,322,637**	2,811,019
Equity attributable to owners of the Company		**2,408,560**	2,874,969
Non-controlling interests		**953,174**	837,718
Total equity		**3,361,734**	3,712,687
Non-current liabilities			
Bank borrowings	35	**582,699**	824,798
Finance lease payables	36	**2,716**	–
Other loans and payables	37	**1,094,780**	–
Deferred tax liabilities	38	**836,739**	397,065
		2,516,934	1,221,863
Current liabilities			
Trade and bills payables	39	**354,761**	603,286
Other payables and deposits received	40	**586,205**	1,136,207
Derivative financial liabilities	41	**14,799**	63,988
Current portion of bank borrowings	35	**2,092,611**	579,934
Finance lease payables	36	**1,703**	–
Convertible loan notes	41	**200,181**	617,923
Current tax liabilities		**709,962**	453,513
		3,960,222	3,454,851
Total liabilities		**6,477,156**	4,676,714
TOTAL EQUITY AND LIABILITIES		**9,838,890**	8,389,401
Net current assets		**11,483**	144,342
Total assets less current liabilities		**5,878,668**	4,934,550

Approved by the Board of Directors on 30 June 2015

Wong Ben Koon
Chairman and Executive Director

Kong Siu Keung
Executive Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2015

	Attributable to owners of the Company											
	Share capital HK$'000	Share premium HK$'000	Foreign currency translation reserve HK$'000	Contributed surplus HK$'000	Merger reserve HK$'000	Share-based payment reserve HK$'000	Investment reserve HK$'000	Other reserve HK$'000	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 April 2013	63,950	1,035,544	117,351	886,979	(12,880)	29,850	4,886	50	85,590	2,211,320	1,879,755	4,091,075
Total comprehensive income for the year	–	–	(4,344)	–	–	–	169,524	–	130,717	295,897	174,234	470,131
Purchase of non-controlling interests ("NCI") (note 43(d))	–	–	–	–	–	–	–	–	405,859	405,859	(1,214,352)	(808,493)
Purchase of share options of a subsidiary	–	–	–	–	–	(16,327)	–	–	(21,780)	(38,107)	(1,919)	(40,026)
Changes in equity for the year	–	–	(4,344)	–	–	(16,327)	169,524	–	514,796	663,649	(1,042,037)	(378,388)
At 31 March 2014	63,950	1,035,544	113,007	886,979	(12,880)	13,523	174,410	50	600,386	2,874,969	837,718	3,712,687

	Attributable to owners of the Company											
	Share capital HK$'000	**Share premium HK$'000**	**Foreign currency translation reserve HK$'000**	**Contributed surplus HK$'000**	**Merger reserve HK$'000**	**Share-based payment reserve HK$'000**	**Investment reserve HK$'000**	**Other reserve HK$'000**	**Retained profits/ (accumulated losses) HK$'000**	**Total HK$'000**	**Non-controlling interests HK$'000**	**Total equity HK$'000**
At 1 April 2014	**63,950**	**1,035,544**	**113,007**	**886,979**	**(12,880)**	**13,523**	**174,410**	**50**	**600,386**	**2,874,969**	**837,718**	**3,712,687**
Total comprehensive income for the year	**–**	**–**	**(122,042)**	**–**	**–**	**–**	**(153,138)**	**–**	**(839,453)**	**(1,114,633)**	**56,564**	**(1,058,069)**
Issue of shares (note 32)	**21,973**	**626,251**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**648,224**	**–**	**648,224**
Acquisition of subsidiaries (note 43(b) and (c))	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**58,892**	**58,892**
Changes in equity for the year	**21,973**	**626,251**	**(122,042)**	**–**	**–**	**–**	**(153,138)**	**–**	**(839,453)**	**(466,409)**	**115,456**	**(350,953)**
At 31 March 2015	**85,923**	**1,661,795**	**(9,035)**	**886,979**	**(12,880)**	**13,523**	**21,272**	**50**	**(239,067)**	**2,408,560**	**953,174**	**3,361,734**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2015

	2015 HK$'000	2014 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/profit for the year	**(757,901)**	287,176
Adjustments for:		
Income tax expense	**122,392**	442,177
Finance costs	**248,068**	239,397
Interest income	**(51,234)**	(86,253)
Depreciation	**33,825**	7,209
Amortisation of other intangible assets	**5,965**	–
Share of profits less losses of associates	**(47,484)**	(66,198)
Share of profits less losses of joint ventures	**25,304**	66,706
Gains on disposal of associates	**(469,186)**	(54,100)
Losses/(gains) on disposal of joint ventures	**12,174**	(44,013)
Net losses/(gains) on disposal of available-for-sale financial assets	**29,742**	(4,039)
Reversal of impairment loss on interest in a joint venture	**–**	(42,789)
Impairment loss on available-for-sale financial assets	**2,834**	1,439
Impairment loss on other intangible assets	**627,175**	–
Impairment loss on property, plant and equipment	**165,166**	–
Impairment loss on goodwill	**35,506**	–
Impairment loss on interest in a joint venture	**162,726**	–
Allowance for loan receivable	**15,600**	–
Allowance for inventories	**117,024**	–
Allowance for uncollectible minimum lease payments receivable	**90,347**	–
Bad debts	**6,997**	–
Fair value gains on derivative financial instruments	**(41,055)**	(38,805)
Fair value gains on investment properties and investment properties under development	**(278,316)**	(239,034)
Gain on bargain purchase in respect of business combination	**(10,801)**	–
Gain on disposal of property, plant and equipment	**(951)**	–
Operating profit before working capital changes	**43,917**	468,873
Decrease in inventories	**344,243**	764,018
Decrease in trade and bills receivables	**117,270**	20,885
Decrease/(increase) in prepayments, deposits and other receivables	**217,981**	(9,337)
(Decrease)/increase in trade and bills payables	**(270,632)**	296,557
Decrease in other payables and deposits received	**(1,206,288)**	(1,276,232)
Decrease in other loans and payables	**(33,279)**	–
Cash (used in)/generated from operating activities	**(786,788)**	264,764
Income tax paid	**(14,998)**	(27,095)
Net cash (used in)/generated from operating activities	**(801,786)**	237,669

Consolidated Statement of Cash Flows *(Continued)*

For the year ended 31 March 2015

	2015 HK$'000	2014 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease in pledged deposits and time deposits	**49,839**	284,359
Interest received	**13,527**	15,335
Purchases of property, plant and equipment	**(15,406)**	(52,888)
Addition of other intangible assets	**(684)**	–
Addition of investment properties	**–**	(29)
Addition of investment properties under development	**(15,562)**	(228,599)
Advance to joint ventures	**–**	(42,613)
Advance from joint ventures	**–**	24,360
Net repayment from/(advance to) business associates	**26,433**	(94,601)
Acquisition of available-for-sale financial assets	**(1,200)**	(102,593)
Acquisition of subsidiaries	**121,399**	–
Receipt of repayment for finance lease receivables	**17,446**	4,914
Proceed from disposal of available-for-sale financial assets	**160,559**	47,108
Proceed from disposal of property, plant and equipment	**1,092**	34
Proceed from disposal of an associate	**104,735**	174,335
Proceed from disposal of a joint venture	**–**	279,199
Dividends received from an associate	**7,075**	3,058
Net cash generated from investing activities	**469,253**	311,379
CASH FLOWS FROM FINANCING ACTIVITIES		
Bank loans raised	**2,065,100**	1,916,122
Purchase of non-controlling interests	**–**	(808,493)
Purchase of share options of a subsidiary	**–**	(40,026)
Payment for arrangement fee attributable to the issuance of convertible loan notes	**–**	(39,624)
Repayment of bank loans	**(1,671,128)**	(1,826,476)
Repayment of finance lease payables	**(1,516)**	–
Redemption of convertible loan notes	**(487,136)**	(245,299)
Proceed from issuance of convertible loan notes	**–**	385,466
Interests paid	**(116,698)**	(66,771)
Net cash used in financing activities	**(211,378)**	(725,101)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(543,911)**	(176,053)
Effect of foreign exchange rate changes	**9,332**	(24,855)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**803,606**	1,004,514
CASH AND CASH EQUIVALENTS AT END OF YEAR	**269,027**	803,606
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Bank and cash balances	**269,027**	803,606

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

1. GENERAL INFORMATION

The Company was incorporated in Bermuda as an exempted company with limited liability. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The principal place of business of the Company is Suites 1801–6, 18th Floor, Tower 2, The Gateway, 25 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 48 to the consolidated financial statements.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. These consolidated financial statements comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance, which for this financial year and the comparative period, as permitted by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), continue to be those of the predecessor Hong Kong Companies Ordinance (Cap. 32). These consolidated financial statements also comply with the applicable disclosure provisions of the Listing Rules.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

(a) Application of new and revised HKFRSs

In the current year, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 April 2014:

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

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

Amendment to HKAS 32, Offsetting financial assets and financial liabilities

This amendment clarifies that the right of set-off must not be contingent on a future event. It must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendment also considers settlement mechanisms. The amendment did not have a significant effect on the Group's consolidated financial statements.

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

The amendments reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount based on fair value less costs of disposal is determined using a present value technique. The amendments do not have an impact on these consolidated financial statements as the recoverable amounts of assets or cash-generating units have been determined on the basis of their value in use.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

(b) New and revised HKFRSs in issue but not yet effective

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The directors anticipate that the new and revised HKFRSs will be adopted in the Group's consolidated financial statements when they become effective. The Group is in the process of assessing, where applicable, the potential effect of all new and revised HKFRSs that will be effective in future periods but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and financial position.

List of New and revised HKFRSs in issue but not yet effective

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[2]
Amendments to HKAS 1	Disclosure Initiative[3]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[3]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[3]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010–2012 Cycle[4]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011–2013 Cycle[5]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012–2014 Cycle[3]

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

4. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared under the historical cost convention, unless mentioned otherwise in the accounting policies below (e.g. investment properties and investment properties under development, available-for-sale financial assets and derivative financial instruments that are measured at fair value).

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 5.

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below.

(a) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 March. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

Notes to the Consolidated Financial Statements *(Continued)*
For the year ended 31 March 2015

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(a) Consolidation *(Continued)*

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill relating to that subsidiary and any related accumulated foreign currency translation reserve.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

NCI represent the equity in subsidiaries not attributable, directly or indirectly, to the Company. NCI are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. NCI are presented in the consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income as an allocation of profit or loss and total comprehensive income for the year between the non-controlling shareholders and owners of the Company.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling shareholders even if this results in the NCI having a deficit balance.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amounts of the controlling and NCI are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the NCI are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

(b) Business combination and goodwill

The acquisition method is used to account for the acquisition of a subsidiary in a business combination. The cost of acquisition is measured at the acquisition-date fair value of the assets given, equity instruments issued, liabilities incurred and contingent consideration. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received. Identifiable assets and liabilities of the subsidiary in the acquisition are measured at their acquisition-date fair values.

The excess of the cost of acquisition over the Company's share of the net fair value of the subsidiary's identifiable assets and liabilities is recorded as goodwill. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss as a gain on bargain purchase which is attributed to the Company.

In a business combination achieved in stages, the previously held equity interest in the subsidiary is remeasured at its acquisition-date fair value and the resulting gain or loss is recognised in consolidated profit or loss. The fair value is added to the sum of the consideration transferred in a business combination to calculate the goodwill.

The NCI in the subsidiary are initially measured at the non-controlling shareholders' proportionate share of the net fair value of the subsidiary's identifiable assets and liabilities at the acquisition date.

After initial recognition, goodwill is measured at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs") or groups of CGUs that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(c) Associates

Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decision of an entity but is not control or joint control over those policies. The existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by other entities are considered when assessing whether the Group has significant influence. In assessing whether a potential voting right contributes to significant influence, the holder's intention and financial ability to exercise or convert that right is not considered.

Investment in an associate is accounted for in the consolidated financial statements by the equity method and is initially recognised at cost. Identifiable assets and liabilities of the associate in an acquisition are measured at their fair values at the acquisition date. The excess of the cost of acquisition over the Group's share of the net fair value of the associate's identifiable assets and liabilities is recorded as goodwill. The goodwill is included in the carrying amount of the investment and is tested for impairment together with the investment at the end of each reporting period when there is objective evidence that the investment is impaired. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss.

The Group's share of an associate's post-acquisition profits or losses is recognised in consolidated profit or loss, and its share of the post-acquisition movements in reserves is recognised in the consolidated reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The gain or loss on the disposal of an associate that results in a loss of significant influence represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that associate and (ii) the Group's share of the net assets of that associate plus any remaining goodwill relating to that associate and any related accumulated foreign currency translation reserve. If an investment in an associate becomes an investment in a joint venture, the Group continues to apply the equity method and does not remeasure the retained interest.

Unrealised profits on transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

(d) Joint arrangements

A joint arrangement is an arrangement of which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Relevant activities are activities that significantly affect the returns of the arrangement. When assessing joint control, the Group considers its potential voting rights as well as potential voting rights held by other parties, to determine whether it has joint control. A potential voting right is considered only if the holder has the practical ability to exercise that right.

A joint arrangement is either a joint operation or a joint venture. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. The Group has assessed the type of its joint arrangements and determined them to all be joint ventures.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(d) Joint arrangements *(Continued)*

Investment in a joint venture is accounted for in the consolidated financial statements by the equity method and is initially recognised at cost. Identifiable assets and liabilities of the joint venture in an acquisition are measured at their fair values at the acquisition date. The excess of the cost of acquisition over the Group's share of the net fair value of the jointly venture's identifiable assets and liabilities is recorded as goodwill. The goodwill is included in the carrying amount of the investment and is tested for impairment together with the investment at the end of each reporting period when there is objective evidence that the investment is impaired. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss.

The Group's share of a joint venture's post-acquisition profits or losses is recognised in consolidated profit or loss, and its share of the post-acquisition movements in reserves is recognised in the consolidated reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture. If the joint venture subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The gain or loss on the disposal of a joint venture that results in a loss of joint control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that joint venture and (ii) the Group's share of the net assets of that joint venture plus any remaining goodwill relating to that joint venture and any related accumulated foreign currency translation reserve. If an investment in a joint venture becomes an investment in an associate, the Group continues to apply the equity method and does not remeasure the retained interest.

Unrealised profits on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interests in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

(e) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency.

(ii) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(e) Foreign currency translation *(Continued)*

(iii) Translation on consolidation

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

— Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

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

— All resulting exchange differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings are recognised in other comprehensive income and accumulated in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are reclassified to consolidated profit or loss as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(f) Property, plant and equipment

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Buildings	4%
Furniture and fixtures	20% to 33%
Leasehold improvements	10%
Mining infrastructure	5%
Motor vehicles	10% to 50%
Office equipment	20% to 33%
Plant and machinery	20% to 25%

The residual values, useful lives and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period.

Construction in progress represents mining infrastructure under construction, buildings under construction and plant and machinery pending installation, and is stated at cost less impairment losses. Depreciation begins when the relevant assets are available for use.

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(g) Investment properties

Investment properties are land and/or buildings held to earn rentals and/or for capital appreciation. An investment property (including property that is being constructed or developed for future use as investment property) is measured initially at its cost including all direct costs attributable to the property.

After initial recognition, the investment property is stated at its fair value, unless they are still in the course of construction or development at the end of reporting period and their fair value cannot be reliably determined at that time. Gains or losses arising from changes in fair value of the investment property are recognised in profit or loss for the period in which they arise.

If an investment property becomes owner-occupied or a property held for sale, it is reclassified as property, plant and equipment or properties held for sale as appropriate, and its fair value at the date of reclassification becomes its cost for accounting purposes.

If an item of property, plant and equipment becomes an investment property because its use has changed, any difference between the carrying amount and the fair value of this item at the date of transfer is recognised as a revaluation of property, plant and equipment.

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

(h) Leases

The Group as lessee

(i) Operating leases

Leases that do not substantially transfer to the Group all risks and rewards of ownership of assets are accounted for as operating leases. Lease payments (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the lease term.

Prepaid land lease payments are stated at cost and subsequently amortised on the straight-line basis over the remaining term of the lease.

(ii) Finance leases

Leases that substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as finance leases. At the commencement of the lease term, a finance lease is capitalised at the lower of the fair value of the leased asset and the present value of the minimum lease payments, each determined at the inception of the lease.

The corresponding liability to the lessor is included in the consolidated statement of financial position as finance lease payables. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Assets under finance leases are depreciated the same as owned assets.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(h) Leases *(Continued)*

The Group as lessor

(i) Operating leases

Leases that do not substantially transfer to the lessees all the risks and rewards of ownership of assets are accounted for as operating leases. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

(ii) Finance leases

Leases that substantially transfer to the lessees all the risks and rewards of ownership of assets are accounted for as finance leases. 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.

(i) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average basis. The cost of finished goods and work in progress comprises raw materials, direct labour and an appropriate proportion of all production overhead expenditure, and where appropriate, subcontracting charges. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(j) Mining rights

Mining rights are stated at cost less accumulated amortisation and any impairment losses. The mining rights are amortised from the date when the mining activities commence and based on the unit of production method.

(k) Properties under development for sale and properties held for sale

Properties under development for sale and properties held for sale are stated at the lower of cost and net realisable value. Costs include acquisition costs of land, construction costs, borrowing costs capitalised and other direct costs attributable to such properties. Net realisable value is determined by reference to the estimated selling price less estimated costs of completion and selling expenses. On completion, the properties are reclassified to properties held for sale at the then carrying amount.

(l) Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Group transfers substantially all the risks and rewards of ownership of the assets; or the Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(m) Investments

Investments are recognised and derecognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus directly attributable transaction costs except in the case of financial assets at fair value through profit or loss.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets not classified as trade and other receivables, held-to-maturity investments or financial assets at fair value through profit or loss. Available-for-sale financial assets are subsequently measured at fair value. Gains or losses arising from changes in fair value of these investments are recognised in other comprehensive income, until the investments are disposed of or there is objective evidence that the investments are impaired, at which time the cumulative gains or losses previously recognised in other comprehensive income are recognised in profit or loss. Interest calculated using the effective interest method is recognised in profit or loss.

(n) Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

(o) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents.

(p) Non-current assets held for sale

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 sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. The Group 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.

Non-current assets or disposal groups classified as held for sale are measured at the lower of the asset's or disposal group's previous carrying amount and fair value less costs to sell.

(q) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(r) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

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

(s) Convertible loan notes

Convertible loan notes which entitle the holder to convert the loans into equity instruments, other than into a fixed number of equity instruments at a fixed conversion price, are regarded as combined instruments consist of a liability and a derivative component. At the date of issue, the fair value of the derivative component is determined using an option pricing model; and this amount is carried as derivatives until extinguished on conversion or redemption. The remainder of the proceeds is allocated to the liability component and is carried as a liability at amortised cost using the effective interest method until extinguished on conversion or redemption. The derivative component is measured at fair value with gains and losses recognised in profit or loss.

Transaction costs are apportioned between the liability and derivative components of the convertible loan notes based on the allocation of proceeds to the liability and derivative components on initial recognition.

(t) Financial guarantee contract liabilities

Financial guarantee contract liabilities are measured initially at their fair values and are subsequently measured at the higher of:

— the amount of the obligations under the contracts, as determined in accordance with HKAS 37 "Provision, Contingent Liabilities and Contingent Assets"; and

— the amount initially recognised less cumulative amortisation recognised in profit or loss on a straight-line basis over the terms of the guarantee contracts.

(u) Trade and other payables

Trade and other payables are stated initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

(v) Equity instruments

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

(w) Derivative financial instruments

Derivatives are initially recognised and subsequently measured at fair value. Changes in fair value of derivatives are recognised in profit or loss as they arise.

Derivatives embedded in other financial instruments or other non-financial host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contract and the host contract is not carried at fair value with changes in fair value recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(x) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably.

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

Rental income is recognised on a straight-line basis over the lease term.

Commission and despatch income is recognised on an accrual basis.

Interest income is recognised on a time-proportion basis using the effective interest method.

(y) Employee benefits

(i) Employee leave entitlements

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

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

(ii) Pension obligations

The Group contributes to defined contribution retirement schemes which are available to all eligible employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Group to the funds.

(iii) Termination benefits

Termination benefits are recognised at the earlier of the dates when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs and involves the payment of termination benefits.

(z) Share-based payments

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market based vesting conditions) of the equity instrument at the date of grant and is recognised as an employee cost with a corresponding increase in share-based payment reserve within equity. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(aa) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

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

(bb) Taxation

Income tax represents the sum of the current tax and deferred tax.

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

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the 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 differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affect neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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 is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(bb) Taxation *(Continued)*

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

(cc) PRC land appreciation tax ("LAT")

LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of properties less deductible expenditures including land costs, borrowing costs, business taxes and all property development expenditures. LAT is recognised as an income tax expense. LAT paid is a deductible expense for PRC enterprise income tax purposes.

(dd) Related parties

A related party is a person or entity that is related to the Group.

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(ee) Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at each reporting date for indications of impairment and where an asset is impaired, it is written down as an expense through the consolidated statement of profit or loss to its estimated recoverable amount. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the CGU to which the asset belongs. Recoverable amount is the higher of value in use and the fair value less costs of disposal of the individual asset or the cash-generating unit.

Value in use is the present value of the estimated future cash flows of the asset/CGU. Present values are computed using pre-tax discount rates that reflect the time value of money and the risks specific to the asset/CGU whose impairment is being measured.

Impairment losses for CGU are allocated first against the goodwill of the unit and then pro rata amongst the other assets of the CGU. Subsequent increases in the recoverable amount caused by changes in estimates are credited to profit or loss to the extent that they reverse the impairment.

(ff) Impairment of financial assets

At the end of each reporting period, the Group assesses whether its financial assets (other than those at fair value through profit or loss) are impaired, based on objective evidence that, as a result of one or more events that occurred after the initial recognition, the estimated future cash flows of the (group of) financial asset(s) have been affected.

For available-for-sale equity instruments, a significant or prolonged decline in the fair value of the investment below its cost is considered also to be objective evidence of impairment.

In addition, for trade receivables that are assessed not to be impaired individually, the Group assesses them collectively for impairment, based on the Group's past experience of collecting payments, an increase in the delayed payments in the portfolio, observable changes in economic conditions that correlate with default on receivables, etc.

Only for trade receivables, the carrying amount is reduced through the use of an allowance account and subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For all other financial assets, the carrying amount is directly reduced by the impairment loss.

For financial assets measured at amortised cost, if the amount of the impairment loss decreases in a subsequent period and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed (either directly or by adjusting the allowance account for trade receivables) through profit or loss. However, the reversal must not result in a carrying amount that exceeds what the amortised cost of the financial asset would have been had the impairment not been recognised at the date the impairment is reversed.

In respect of available-for-sale equity securities, an increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated in revaluation reserve; impairment losses are not reversed through profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(gg) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

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

(hh) Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the consolidated financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

5. CRITICAL JUDGEMENT AND KEY ESTIMATES

Critical judgement in applying accounting policies

In the process of applying the accounting policies, the directors have made the following judgement that has the most significant effect on the amounts recognised in the consolidated financial statements (apart from those involving estimations, which are dealt with below).

(a) Deferred tax for investment properties

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the directors have reviewed the Group's investment property portfolios and concluded that the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in determining the Group's deferred tax for investment properties, the directors have considered that investment properties measured using the fair value model are recovered through use.

(b) Significant influence over entity of less than 20% equity interest

Although the Group holds less than 20% of the voting power of Anhui Chaodong Cement Company Limited ("ACC") as at 31 March 2015, the directors considered that the Group has significant influence over ACC because the Group appointed two directors out of the five directors of ACC.

(c) Joint control assessment

The Group holds 50% of the voting rights of its joint arrangement of Changtai Jinhongbong Real Estate Development Co., Ltd. ("Changtai"). The directors have determined that the Group has joint control over the arrangement as under the contractual agreement, it appears that unanimous consent is required from all parties to the agreement for all relevant activities.

5. CRITICAL JUDGEMENT AND KEY ESTIMATES *(Continued)*

Key sources of estimation uncertainty

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

(a) Impairment of non-financial assets

As set out in note 4(ee), if circumstances indicate that the carrying amount of an asset may not be recoverable, the asset may be considered impaired, and an impairment loss may be recognised in accordance with HKAS 36, Impairment of Assets. These assets are tested for impairment whenever events or changes in circumstances indicate that their recorded carrying amounts may not be recoverable. When such a decline has occurred, the carrying amount is reduced to the recoverable amount. The recoverable amount is the greater of the fair value less cost of disposal and the value in use. It is difficult to precisely estimate market value because quoted market prices for the Group's assets are not readily available. In determining the value in use, expected cash flows generated by the asset are discounted to their present value, which requires significant judgement relating to level of sales volume and amount of operating costs. The Group uses all readily available information in determining an amount that is a reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of sales volume and amount of operating costs.

During the year, impairment losses of approximately HK$627,175,000, HK$165,166,000 and HK$162,726,000 were recognised for the other intangible assets, property, plant and equipment and interest in a joint venture, respectively. Details of the impairment loss calculation are set out in notes 21, 18 and 23.

(b) Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the CGU to which goodwill has been allocated. The value in use requires the Group to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate the present value. The carrying amount of goodwill at the end of the reporting period was HK$38,105,000 after an impairment loss of HK$35,506,000 was recognised during the year. Details of the impairment loss calculation are provided in note 20 to the consolidated financial statements.

(c) Mine reserve and impairment of mining rights

Mine reserve is estimates of the quantity of product that can be economically and legally extracted from the mining site. In order to calculate the mine reserve, estimates and assumptions are required about a range of geological, technical and economic factors, including quantities, grades, production techniques, production costs, transport costs, commodity demand and commodity prices.

Estimating the quantity and/or grade of reserves requires the size, shape and depth of ore bodies or fields to be determined by analysing geological data such as drilling samples. This process may require complex and difficult geological judgements and calculations to interpret the data. Should there be any change in economic assumptions and geological data that used to estimate the mine reserve, impairment loss on the mining right may arise.

The carrying amount of mining rights as at 31 March 2015 is HK$2,272,965,000 (2014: HK$169,739,000).

5. CRITICAL JUDGEMENT AND KEY ESTIMATES *(Continued)*

Key sources of estimation uncertainty *(Continued)*

(d) Fair values of investment properties and investment properties under development

The Group appointed an independent professional valuer to assess the fair values of the investment properties and investment properties under development. In determining the fair values, the valuer has utilised a method of valuation which involves certain estimates. The directors have exercised their judgement and are satisfied that the method of valuation and inputs used are reflective of the current market conditions.

The carrying amount of investment properties and investment properties under development as at 31 March 2015 is HK$2,359,799,000 (2014: HK$239,653,000) and HK$Nil (2014: HK$1,869,935,000) respectively.

(e) Income taxes

The Group is subject to income taxes in several jurisdictions. Significant estimates are required in determining the provision for income tax and deferred tax. There are many transactions and calculations for 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 the income tax and deferred tax provisions in the period in which such determination is made. During the year, HK$122,392,000 (2014: HK$442,177,000) of income tax was charged to profit or loss based on the estimated profit from operations.

(f) Net realisable value of properties under development for sale

The Group's properties under development for sale are stated at the lower of cost and net realisable value. Based on the Group's recent experience and the nature of the subject properties, the Group makes estimates of the selling prices, the costs of completion, and the costs to be incurred in selling the properties based on prevailing market conditions. If there is an increase in costs of completion or a decrease in net sales value, provision of properties under development for sale may be resulted. Such provision requires the use of judgement and estimates. Where the expectation is different from the original estimate, the carrying value and provision for properties in the periods in which such estimate is changed will be adjusted accordingly.

In addition, given the volatility of the PRC property market and the unique nature of individual properties, the actual outcomes in terms of costs and revenue may be higher or lower than estimated at the end of the reporting period. Any increase or decrease in the provision would affect profit or loss in future years. No provision was made for the year ended 31 March 2015 (2014: HK$Nil).

(g) Allowance on trade and other receivables

The Group makes allowance on receivables based on assessments of the recoverability of the trade and other receivables, including the current creditworthiness, past collection history and securities (if any) of each debtor. Impairments arise where events or changes in circumstances indicate that the balances may not be collectible. The identification of allowance on receivables requires the use of judgement and estimates. Where the actual result is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and allowance on receivables in the year in which such estimate has been changed. Details of the allowance on trade and other receivables are set out in notes 26 and 28 to the consolidated financial statements.

5. CRITICAL JUDGEMENT AND KEY ESTIMATES *(Continued)*

Key sources of estimation uncertainty *(Continued)*

(h) Fair values of derivative financial instruments

As disclosed in note 41 to the consolidated financial statements, the fair values of the derivative financial instruments at the end of the reporting period were determined using option pricing models. Application of option pricing models requires the Group to estimate the prominent factors affecting the fair value, including but not limited to, the expected life of the derivative component, the expected volatility of the share prices of the Company and the expected dividend yield. Where the estimation on these factors is different from those previously estimated, such differences will impact the fair value gain or loss of the derivative components in the period in which such determination is made.

The carrying amount of the derivative financial assets and liabilities as at 31 March 2015 were HK$11,973,000 (2014: HK$20,107,000) and HK$14,799,000 (2014: HK$63,988,000) respectively.

(i) Environmental contingencies

Up to the report date, the Group has not incurred any significant expenditure for environment remediation, is currently not involved in any environmental remediation, and has not accrued any amounts for environmental remediation relating to its operations. Under existing legislation, management believes that there are no probable liabilities that will have a material adverse effect on the financial position or operating results of the Group. The government of the PRC, however, has moved and may move further towards more rigorous enforcement of applicable laws, and towards the adoption of more stringent environmental standards. Environmental liabilities are subject to considerable uncertainties which affect the Group's ability to estimate the ultimate cost of remediation efforts. These uncertainties include: (i) the exact nature and extent of the contamination at various sites including, but not limited to mines' production plants whether operating, closed and sold; (ii) the extent of required cleanup efforts; (iii) varying costs of alternative remediation strategies; (iv) changes in environmental remediation requirements; and (v) the identification of new remediation sites. The amount of such future cost is indeterminable due to such factors as the unknown magnitude of possible contamination and the unknown timing and extent of the corrective actions that may be required. Accordingly, the outcome of environmental liabilities under proposed or future environmental legislation cannot reasonably be estimated at present, and could be material.

(j) Allowance for inventories

Allowance for slow-moving inventories is made based on the ageing and estimated net realisable value of inventories. The assessment of the allowance amount involves judgement and estimates. Where the actual outcome in future is different from the original estimate, such difference will impact the carrying value of inventories and allowance charge/write-back in the period in which such estimate has been changed. During the year, allowance for slow-moving inventories of approximately HK$117,024,000 (2014: HK$Nil) was made for the year ended 31 March 2015.

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expense. These estimates are based on current market conditions and the historical experience of manufacturing and selling products of similar nature. It could change significantly as a result of changes in customer's taste and competitor's actions in response to severe industry cycles. The Group will reassess the estimates by the end of each reporting period.

6. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks, including foreign currency risk, price risk, credit risk, liquidity risk and interest rate risk. 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.

(a) Foreign currency risk

The Group has certain exposure to foreign currency risk as some of its business transactions, assets and liabilities are denominated in currencies other than the functional currency of respective Group entities, such as United States dollars ("US$") and Renminbi ("RMB"). The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

	Functional currency strengthened/ (weakened) by	**(Increase)/decrease in consolidated loss after tax HK$'000**
Year ended 31 March 2015		
US$	**2%/(2%)**	**13,063/(13,063)(i)**
RMB	**2%/(2%)**	**(14,069)/14,069(ii)**

	Functional currency strengthened/ (weakened) by	Increase/(decrease) in consolidated profit after tax HK$'000
Year ended 31 March 2014		
US$	2%/(2%)	27,608/(27,608)(i)
RMB	2%/(2%)	(6,804)/6,804(ii)

(i) This is mainly a result of the foreign exchange gain/(loss) on trade and bills receivables, derivative financial instruments, deposits and other receivables, bank and cash balances, trade and bills payables, convertible loan notes, bank borrowings and other payables denominated in US$.

(ii) This is mainly a result of the foreign exchange gain/(loss) on deposits and other receivables, bank and cash balances and other payables denominated in RMB.

6. FINANCIAL RISK MANAGEMENT *(Continued)*

(b) Price risk

The Group's available-for-sale financial assets and derivative financial instruments are measured at fair value at the end of each reporting period. Therefore, the Group is exposed to equity securities price risk.

Sensitivity analysis

(a) Available-for-sale financial assets

At 31 March 2015, if the share price of the investments had increased/decreased by 10% with all other variables held constant, other comprehensive income for the year would be HK$13,924,000 (2014: HK$37,841,000) higher/lower respectively, arising as a result of the fair value gain/loss on the investments.

(b) Derivative financial instruments

At 31 March 2015, if the share price of the Company had increased/decreased by 10% with all other variables held constant, consolidated loss after tax would be HK$1,943,000/HK$1,144,000 higher/lower arising as a result of the fair value loss/gain, respectively, on the derivative financial instruments.

At 31 March 2014, if the share price of the Company had increased/decreased by 10% with all other variables held constant, consolidated profit after tax would be HK$12,676,000/HK$10,967,000 lower/higher arising as a result of the fair value loss/gain, respectively, on the derivative financial instruments.

(c) Credit risk

The carrying amounts of available-for-sale financial assets, finance lease receivables, trade and bills receivables, other receivables, deposits, pledged deposits, time deposits and bank and cash balances included in the consolidated statement of financial position represent the Group's maximum exposure to credit risk in relation to the Group's financial assets.

As at 31 March 2015, the three largest trade and bills receivables represent approximately 76% (2014: 85%) of the total trade and bills receivables. The Group was exposed to the concentration of credit risk. In order to minimise the credit risk, the Group maintains various credit policies for business operations as described in note 28 to the consolidated financial statements.

The credit risk on cash and bank balances is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

(d) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

For borrowings which contain a repayment on demand clause which can be exercised at the bank's sole discretion, the analysis shows the cash outflow based on the earliest period in which the entity can be required to pay, that is if the lenders were to invoke their unconditional rights to call the loans with immediate effect.

6. FINANCIAL RISK MANAGEMENT *(Continued)*

(d) Liquidity risk *(Continued)*

The maturity analysis of the Group's financial liabilities is as follows:

	On demand or within 1 year HK$'000	Between 1 and 2 years HK$'000	Between 2 and 5 years HK$'000
At 31 March 2015			
Bank borrowings subject to a repayment on demand clause	**1,112,264**	**–**	**–**
Other bank borrowings	**1,055,268**	**610,505**	**–**
Trade and bills payables	**354,761**	**–**	**–**
Other payables	**422,242**	**–**	**–**
Convertible loan notes	**215,413**	**–**	**–**
Financial guarantees	**965,727**	**–**	**–**
Other loans and payables	**–**	**629,722**	**512,645**
Finance lease payables	**1,856**	**3,007**	**–**
At 31 March 2014			
Bank borrowings subject to a repayment on demand clause	52,648	–	–
Other bank borrowings	597,580	499,302	393,427
Trade and bills payables	603,286	–	–
Other payables	160,175	–	–
Convertible loan notes	728,688	–	–
Financial guarantees	515,404	–	–

Taking into account the Group's financial position, the directors do not consider that it is probable that the bank will exercise its discretion to demand immediate repayment. The directors believe that such bank borrowings will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

The maturity analysis of the bank borrowings with a repayment on demand clause based on agreed scheduled repayments set out in the loan agreements is as follows:

	Less than 1 year HK$'000	Between 1 and 2 years HK$'000	Between 2 and 5 years HK$'000	More than 5 years HK$'000
At 31 March 2015	**991,926**	**38,716**	**113,314**	**718**
At 31 March 2014	15,900	10,889	28,228	6,029

The maturity analysis of the convertible loan notes, assuming the entire principal amounts of the convertible loan notes will be repaid on the maturity dates of the convertible loan notes, is as follows:

	Less than 1 year HK$'000	Between 1 and 2 years HK$'000	Between 2 and 5 years HK$'000	More than 5 years HK$'000
At 31 March 2015	**120,228**	**119,342**	**–**	**–**
At 31 March 2014	284,818	256,856	276,222	–

6. FINANCIAL RISK MANAGEMENT *(Continued)*

(e) Interest rate risk

The Group's exposure to interest rate risk mainly arises from its bank deposits and bank borrowings. The bank deposits and borrowings of approximately HK$345,421,000 (2014: HK$823,786,000) and HK$2,675,310,000 (2014: HK$1,404,732,000) respectively bear interests at variable rates varied with the then prevailing market condition.

	Increase/ (decrease) in basis point	**(Increase)/ decrease in consolidated loss after tax HK$'000**
Year ended 31 March 2015		
Bank deposits	**10/(10)**	**328/(328)**[(i)]
Bank borrowings	**100/(100)**	**(26,495)/26,495**[(ii)]

	Increase/ (decrease) in basis point	Increase/ (decrease) in consolidated profit after tax HK$'000
Year ended 31 March 2014		
Bank deposits	10/(10)	824/(824)[(i)]
Bank borrowings	100/(100)	(14,025)/14,025[(ii)]

(i) This is mainly a result of the increase/(decrease) in interest income on bank balances.

(ii) This is mainly a result of the (increase)/decrease in interest expenses on bank borrowings.

(f) Categories of financial instruments as at 31 March

	2015 HK$'000	2014 HK$'000
Financial assets:		
Available-for-sale financial assets	**139,236**	378,413
Financial assets at fair value through profit or loss		
— held for trading	**11,973**	20,107
Loans and receivables (including cash and cash equivalents)	**1,565,776**	1,645,663
Financial liabilities:		
Financial liabilities at fair value through profit or loss		
— held for trading	**14,799**	63,988
Financial liabilities measured at amortised cost	**4,752,499**	2,786,116

(g) Fair values

Except as disclosed in note 41 to the consolidated financial statements, the carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.

7. FAIR VALUE MEASUREMENTS

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. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

(a) Disclosures of level in fair value hierarchy at 31 March

Description	Fair value measurements using: Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total 2015 HK$'000
Recurring fair value measurements:				
Assets				
Financial assets at fair value through profit or loss				
Derivative financial assets	–	**11,973**	–	**11,973**
Available-for-sale financial assets				
Equity securities listed in Hong Kong	**106,940**	–	–	**106,940**
Equity securities listed outside Hong Kong	**8,293**	–	–	**8,293**
Unlisted equity securities	–	**24,003**	–	**24,003**
	115,233	**24,003**	–	**139,236**
Investment properties				
Commercial — Hong Kong	–	–	**17,900**	**17,900**
Commercial — PRC	–	–	**2,341,899**	**2,341,899**
	–	–	**2,359,799**	**2,359,799**
	115,233	**35,976**	**2,359,799**	**2,511,008**
Recurring fair value measurements:				
Liabilities				
Financial liabilities at fair value through profit or loss				
Derivative financial liabilities	–	**14,799**	–	**14,799**

7. FAIR VALUE MEASUREMENTS *(Continued)*

(a) Disclosures of level in fair value hierarchy at 31 March *(Continued)*

	Fair value measurements using:			Total
	Level 1	Level 2	Level 3	2014
Description	HK$'000	HK$'000	HK$'000	HK$'000
Recurring fair value measurements:				
Assets				
Financial assets at fair value through profit or loss				
Derivative financial assets	–	20,107	–	20,107
Available-for-sale financial assets				
Equity securities listed in Hong Kong	336,595	–	–	336,595
Equity securities listed outside Hong Kong	15,607	–	–	15,607
Unlisted equity securities	–	26,211	–	26,211
	352,202	26,211	–	378,413
Investment properties				
Commercial — Hong Kong	–	–	16,800	16,800
Commercial — PRC	–	–	222,853	222,853
	–	–	239,653	239,653
Investment properties under development				
Commercial — PRC	–	–	1,869,935	1,869,935
	352,202	46,318	2,109,588	2,508,108
Recurring fair value measurements:				
Liabilities				
Financial liabilities at fair value through profit or loss				
Derivative financial liabilities	–	63,988	–	63,988

During the two years, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3.

(b) Reconciliation of assets measured at fair value based on level 3

The movements in the investment properties and investment properties under development under Level 3 fair value measurements during the year are presented in note 19 to the consolidated financial statements. Fair value adjustment on investment properties are recognised in the line item "fair value gains on investment properties and investment properties under development" on the face of the consolidated statement of profit or loss.

7. FAIR VALUE MEASUREMENTS *(Continued)*

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements as at 31 March

The Group's finance director is responsible for the fair value measurements of assets and liabilities required for financial reporting purposes, including level 3 fair value measurements. The finance director reports directly to the Board of Directors for these fair value measurements. Discussions of valuation processes and results are held between the finance director and the Board of Directors at least twice a year.

For level 3 fair value measurements, the Group will normally engage external valuation experts with recognised professional qualifications and recent experience to perform the valuations.

Level 2 fair value measurements

Description	Valuation technique	Inputs	Fair value 2015 HK$'000
Derivative financial assets	Black — Scholes Model with Monte Carlo Simulation method	Share price Expected volatility	**11,973**
Derivative financial liabilities	Black — Scholes Model with Monte Carlo Simulation method	Share price Expected volatility	**14,799**
Unlisted equity securities	Fund's net asset value	N/A	**24,003**

Description	Valuation technique	Inputs	2014 HK$'000
Derivative financial assets	Black — Scholes Model with Monte Carlo Simulation method	Share price Expected volatility	20,107
Derivative financial liabilities	Black — Scholes Model with Monte Carlo Simulation method	Share price Expected volatility	63,988
Unlisted equity securities	Fund's net asset value	N/A	26,211

Level 3 fair value measurements

Description	Valuation technique	Unobservable inputs	Range	Effect on fair value for increase of inputs	Fair value 2015 HK$'000
Investment properties					
Commercial — Hong Kong	Direct comparison	Adjusted market price (HK$/square feet)	11,372	Increase	**17,900**
Commercial — PRC	Direct comparison	Adjusted market price (RMB/square meter)	24,958–92,000	Increase	**2,121,355**
		Adjusted market price (RMB/car parking space)	600,000	Increase	
	Income capitalisation	Terminal yield	5%–6%	Decrease	**220,544**
		Reversionary yield	5.5%–6.5%	Decrease	
		Monthly rental (RMB/square meter)	95–98	Increase	

7. FAIR VALUE MEASUREMENTS *(Continued)*

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements as at 31 March *(Continued)*

Level 3 fair value measurements

Description	Valuation technique	Unobservable inputs	Range	Effect on fair value for increase of inputs	Fair value 2014 HK$'000
Investment properties					
Commercial — Hong Kong	Direct comparison	Adjusted market price (HK$/square feet)	9,767–11,631	Increase	16,800
Commercial — PRC	Direct comparison	Adjusted market price (RMB/square meter)	22,747–25,981	Increase	8,123
	Income capitalisation	Terminal yield	6%–6.5%	Decrease	214,730
		Reversionary yield	6.5%–7%	Decrease	
		Monthly rental (RMB/square meter)	88–100	Increase	
Investment properties under development	Residual method	Adjusted market price (RMB/square meter)	22,750–91,000	Increase	1,869,935
		Adjusted market price (RMB/car parking space)	550,000	Increase	
		Developer's profit	2.5%	Decrease	
		Discount rate	6%	Decrease	

During the two years, there were no changes in the valuation techniques used.

8. TURNOVER

	2015 HK$'000	2014 HK$'000
Mining and trading of iron ore and raw materials	**1,728,294**	3,294,181
Sales of properties	**917,872**	1,772,639
Trading of clinker, cement and other building materials	**819,725**	364,021
Trading of equipment	**99,509**	8,799
Rental income	**13,300**	12,302
	3,578,700	5,451,942

Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 March 2015

9. OTHER INCOME

	2015	2014
	HK$'000	HK$'000
Commission received	**6,051**	1,123
Despatch income	**5,275**	4,699
Interest income	**18,392**	55,787
Interest income from finance lease receivable	**32,842**	30,466
Reversal of provision for direct costs related to disposal of subsidiaries in prior years	**109,755**	101,400
Gain on bargain purchase in respect of business combination (note 43(a)&(c))	**10,801**	–
Exchange difference, net	**–**	3,347
Others	**11,896**	6,622
	195,012	203,444

10. SEGMENT INFORMATION

Operating segments

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies. In the manner consistent with the way in which information is reported internally to the Group's chief operating decision makers ("CODM") for the purposes of resources allocation and performance assessment, the Group has identified the following four reportable segments:

(i) Mining and trading of iron ore and raw materials

(ii) Real estate investment and development

(iii) Trading of clinker, cement and other building materials

(iv) Mining and processing of granite and selling of granite products

Other operating segments which do not meet the quantitative thresholds prescribed by HKFRS 8 for determining reportable segments are combined as "all other segments".

The accounting policies of the operating segments are the same as those described in note 4 to the consolidated financial statements.

Segment profits or losses do not include share of profits less losses of associates and joint ventures, allowance for loan receivable and uncollectible minimum lease payments receivable, impairment loss/reversal of impairment loss on other intangible assets, property, plant and equipment, goodwill, interest in a joint venture and available-for-sale financial assets, fair value gains on derivative financial instruments, investment properties and investment properties under development, net gains/losses on disposal of available-for-sale financial assets, gains/losses on disposal of associates and joint ventures, finance costs, income tax expense and other corporate income and expenses.

The Group accounts for intersegment sales and transfers as if the sales or transfers were to third parties, i.e. at current market prices.

Segment assets and liabilities of the Group are not reported to the Group's CODM regularly. As a result, reportable segment assets and liabilities have not been presented in these consolidated financial statements.

Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 March 2015

10. SEGMENT INFORMATION *(Continued)*

Information about reportable segment revenue and profit or loss:

	Mining and trading of iron ore and raw materials HK$'000	Real estate investment and development HK$'000	Trading of clinker, cement and other building materials HK$'000	Mining and processing of granite and selling of granite products HK$'000	All other segments HK$'000	Total HK$'000
Year ended 31 March 2015						
Revenue from external customers	**1,728,294**	**931,172**	**819,725**	**–**	**99,509**	**3,578,700**
Intersegment revenue	**–**	**600**	**–**	**–**	**–**	**600**
Segment profit/(loss)	**(273,531)**	**194,420**	**6,245**	**(8,436)**	**(28,835)**	**(110,137)**
Other information:						
Interest revenue	**37,781**	**4,664**	**–**	**–**	**3,733**	**46,178**
Interest expense	**36,597**	**20,893**	**1,600**	**25**	**16,019**	**75,134**
Depreciation	**26,057**	**4,059**	**212**	**1,336**	**1,149**	**32,813**
Amortisation	**5,965**	**–**	**–**	**–**	**–**	**5,965**
Income tax expense/(credit)	**(149,671)**	**215,612**	**3,645**	**(8,814)**	**61,620**	**122,392**
Other material non-cash items:						
Allowance for loan receivable	**15,600**	**–**	**–**	**–**	**–**	**15,600**
Allowance for inventories	**109,538**	**–**	**–**	**3,625**	**–**	**113,163**
Allowance for uncollectible minimum lease payments receivable	**90,347**	**–**	**–**	**–**	**–**	**90,347**
Impairment of assets	**789,847**	**162,726**	**–**	**38,000**	**2,834**	**993,407**

	Trading of iron ore and raw materials HK$'000	Real estate investment and development HK$'000	Trading of clinker, cement and other building materials HK$'000	Mining and processing of granite and selling of granite products HK$'000	All other segments HK$'000	Total HK$'000
Year ended 31 March 2014						
Revenue from external customers	3,294,181	1,784,941	364,021	–	8,799	5,451,942
Intersegment revenue	–	600	–	–	–	600
Segment profit/(loss)	(12,850)	523,961	613	(5,691)	(8,012)	498,021
Other information:						
Interest revenue	77,080	6,481	1	–	–	83,562
Interest expense	30,022	3,296	1,549	–	53	34,920
Depreciation	1,302	1,847	160	1,033	145	4,487
Income tax expense/(credit)	4	440,751	521	–	–	441,276

Notes to the Consolidated Financial Statements *(Continued)*
For the year ended 31 March 2015

10. SEGMENT INFORMATION *(Continued)*

Reconciliations of reportable segment revenue and profit or loss:

	2015 HK$'000	2014 HK$'000
Revenue		
Total revenue from reportable segments	**3,579,300**	5,452,542
Elimination of intersegment revenue	**(600)**	(600)
Consolidated revenue	**3,578,700**	5,451,942
Profit or loss		
Total profit or loss of reportable segments	**(110,137)**	498,021
Other profit or loss	**156,796**	191,403
Share of profits less losses of associates	**47,484**	66,198
Share of profits less losses of joint ventures	**(25,304)**	(66,706)
Allowance for loan receivable	**(15,600)**	–
Allowance for uncollectible minimum lease payments receivable	**(90,347)**	–
Impairment loss on other intangible assets	**(627,175)**	–
Impairment loss on property, plant and equipment	**(165,166)**	–
Impairment loss on goodwill	**(35,506)**	–
Impairment loss on interest in a joint venture	**(162,726)**	–
Impairment loss on available-for-sale financial assets	**(2,834)**	(1,439)
Net (losses)/gains on disposal of available-for-sale financial assets	**(29,742)**	4,039
Gains on disposal of associates	**469,186**	54,100
(Losses)/gains on disposal of joint ventures	**(12,174)**	44,013
Fair value gains on derivative financial instruments	**41,055**	38,805
Fair value gains on investment properties and investment properties under development	**278,316**	239,034
Finance costs	**(248,068)**	(239,397)
Reversal of impairment loss on interest in a joint venture	**–**	42,789
Unallocated amounts	**(103,567)**	(141,507)
Consolidated (loss)/profit before tax	**(635,509)**	729,353

10. SEGMENT INFORMATION *(Continued)*

Geographical information:

	Revenue		Non-current assets	
	2015	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000
PRC	**2,671,526**	5,078,622	**2,651,980**	3,394,850
Macau	**–**	–	**312,002**	437,810
Malaysia	**208,148**	–	**2,438,213**	–
Taiwan	**351,300**	265,697	**–**	–
Others	**347,726**	107,623	**330,045**	458,453
	3,578,700	5,451,942	**5,732,240**	4,291,113

In presenting the geographical information, revenue is based on the locations of the customers.

Revenue from major customers:

	2015	2014
Mining and trading of iron ore and raw materials segment	**HK$'000**	HK$'000
Customer a	**266,831**	822,843
Customer b	**376,874**	228,653

11. FINANCE COSTS

	2015	2014
	HK$'000	HK$'000
Finance lease charges	**413**	–
Interest on bank and other borrowings wholly repayable within 5 years	**177,651**	103,530
Effective interest expense on other loans	**9,486**	–
Effective interest expense on convertible loan notes	**69,394**	85,083
Interest on early redemption of convertible loan notes	**–**	58,696
Less: Borrowing costs capitalised into investment properties under development and properties under development for sale	**(8,876)**	(7,912)
	248,068	239,397

Borrowing costs were capitalised at a rate of 10%–12% (2014: 7.38%) per annum for the year ended 31 March 2015.

Notes to the Consolidated Financial Statements *(Continued)*
For the year ended 31 March 2015

12. INCOME TAX EXPENSE

Income tax has been recognised in profit or loss as following:

	2015 HK$'000	2014 HK$'000
Hong Kong Profits Tax		
Provision for the year	**70**	403
Under/(over)-provision in prior year	**4,026**	(42)
	4,096	361
Overseas Profits Tax		
Provision for the year	**945**	–
Over-provision in prior year	**(1,663)**	–
	(718)	–
PRC corporate income tax		
Provision for the year	**163,702**	233,540
Under-provision in prior year	**64**	–
	163,766	233,540
LAT		
Provision for the year	**112,791**	326,957
Deferred tax (note 38)	**(157,543)**	(118,681)
	122,392	442,177

Hong Kong Profits Tax is provided at 16.5% (2014: 16.5%) on the estimated assessable profit for the year ended 31 March 2015.

Tax charges on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the companies operate, based on existing regulation, interpretation and practices in respect thereof.

Pursuant to the income tax rules and regulations of the PRC, the subsidiaries in the PRC are liable to PRC corporate income tax at a rate of 25% (2014: 25%) during the year ended 31 March 2015.

Under the PRC corporate income tax law, dividends received by foreign investors from investment in foreign-invested enterprises in respect of their profits earned since 1 January 2008 are subject to withholding tax of 10% unless reduced by treaty. Accordingly, deferred tax has been recognised for undistributed retained profits of a PRC subsidiary at a rate of 10% to the extent that the profits will be distributed in the foreseeable future.

LAT is levied on properties developed by the Group for sale, at progressive rates ranging from 30% to 60% on the appreciation of land value, which under the applicable regulations is calculated based on the proceeds of sales of properties less deductible expenditure including lease charges of land use rights, borrowing costs and all property development expenditure.

Subsidiaries incorporated in Macau as offshore limited company are exempted from income tax in Macau under Decree Law No. 58/991M.

12. INCOME TAX EXPENSE *(Continued)*

The reconciliation between income tax expense and the product of (loss)/profit before tax multiplied by the applicable tax rates in the jurisdictions concerned is as follows:

	2015 HK$'000	2014 HK$'000
(Loss)/profit before tax	**(635,509)**	729,353
Tax at the applicable rates in the jurisdictions concerned	**(175,066)**	188,500
Tax effect of income that are not taxable	**(41,586)**	(55,900)
Tax effect of expenses that are not deductible	**173,276**	58,358
Tax effect of unrecognised temporary differences	**7,605**	(6,568)
Tax effect of tax loss not recognised	**72,886**	12,171
Tax effect of utilisation of tax losses not previously recognised	**(1,743)**	(271)
PRC withholding tax	**–**	711
LAT	**112,791**	326,957
Tax effect on LAT deductible for calculation of income tax purpose	**(28,198)**	(81,739)
Under/(over)-provision in prior year	**2,427**	(42)
Income tax expense	**122,392**	442,177

13. (LOSS)/PROFIT FOR THE YEAR

The Group's (loss)/profit for the year is stated after charging/(crediting) the following:

	2015 HK$'000	2014 HK$'000
Acquisition-related costs (included in administrative expenses)	**12,476**	–
Amortisation of other intangible assets (included in cost of sales)	**5,965**	–
Allowance for inventories (included in cost of inventories sold)	**117,024**	–
Allowance for loan receivable#	**15,600**	–
Allowance for uncollectible minimum lease payments receivable#	**90,347**	–
Auditor's remuneration	**3,000**	2,800
Bad debts	**6,997**	–
Cost of inventories sold	**3,074,811**	4,710,431
Depreciation	**33,825**	7,209
Fair value gains/(loss) on derivative financial instruments	**41,055**	(38,805)
Impairment loss on available-for-sale financial assets#	**2,834**	1,439
Impairment loss on other intangible assets#	**627,175**	–
Impairment loss on property, plant and equipment#	**165,166**	–
Impairment loss on goodwill#	**35,506**	–
Impairment loss on interest in a joint venture#	**162,726**	–
Direct operating expenses of investment properties that generate rental income	**1,563**	1,314
Operating lease charges in respect of land and buildings	**9,734**	9,336
Staff costs including directors' emoluments		
Salaries, bonuses, allowances and other costs	**159,373**	131,212
Retirement benefits scheme contributions	**5,909**	5,203
	165,282	136,415

Included in other operating expenses

Notes to the Consolidated Financial Statements *(Continued)*
For the year ended 31 March 2015

14. DIRECTORS' AND SENIOR EXECUTIVES' EMOLUMENTS

Directors' emoluments disclosed pursuant to the Listing Rules and the Hong Kong Companies Ordinance are as follows:

	2015 HK$'000	2014 HK$'000
Fees		
Independent non-executive directors	**1,559**	1,847
Non-executive director	**–**	500
Other emoluments		
Executive directors		
— Basic salaries, allowances and benefits in kind	**26,011**	37,585
— Retirement benefits scheme contributions	**1,134**	1,115
Independent non-executive directors		
— Retirement benefits scheme contributions	**39**	38
	28,743	41,085

The emoluments of each director for the years ended 31 March 2015 and 2014 are set out below:

	Fees HK$'000	Salaries and allowances HK$'000	Discretionary bonus HK$'000	Retirement benefits scheme contributions HK$'000	Total HK$'000
Name of Director					
Mr. WONG Ben Koon	–	12,005	–	571	12,576
Mr. SUN Yong Sen (note (a))	–	385	160	–	545
Dr. MAO Shuzhong	–	3,612	–	130	3,742
Ms. Gloria WONG	–	1,730	–	80	1,810
Mr. KONG Siu Keung	–	3,102	–	133	3,235
Mr. ZHU Kai (note (b))	–	1,667	–	83	1,750
Mr. WU Likang	–	1,050	1,800	112	2,962
Mr. LIU Yongshun	–	500	–	25	525
Mr. YUEN Kim Hung, Michael	599	–	–	14	613
Mr. YUNG Ho	280	–	–	–	280
Mr. CHAN Kai Nang	500	–	–	25	525
Mr. MA Jianwu	180	–	–	–	180
Total for 2015	**1,559**	**24,051**	**1,960**	**1,173**	**28,743**

Notes to the Consolidated Financial Statements *(Continued)*
For the year ended 31 March 2015

14. DIRECTORS' AND SENIOR EXECUTIVES' EMOLUMENTS *(Continued)*

	Fees HK$'000	Salaries and allowances HK$'000	Discretionary bonus HK$'000	Retirement benefits scheme contributions HK$'000	Total HK$'000
Name of Director					
Mr. WONG Ben Koon	–	11,455	11,843	573	23,871
Mr. SUN Yong Sen	–	840	–	–	840
Dr. MAO Shuzhong	–	3,317	–	125	3,442
Ms. Gloria WONG	–	1,730	–	80	1,810
Mr. KONG Siu Keung	–	2,717	–	125	2,842
Mr. ZHU Kai (note (b) and (c))	–	1,033	–	52	1,085
Mr. WU Likang (note (d))	–	175	200	19	394
Mr. Johannes Petrus MULDER (note (e))	–	2,675	–	61	2,736
Mr. LIU Yongshun	–	1,600	–	80	1,680
Mr. YUEN Kim Hung, Michael	903	–	–	13	916
Mr. YUNG Ho	264	–	–	–	264
Mr. CHAN Kai Nang	500	–	–	25	525
Mr. MA Jianwu	180	–	–	–	180
Mr. LIU Benren (note (f))	500	–	–	–	500
Total for 2014	2,347	25,542	12,043	1,153	41,085

Notes:

(a) Retired on 15 September 2014

(b) Resigned on 31 January 2015

(c) Appointed on 25 September 2013

(d) Appointed on 1 February 2014

(e) Resigned on 31 January 2014

(f) Resigned on 25 September 2013

Save as disclosed above, there was no other arrangement under which a director waived or agreed to waive any remuneration during the year.

The five highest paid individuals in the Group during the year included three (2014: three) directors whose emoluments are reflected in the analysis presented above. The emoluments of the remaining two (2014: two) highest paid individuals are set out below:

	2015 HK$'000	2014 HK$'000
Salaries and allowances	**7,036**	9,107
Discretionary bonus	**2,246**	1,282
Retirement benefits scheme contributions	**521**	330
	9,803	10,719

14. DIRECTORS' AND SENIOR EXECUTIVES' EMOLUMENTS *(Continued)*

The emoluments fell within the following bands:

	Number of individuals	
	2015	2014
HK$3,000,001 to HK$3,500,000	**–**	1
HK$3,500,001 to HK$4,000,000	**1**	–
HK$5,500,001 to HK$6,000,000	**1**	–
HK$7,500,001 to HK$8,000,000	**–**	1

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

15. RETIREMENT BENEFITS SCHEMES

The Group operates several mandatory provident fund schemes (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for all qualifying employees in Hong Kong. The Group's contributions to the MPF Scheme are calculated at 5% of the salaries subject to a monthly maximum amount of contribution of HK$1,500 (before 1 June 2014: HK$1,250) per employee and vest fully with employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries established in the PRC are members of a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute certain percentage of the employees' basic salaries and wages to the central pension scheme to fund the retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of these subsidiaries. The only obligation of these subsidiaries with respect to the central pension scheme is to meet the required contribution under the scheme.

16. DIVIDENDS

The Board does not recommend the payment of final dividend for the year ended 31 March 2015 (2014: Nil).

17. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on (i) the loss for the year attributable to the owners of the Company of approximately HK$839,453,000 (2014: profit of approximately HK$130,717,000); and (ii) the weighted average number of ordinary shares of 7,436,456,394 (2014: 6,394,962,539) in issue during the year.

(b) Diluted (loss)/earnings per share

The exercise of the Group's outstanding convertible loan notes for the years ended 31 March 2015 and 2014 would be anti-dilutive.

There was no dilutive potential ordinary shares for the Company's share options during the years ended 31 March 2015 and 2014.

Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 March 2015

18. PROPERTY, PLANT AND EQUIPMENT

	Furniture and fixtures HK$000	Leasehold improvements HK$'000	Motor vehicles HK$'000	Office equipment HK$'000	Plant and machinery HK$'000	Construction in progress HK$'000	Buildings HK$'000	Mining infrastructure HK$'000	Total HK$'000
Cost									
At 1 April 2013	3,815	360	19,354	2,202	5,361	8,821	702	–	40,615
Additions	1,445	184	9,210	584	1,020	844	39,601	–	52,888
Disposal and write off	(8)	–	(1,810)	(46)	–	–	–	–	(1,864)
Transfer from investment properties	–	–	–	–	–	–	16,100	–	16,100
Transfer to investment properties	–	–	–	–	–	–	(8,463)	–	(8,463)
Exchange differences	3	–	54	18	69	113	(100)	–	157
At 31 March 2014 and 1 April 2014	5,255	544	26,808	2,758	6,450	9,778	47,840	–	99,433
Additions	62	–	7,956	673	3,773	1,057	538	3,479	17,538
Acquisition of subsidiaries (note 43)	459	–	65,344	54	194,590	49,873	273	503,309	813,902
Disposal and write off	(250)	–	(4,696)	–	–	–	–	–	(4,946)
Transfer	–	–	–	–	20,334	(57,563)	–	37,229	–
Exchange differences	(171)	–	(437)	(44)	(242)	(114)	(803)	(46,566)	(48,377)
At 31 March 2015	**5,355**	**544**	**94,975**	**3,441**	**224,905**	**3,031**	**47,848**	**497,451**	**877,550**
Accumulated depreciation and impairment									
At 1 April 2013	2,714	166	13,381	827	2,830	1,054	8	–	20,980
Charge for the year	1,061	51	3,078	609	1,033	–	1,377	–	7,209
Disposal and write off	(2)	–	(1,810)	(18)	–	–	–	–	(1,830)
Transfer to investment properties	–	–	–	–	–	–	(164)	–	(164)
Exchange differences	2	–	39	13	31	–	–	–	85
At 31 March 2014 and 1 April 2014	3,775	217	14,688	1,431	3,894	1,054	1,221	–	26,280
Charge for the year	684	54	7,494	660	11,639	–	2,135	15,318	37,984
Disposal and write off	(109)	–	(4,696)	–	–	–	–	–	(4,805)
Impairment losses (note 21)	78	–	13,416	–	44,545	411	149	106,567	165,166
Exchange differences	(27)	–	(173)	(25)	(88)	–	(23)	(1,716)	(2,052)
At 31 March 2015	**4,401**	**271**	**30,729**	**2,066**	**59,990**	**1,465**	**3,482**	**120,169**	**222,573**
Carrying amount									
At 31 March 2015	**954**	**273**	**64,246**	**1,375**	**164,915**	**1,566**	**44,366**	**377,282**	**654,977**
At 31 March 2014	1,480	327	12,120	1,327	2,556	8,724	46,619	–	73,153

At 31 March 2015, the carrying amount of property, plant and equipment pledged as security for the Group's bank borrowings amounted to approximately HK$41,532,000 (2014: HK$34,016,000) (notes 35 and 45).

At 31 March 2015, the carrying amount of motor vehicles held by the Group under finance leases amounted to approximately HK$6,173,000 (2014: HK$Nil).

Notes to the Consolidated Financial Statements *(Continued)*
For the year ended 31 March 2015

19. INVESTMENT PROPERTIES AND INVESTMENT PROPERTIES UNDER DEVELOPMENT

	Investment properties		Investment properties under development	
	2015	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000
At 1 April	**239,653**	227,687	**1,869,935**	1,402,642
Additions	**–**	29	**15,562**	228,599
Transfer from property, plant and equipment	**–**	8,299	**–**	–
Transfer to property, plant and equipment	**–**	(16,100)	**–**	–
Transfers	**1,927,445**	–	**(1,927,445)**	–
Fair value gains	**199,222**	17,266	**79,094**	221,768
Exchange differences	**(6,521)**	2,472	**(37,146)**	16,926
At 31 March	**2,359,799**	239,653	**–**	1,869,935

(a) The Group's investment properties and investment properties under development at their carrying amounts are analysed as follows:

	2015	2014
	HK$'000	HK$'000
Medium-term leases		
In the PRC	**2,341,899**	2,092,788
In Hong Kong	**17,900**	16,800
	2,359,799	2,109,588

(b) Majority of the investment properties are rented out under operating leases. The leases typically run for an initial period of one to ten years (2014: one to ten years), with an option to renew the lease after that date at which time all terms are renegotiated. None of the leases includes contingent rentals.

The fair values of the Group's investment properties and investment properties under development as at 31 March 2015 and 31 March 2014 have been arrived at on the basis of valuations carried out by Roma Appraisals Limited ("Roma") and Jones Lang LaSalle Corporate Appraisal and Advisory Limited, both are an independent qualified professional valuers, respectively. The valuations of investment properties have been arrived at adopting direct comparison approach with reference to comparable sale transactions for similar properties in the same location and condition or calculated using income approach by reference to net rental income allowing for reversionary income potential.

For investment properties under development, the valuations have been arrived at adopting direct comparison method to assess the fair value of the properties when complete, less deductions for the costs required to complete the development and appropriate adjustments for profit and risk.

(c) At 31 March 2015, investment properties with carrying amount of approximately HK$1,743,322,000 (2014: HK$231,530,000) were pledged as security for the Group's bank borrowings (notes 35 and 45) and loan facilities granted to a non-controlling shareholder of a subsidiary and its associate companies (note 44(b)).

Notes to the Consolidated Financial Statements *(Continued)*
For the year ended 31 March 2015

20. GOODWILL

	2015 HK$'000	2014 HK$'000
Cost		
At 1 April	**38,105**	38,105
Arising on acquisition of subsidiaries (note 43(b))	**35,506**	–
At 31 March	**73,611**	38,105
Accumulated impairment losses		
At 1 April	**–**	–
Impairment losses (note 21)	**35,506**	–
At 31 March	**35,506**	–
Carrying amount		
At 31 March	**38,105**	38,105

Goodwill acquired in a business combination is allocated, at acquisition, to the CGUs that are expected to benefit from that business combination. The carrying amount of goodwill had been allocated as follows:

	2015 HK$'000	2014 HK$'000
Mining and trading of iron ore		
Prosperity Materials Macao Commercial Offshore Limited ("MCO")	**38,105**	38,105
United Goalink Limited ("UGL")	**35,506**	–
	73,611	38,105

The recoverable amount of the CGUs are determined from value in use. The key assumptions for the value in use determination are those regarding the discount rates, growth rates and budgeted gross margin and turnover during the period. The Group estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on the long-term average economic growth rate of the geographical area in which the business of the CGU operate. Budget gross margin and turnover are based on past experience and expectations on market development.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by the directors. The cash flow forecast of MCO cover a period of five years and with the residual period using the growth rate of 0% (2014: 0%). This rate does not exceed the average long-term growth rate for the relevant markets. The cash flow forecast of UGL is based on the mine plan covering the expected life of the operation up to 2022.

The rate used to discount the forecast cash flows of MCO and UGL are 20.9% (2014: 20%) and 16.93% respectively.

At 31 March 2015, before impairment testing, goodwill of HK$35,506,000 was allocated to UGL within the mining and trading of iron ore segment. Due to the persistent decline in iron ore price, the directors have determined to write off the goodwill allocated to UGL amounting to HK$35,506,000 during the year. The details of the impairment test is stated in note 21 to the consolidated financial statements.

Notes to the Consolidated Financial Statements *(Continued)*
For the year ended 31 March 2015

21. OTHER INTANGIBLE ASSETS

	Mining rights HK$'000
Cost	
At 1 April 2013, 31 March 2014 and 1 April 2014	192,640
Additions	684
Arising on acquisition of subsidiaries (note 43(a)&(b))	2,757,581
At 31 March 2015	**2,950,905**
Accumulated amortisation and impairment	
At 1 April 2013, 31 March 2014 and 1 April 2014	22,901
Amortisation for the year	27,864
Impairment losses	627,175
At 31 March 2015	**677,940**
Carrying amount	
At 31 March 2015	**2,272,965**
At 31 March 2014	169,739

At 31 March 2015, the mining rights represents the mining permits of iron ore mining sites located in Malaysia and Brazil, and the mining permits of granite mining sites located in the PRC of approximately HK$1,928,151,000 (2014: HK$Nil), HK$210,331,000 (2014: HK$Nil) and HK$134,483,000 (2014: HK$169,739,000) respectively.

Mining rights are amortised using the unit of production method based on the actual production volume over the estimated total probable reserves within the terms of license. In the opinion of Directors, the cost for the extension of the mining period for the mining rights is considered to be minimal.

Impairment review of iron ore mining operation

Upon the completion of acquisition of Billion Win Capital Limited ("Billion Win") on 10 October 2014 ("Acquisition Date"), the spot price and the market consensus on the forecast price of 62% grade iron ore for calendar year 2015 ("Forecasted Price") were approximately US$80 per tonne and US$99 per tonne respectively. However, due to the oversupply in the iron ore market after Acquisition Date, the spot price and the Forecasted Price as at 31 March 2015 experienced a sharp decline to approximately US$51 per tonne and US$69 per tonne, respectively.

Having regard to the persistent decline in iron ore price which caused by oversupply of the commodity and estimated industry trend as mentioned above, at 31 March 2015, the Group carried out an impairment review of the iron ore mining and trading operations of Billion Win which is considered as a CGU, including other intangible assets and property, plant and equipment by comparing carrying amount with its recoverable amount by reference to the valuation report prepared by Roma. As the result, impairment of approximately HK$522,000,000 and HK$138,000,000 for other intangible assets and property, plant and equipment, respectively, were recognised in profit or loss and included in other operating expenses in consolidated statement of profit or loss.

The recoverable amount of the CGU have been determined based on value in use, being estimated future cash flows of the mining operation of Billion Win, which were prepared with reference to the report prepared by Blackstone Mining Associates Limited as disclosed in the circular of the Company dated 30 August 2014 (the "Circular") and updated with the latest performance results of Sri Jaya Mines, discounted to their present value using a discount rate of 13.60%.

21. OTHER INTANGIBLE ASSETS *(Continued)*

Impairment review of iron ore mining operation *(Continued)*

In addition, the Group carried out impairment review for the iron ore mining and trading operation of UGL which is considered as a CGU, including goodwill, other intangible assets and property, plant and equipment by comparing carrying amount with its recoverable amount by reference to the valuation report prepared by Roma. As the result, impairment of approximately HK$35,506,000, HK$69,919,000 and HK$24,422,000 for goodwill, other intangible assets and property, plant and equipment respectively, were recognised in profit or loss and included in other operating expenses in consolidated statement of profit or loss.

The recoverable amount of the CGU have been determined based on value in use, being estimated future cash flows of the mining operation of UGL, which were prepared with reference to the mining plan covering the expected life of the operation up to 2022, discounted to their present value using a discount rate of 16.93%.

The key assumptions for the impairment tests of both Billion Win and UGL include the iron ore prices as well as the inflation rate over the expected life of the mines. Selling prices for iron ore and forecast inflation rates were based on external sources and adjustments were made for the expected quality of the forecast production.

Management has estimated the long term forecast selling prices for iron ore with reference to the spot price and the forecast price of 62% grade iron ore from 2015 to 2017 according to Bloomberg, and inflation rate of 3% was applied to selling price from 2018 to the end of expect life of the mines. The inflation rate, which was sourced from International Monetary Fund, represented long term inflation rate of the PRC where the ultimate customers located.

There are no significant changes in the valuation method between the valuation disclosed in the Circular and the above impairment review of Billion Win. Both valuations adopted income-based approach. The market-based approach was not adopted in the valuations because most of the important assumptions of comparable transactions were not publicly available. The asset-based approach was also not adopted because it failed to recognise the future earning potential of the CGU. Accordingly, the adoption of income-based approach as valuation method is more appropriate.

There are also no significant changes in the assumptions adopted in valuations in the Circular and the impairment review of Billion Win, except a zero growth rate for selling price was adopted in the valuation disclosed in the Circular but 3% growth rate was adopted for the above impairment test for Billion Win. The growth rate was applied to the selling price from 2018 to reflect the nominal value of the long term forecast sales prices.

Impairment review of granite mining operation

At 31 March 2015, due to the decline in the selling price of granite products during the year, the Group carried out an impairment review of granite mining operation by reference to the valuation report prepared by Roma. Impairment of approximately HK$35,256,000 and HK$2,744,000 were recognised for other intangible assets and property, plant and equipment.

For the purpose of the impairment test of the granite mining operation, the recoverable amount of the granite mining operation has been determined based on value in use, being estimated future cash flows of the granite mining operation discounted to their present value by using a discount rate of 13.64% (2014: 11.99%).

The Group has not conducted any valuation for other intangible assets after 31 March 2015.

22. INTERESTS IN ASSOCIATES

	2015 HK$'000	2014 HK$'000
Investments in the PRC		
Share of net assets other than goodwill	–	600,346
Goodwill	–	36,781
	–	637,127
Representing		
Listed investment outside Hong Kong	–	549,617
Unlisted investment	–	87,510
	–	637,127
Fair value of listed investments in associates based on quoted market price (level 1 fair value measurement)	–	885,318

The following table shows, in aggregate, the Group's share of the amounts of all individually immaterial associates that are accounted for using the equity method.

	2015 HK$'000	2014 HK$'000
At 31 March		
Carrying amounts of interests	–	–
Year ended 31 March		
Profit from continuing operations	**47,484**	–
Other comprehensive income	–	–
Total comprehensive income	**47,484**	–

23. INTERESTS IN JOINT VENTURES

	2015	2014
	HK$'000	HK$'000
Unlisted investments		
Share of net assets	**123,113**	167,097
Goodwill	**126,679**	171,957
Loans to joint ventures (note (a))	**–**	301,353
Amount due from a joint venture (note (b))	**–**	22,489
	249,792	662,896
Impairment losses (note (c))	**(162,726)**	–
	87,066	662,896

Notes:

(a) Included in loans to joint ventures are amounts of approximately:

(i) HK$Nil (2014: HK$215,320,000) made to a joint venture that is secured by all the shares in UGL owned by the joint venturer, interest-bearing at 8% to 12% per annum and repayable after one year.

(ii) HK$Nil (2014: HK$86,033,000) made to a joint venture that is unsecured, interest-free and repayable after one year.

(b) The amount due from a joint venture is unsecured, interest free and has no fixed terms of repayment. This amount is not expected to be settled within one year.

(c) Having regard to the change in market strategy to lower the average selling price to attract more potential buyers in response to the recent change in the market condition of the market for villas and the increase in estimated construction costs incurred for flattening the land in the hillside for the villas, the Group carried out an impairment review for Changtai as at 31 March 2015, with reference to the valuation report prepared by Roma, and led to recognition of impairment of approximately HK$162,726,000 in profit or loss which is included in other operating expenses in consolidated statement of profit or loss.

The impairment test is based on comparing the recoverable amount of Changtai to its carrying value. The recoverable amount is determined based on value in use being the estimate future cash flow of the sale of villas and apartments and the hotel business, discounted to their present value using a discount rate of 13.39% (2014: 14.12%) and 16.29% (2014: 17.42%), respectively.

The key assumptions and considerations used for the purpose of impairment tests include the average selling price of the villas and apartments, sales period, average hotel room rate, occupancy rate and estimated construction cost.

The average selling price of villas and apartments is based on management's best estimation of the future average selling price, with reference to the prevailing market price of the similar villas and apartments, the existing selling price quoted together with the selling price stated in the sale and purchase agreements.

The average hotel room rate and the occupancy rate are based on the management's best estimation with reference to the market condition and data from comparable hotels and resorts.

The sales period is based on the expected sales schedule in accordance to the updated construction schedule and the market condition, while the estimated construction cost is based on the latest construction schedule, existing cost incurred together with the cost quoted by the contractors.

There are no changes in the valuation method between the valuations as at 31 March 2014 and 31 March 2015. Both valuations adopted the income-based approach. The market-based approach was not adopted in the valuations because most of the important assumptions of comparable transactions were not publicly available. The asset-based approach was also not adopted because it failed to capture the future earning potential of Changtai. Accordingly, the adoption of income-based approach as valuation method is more appropriate. In addition, there are no significant changes in the assumptions adopted in both valuations, except the average selling price used in 2014 was referenced to the selling price of the nearby competitors, while that of 2015 was referenced to the actual selling price of the concluded transactions as the marketing strategy was changed during the year. In addition, the sales period was extended for one year on average in view of the weakened market demands as compared to the previous year and the estimated construction costs were increased due to the unexpected higher cost of flattening the land than the Management's initial estimation.

The Group has not conducted any valuation for interest in a joint venture after 31 March 2015.

Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 March 2015

23. INTERESTS IN JOINT VENTURES *(Continued)*

Details of the joint ventures at 31 March 2015 are as follows:

Name	Place of incorporation/ registration	Particulars of registered capital	Percentage of interest held by a subsidiary		Principal activities
			2015	2014	
Changtai (note a)	The PRC	RMB100,000,000	**50%**	50%	Property development
UGL (note b)	The British Virgin Islands ("BVI")	US$50,000	–	50%	Investment holding
RGN Resources Holdings Limited ("RGN") (note c)	BVI	US$50,000	–	50%	Dormant

Notes:

(a) The English translation of the company's name is for reference only. The official name of the company is in Chinese.

(b) The Group acquired a further 50% interests in UGL in June 2014 and UGL was classified as a subsidiary of the Company thereafter.

(c) The Group disposed 50% interests in RGN in June 2014.

Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 March 2015

23. INTERESTS IN JOINT VENTURES *(Continued)*

The following tables show information of a joint venture that is material to the Group. This joint venture is accounted for in the consolidated financial statements using the equity method. The summarised financial information presented is based on the HKFRS financial statements of the joint venture:

	Changtai	
	2015	2014
Principal place of business/ country of incorporation	**The PRC/ The PRC**	The PRC/ The PRC
Effective % of ownership interests/ voting rights held by the Group	**50%/50%**	50%/50%
	HK$'000	HK$'000
At 31 March		
Non-current assets	**143,012**	209,739
Current assets	**655,815**	608,546
Non-current liabilities	**(71,483)**	(81,762)
Current liabilities	**(481,118)**	(397,510)
Net assets	**246,226**	339,013
Group's share of net assets	**123,113**	169,507
Goodwill	**126,679**	129,168
Less: Impairment	**(162,726)**	–
Group's share of carrying amount of interests	**87,066**	298,675
Cash and cash equivalents included in current assets	**2,257**	577
Current financial liabilities (excluding trade and other payables and provisions) included in current liabilities	**(213,983)**	(217,905)
Non-current financial liabilities (excluding trade and other payables and provisions) included in non-current liabilities	**–**	–

Notes to the Consolidated Financial Statements *(Continued)*
For the year ended 31 March 2015

23. INTERESTS IN JOINT VENTURES *(Continued)*

	Changtai	
	2015	2014
	HK$'000	HK$'000
Year ended 31 March		
Revenue	**–**	–
Depreciation and amortisation	**2,753**	2,673
Interest income	**10**	6
Interest expense	**–**	1
Income tax credit	**8,800**	241
Loss for the year	**(87,225)**	(8,378)
Total comprehensive income	**(87,225)**	(8,378)

The following table shows, in aggregate, the Group's share of the amounts of all individually immaterial joint venture that is accounted for using the equity method.

	2015	2014
	HK$'000	HK$'000
At 31 March		
Carrying amounts of interests	**–**	–
Year ended 31 March		
Profit for the year	**18,308**	1,014
Other comprehensive income	**–**	–
Total comprehensive income	**18,308**	1,014

As at 31 March 2015, the bank and cash balances of the Group' joint venture in the PRC denominated in RMB amounted to HK$2,257,000 (2014: HK$577,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 March 2015

24. FINANCE LEASE RECEIVABLE

	Minimum lease payments		Present value of minimum lease payments	
	2015 HK$'000	2014 HK$'000	**2015 HK$'000**	2014 HK$'000
Within one year	**226,471**	33,942	**193,853**	28,832
In the second to fifth years, inclusive	**–**	209,977	**–**	149,625
	226,471	243,919	**193,853**	178,457
Less: Unearned finance income	**(32,618)**	(65,462)	**N/A**	N/A
Present value of minimum lease payments receivable	**193,853**	178,457	**193,853**	178,457
Less: Allowance for uncollectible minimum lease payments receivable			**(90,347)**	–
Amount receivable within 12 months (shown under current assets)			**(103,506)**	(28,832)
Amount receivable after 12 months			**–**	149,625

The Group leases out an iron ore processing plant acquired from the lessee during the year under a finance lease expiring in three years. The Group was granted a put option to request the lessee to buy back the iron ore processing plant which is exercisable at the end of the three-year lease term and/or under other conditions as defined in the put option agreement. The finance lease does not include any contingent rentals.

25. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2015 HK$'000	2014 HK$'000
Listed equity securities in Hong Kong, at fair value	**106,940**	336,595
Listed equity securities outside Hong Kong, at fair value	**8,293**	15,607
Unlisted equity securities, at fair value	**24,003**	26,211
	139,236	378,413
Analysed as		
Current assets	**139,236**	16,198
Non-current assets	**–**	362,215
	139,236	378,413

The fair values of listed equity securities are based on current bid prices.

Unlisted equity securities represent the Group's investments in funds, of which the investment portfolio mainly comprise of listed equity securities. The fair values of unlisted equity securities are based on prices quoted by the financial institutions or fund administrators.

At 31 March 2015, listed equity securities with an aggregate carrying amount of HK$Nil (2014: HK$78,017,000) have been pledged as security for the Group's bank borrowings (notes 35 and 45).

Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 March 2015

26. NON-CURRENT PREPAYMENTS AND LOAN RECEIVABLES

	2015 HK$'000	2014 HK$'000
Prepayments		
— purchase of iron ore (note (a))	**312,000**	437,801
— property, plant and equipment	**3,671**	4,025
— leases	**1,313**	1,659
— others	**2,344**	–
	319,328	443,485
Loan receivables (note (b))	**15,600**	25,382
Less: allowance for loan receivable	**(15,600)**	–
	319,328	468,867

Notes:

(a) As at 31 March 2015, the Group has entered into off-take agreements with certain iron ore suppliers with respect to the balance of prepayments of approximately HK$312,000,000 (2014: HK$437,801,000), which are expected to be recovered or recognised as expense after one year.

(b) HK$15,600,000 (2014: HK$25,382,000) made to a third party that is unsecured, interest bearing at 8% (2014: 20%) per annum and repayable after one year.

27. INVENTORIES

	2015 HK$'000	2014 HK$'000
Properties under development for sale	**720,830**	579,569
Properties held for sale	**906,160**	953,697
Raw iron ore	**6,288**	–
Processed iron ore	**138,600**	–
Granite products	**458**	–
	1,772,336	1,533,266

The carrying amount of inventories pledged as security for the Group's bank borrowings amounted to HK$492,185,000 (2014: HK$Nil) (Notes 35 and 45).

The carrying amount of inventories expected to be recovered after more than twelve months from 31 March 2015 amounted to HK$720,830,000 (2014: HK$Nil).

For the year ended 31 March 2015, amounts of depreciation of property, plant and equipment of approximately HK$4,159,000 (2014: HK$Nil) and amortisation of other intangible assets of approximately HK$21,899,000 (2014: HK$Nil) are capitalised as inventories respectively.

28. TRADE AND BILLS RECEIVABLES

In relation to the trading of clinker, cement and other building materials and iron ore and raw materials, the Group receives from each customer an irrevocable documentary credit issued at sight by a bank undertaking payment to the Group upon the presentation of relevant documents as required by the issuing bank. The Group's credit terms generally range from 0 to 90 (2014: 30 to 90) days. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management.

The aging analysis of trade and bills receivables, based on the goods delivery date, and net of allowance, is as follows:

	2015	2014
	HK$'000	HK$'000
0 to 90 days	**122,266**	206,262
91 to 180 days	**7,357**	4,018
	129,623	210,280

As at 31 March 2015, an allowance was made for estimated irrecoverable trade receivables of approximately HK$4,720,000 (2014: HK$4,720,000).

Reconciliation of allowance for trade receivables:

	2015	2014
	HK$'000	HK$'000
At 1 April 2013, 31 March 2014, 1 April 2014 and 31 March 2015	**4,720**	4,720

As at 31 March 2015, trade receivables of HK$43,650,000 (2014: HK$24,965,000) were past due but not impaired. These relate to an independent customer for whom there is no recent history of default. The aging analysis of these trade receivables is as follows:

	2015	2014
	HK$'000	HK$'000
Up to 3 months	**42,424**	24,965
Over 3 months	**1,226**	–
	43,650	24,965

The carrying amounts of the Group's trade and bills receivables are denominated in the following currencies:

	2015	2014
	HK$'000	HK$'000
HK$	**–**	900
US$	**79,457**	184,415
RMB	**50,166**	24,965
	129,623	210,280

Notes to the Consolidated Financial Statements *(Continued)*
For the year ended 31 March 2015

29. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2015 HK$'000	2014 HK$'000
Prepayments		
— purchase of iron ore	–	248,968
— other tax expenses (note (a))	**26,187**	48,460
— plant and machinery	**25,544**	23,346
— investments	–	73,618
— others	**12,794**	1,421
	64,525	395,813
Other deposits	**3,359**	6,862
Consideration receivable (note (b))	**722,867**	–
Other receivables (note (c))	**101,650**	142,092
Loan receivables (note (d))	**251,713**	313,533
	1,144,114	858,300

Notes:

(a) Included in other tax expenses are amounts of approximately:

(i) HK$8,115,000 (2014: HK$48,460,000) representing taxes paid in relation to the sales proceeds received from purchasers in connection with the Group's pre-sales of properties.

(ii) HK$18,072,000 (2014: HK$Nil) representing tax credit on the social contribution and value-added tax paid in relation to purchase of raw materials and property, plant and equipment in connection with the mining of iron ore.

(b) On 31 March 2015, the Group entered into an equity transfer agreement with an independent third party to sell 36,300,000 shares, representing 15% interests of ACC at the consideration of RMB580,800,000 (equivalent to approximately HK$722,867,000). The consideration receivable was fully settled in April 2015.

(c) Included in other receivables are amounts of approximately:

(i) HK$11,294,000 (2014: HK$74,181,000) representing the interests accrued in respect of the loan receivables.

(ii) HK$22,092,000 (2014: HK$Nil) representing the amount due from the joint venture that is unsecured, interest-free and repayable on demand.

(d) Included in loan receivables are amounts of approximately:

(i) HK$28,626,000 (2014: HK$16,498,000) made to a non-controlling shareholder of a subsidiary. In which, HK$16,180,000 (2014: HK$16,498,000) is unsecured, interest-bearing at 7.98% to 10% (2014: 7.98% to 10%) per annum and repayable within one year. The balance of HK$12,446,000 (2014: HK$Nil) is unsecured, interest-free and repayable on demand.

(ii) HK$46,800,000 (2014: HK$46,800,000) made to a business associate that is secured by all the shares in the business associate, interest-bearing at 7% (2014: 7%) per annum and repayable within one year.

(iii) HK$54,576,000 (2014: HK$25,382,000) made to business associates that are unsecured, interest-free and repayable within one year.

(iv) HK$24,892,000 (2014: HK$Nil) made to a third party that is unsecured, interest-bearing at 20% per annum and repayable within one year.

(v) HK$84,373,000 (2014: HK$Nil) made to a joint venture that is unsecured, interest free and repayable within one year.

(vi) HK$Nil (2014: HK$116,922,000) made to a joint venture that secured by all the shares in UGL owned by the joint venturer, interest-bearing at 12% per annum and repayable within one year.

(vii) HK$Nil (2014: HK$3,900,000) made to a joint venture that unsecured, interest-bearing at 12% per annum and repayable within one year.

(viii) HK$Nil (2014: HK$7,800,000) made to a joint venturer that is secured by all the shares in UGL owned by the joint venturer, interest-bearing at 8% per annum and repayable within one year.

(ix) HK$Nil (2014: HK$20,358,000) made to joint venturer that is unsecured, interest-bearing at 12% per annum and repayable within one year.

(x) HK$Nil (2014: HK$46,800,000) made to business associates that are unsecured, interest-bearing at 4% per annum and repayable on demand.

30. PLEDGED DEPOSITS, TIME DEPOSITS AND BANK AND CASH BALANCES

The pledged deposits and time deposits of approximately HK$18,267,000 and HK$1,493,000, respectively (2014: HK$115,400,000 and HK$10,539,000) are at fixed interest rate of 2.6% per annum (2014: 2.8% to 3.3%) and therefore are subject to fair value interest rate risk. The bank deposits of approximately HK$345,421,000 (2014: HK$823,786,000) carry floating interest rate thus expose the Group to cash flow interest rate risk.

Pledged deposits mainly represent the deposits placed in banks to secure letters of credit facilities granted to the Group.

Included in bank and cash balances is an amount of approximately HK$Nil (2014: HK$65,986,000) represents restricted deposits placed by the Group with banks which can only be applied to designated property development project of the Group.

Included in pledged deposits, time deposits and bank and cash balances is an amount of approximately HK$93,140,000 as at 31 March 2015 (2014: HK$220,817,000) denominated in RMB. Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

31. ASSETS CLASSIFIED AS HELD FOR SALE

On 30 March 2015, the directors resolved to dispose of the Group's interest in an associate, ACC. Negotiations with several interested parties have subsequently taken place. On 23 June 2015, the Group entered into equity transfer agreements with Huatai Securities (Shanghai) Asset Management Company Ltd and Ms. Zhang Jinghong to sell its remaining 18.06% interests of ACC at the consideration of RMB745,522,000 (equivalent to approximately HK$931,903,000). At 31 March 2015, the carrying amount of the interests in an associate of approximately HK$312,629,000 (including goodwill of approximately HK$19,905,000) have been classified as non-current assets held for sale and are presented separately in the consolidated statement of financial position.

Interests in an associate

	2015 HK$'000
Listed investments in the PRC	
Share of net assets other than goodwill	**292,724**
Goodwill	**19,905**
	312,629
Fair value of listed investments in associates based on quoted market price (level 1 fair value measurement)	**1,640,381**

Details of the associate at 31 March 2015 are as follows:

Name	Place of incorporation	Particulars of registered capital	Percentage of interest held by a subsidiary	Principal activities
ACC (note (a), (b) and (c))	The PRC	RMB242,000,000	18.06%	Manufacturing and selling of clinker and cement and equity management

Notes:

(a) During the year, the shares in ACC, listed on the Shanghai Stock Exchange, with a carrying amount of approximately HK$312,629,000 (2014: HK$549,617,000), were pledged to secure bank borrowings granted to the Group (notes 35 and 45).

(b) Although the Group holds less than 20% of the voting power of ACC, the Group exercises significant influence over ACC because the Group appointed two directors out of the five directors of ACC.

(c) In respect of the year ended 31 March 2015, ACC was included in the consolidated financial statements of the Group based on the most recent available financial statements drawn up to 31 December 2014, but taking into account the effect of significant transactions or events that occurred in the subsequent period from 1 January 2015 to 31 March 2015. The Group has taken advantage of the provision contained in HKAS 28 (2011) "Investments in Associates and Joint Ventures" whereby it is permitted to include the attributable share of associates' results based on financial statements drawn up to a non-conterminous period and where the difference must be no greater than three months.

32. SHARE CAPITAL

	Number of shares	Amount HK$'000
Authorised:		
Ordinary shares of HK$0.01 each		
At 1 April 2013, 31 March 2014 and 2015	10,000,000,000	100,000
Issue and fully paid:		
Ordinary shares of HK$0.01 each		
At 1 April 2013, 31 March 2014 and 1 April 2014	6,394,962,539	63,950
Issue of new shares for acquisition of subsidiaries (note)	2,197,371,428	21,973
At 31 March 2015	8,592,333,967	85,923

Note: On 10 October 2014, 2,197,371,428 new ordinary shares of the Company of HK$0.01 each were issued at HK$0.295 per share as part of the consideration for acquisition of further 85% of the issued shares of Billion Win. The premium on the issue of shares of approximately HK$626,251,000 was credited to the Company's share premium accounts.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the payment of dividends, issue new shares, buy-back shares, raise new debts, redeem existing debts or sell assets to reduce debts.

During the year ended 31 March 2015, the Group's strategy, which was unchanged from 2014, was to maintain a capital structure with a lowest weighted average cost of capital. The debt-to-equity ratio, which represented total debts (including bank borrowings and convertible loan notes) over shareholders' equity, at 31 March 2015 and at 31 March 2014 were 119% and 70%, respectively.

The only externally imposed capital requirement is that the Group to maintain its listing on the Stock Exchange it has to have a public float of at least 25% of the shares. The Group receives a report from the share registrars weekly on substantial share interests showing the non-public float and it demonstrates continuing compliance with the 25% limit throughout the year. As at 31 March 2015, 40.8% (2014: 33.9%) of the shares were in public hands.

Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 March 2015

33. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2015 HK$'000	2014 HK$'000
Property, plant and equipment	**63**	113
Investments in subsidiaries	**1,681,283**	2,445,226
Other non-current assets	**28,700**	36,305
Other current assets	**110,866**	69,801
Convertible loan notes	**(200,181)**	(617,923)
Other current liabilities	**(86,563)**	(75,536)
NET ASSETS	**1,534,168**	1,857,986
Share capital	**85,923**	63,950
Reserves (note 34(b))	**1,448,245**	1,794,036
TOTAL EQUITY	**1,534,168**	1,857,986

34. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein are presented in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity.

(b) Company

	Share premium HK$'000	Contributed Surplus HK$'000	Share-based payment reserve HK$'000	Investment reserve HK$'000	Retained profits/ (accumulated losses) HK$'000	Total HK$'000
At 1 April 2013	1,035,544	872,101	13,523	–	50,840	1,972,008
Total comprehensive income and changes in equity for the year	–	–	–	598	(178,570)	(177,972)
At 31 March 2014 and 1 April 2014	1,035,544	872,101	13,523	598	(127,730)	1,794,036
Total comprehensive income for the year	–	–	–	529	(972,571)	(972,042)
Issue of new shares for acquisition of subsidiaries	626,251	–	–	–	–	626,251
Changes in equity for the year	626,251	–	–	529	(972,571)	(345,791)
At 31 March 2015	**1,661,795**	**872,101**	**13,523**	**1,127**	**(1,100,301)**	**1,448,245**

34. RESERVES *(Continued)*

(c) Nature and purpose of reserves

(i) Share premium

The application of the share premium is governed by the Companies Act of Bermuda.

(ii) Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

The reserve is dealt with in accordance with the accounting policies set out in note 4(e)(iii) to the consolidated financial statements.

(iii) Contributed surplus

The contributed surplus of the Group comprises (a) an amount arose as a result of the Group reorganisation implemented in preparation for the listing of the Company's shares in 2001 and represented the difference between the nominal value of the aggregate share capital of the subsidiaries acquired under the reorganisation scheme, over the nominal value of the share capital of the Company issued in exchange therefore; and (b) the net of credit arising from capital reduction of HK$1,000,000,000 transferred from share premium account and dividend paid.

(iv) Merger reserve

The excess of the consolidated net assets represented by the shares in subsidiaries acquired over the nominal value of the shares issued by Prosperity Minerals Holdings Limited ("PMHL") in exchange under the combination was transferred to merger reserve.

(v) Share-based payment reserve

The fair value of the actual or estimated number of unexercised share options granted to employees of the Company recognised in accordance with the accounting policy adopted for share-based payments in note 4(z) to the consolidated financial statements.

(vi) Investments reserve

The investments reserve comprises the cumulative net change in the fair value of available-for-sale investments until the investments are derecognised or impaired.

(vii) Other reserve

The other reserve, which is non-distributable, is appropriated from the profit after tax of the Group's Macau subsidiary under the Macao Commercial Code.

Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 March 2015

35. BANK BORROWINGS

	2015 HK$'000	2014 HK$'000
Secured		
Bank loans	**2,469,349**	1,261,743
Trust receipt loans	**191,176**	142,989
Invoices financing	**14,785**	–
	2,675,310	1,404,732

The borrowings are repayable as follows:

	2015 HK$'000	2014 HK$'000
On demand or within one year	**1,950,228**	540,493
In the second year	**615,720**	459,653
In the third to fifth years, inclusive	**108,648**	398,672
After five years	**714**	5,914
	2,675,310	1,404,732
Less: Amount due for settlement within 12 months	**(1,950,228)**	(540,493)
Amount due for settlement after one year which contain a repayment on demand clause	**(142,383)**	(39,441)
Amount due for settlement after 12 months	**582,699**	824,798

None of the amount of bank borrowings due for settlement after one year which contain a repayment on demand clause that is classified as a current liability is expected to be settled within one year.

The carrying amounts of the bank borrowings are denominated in the following currencies:

	RMB HK$'000	HK$ HK$'000	US$ HK$'000	Total HK$'000
2015				
Bank loans	**81,537**	**28,170**	**2,359,642**	**2,469,349**
Trust receipt loans	**–**	**–**	**191,176**	**191,176**
Invoices financing	**–**	**–**	**14,785**	**14,785**
2014				
Bank loans	38,285	74,933	1,148,525	1,261,743
Trust receipt loans	–	–	142,989	142,989

The ranges of effective interest rates at 31 March were as follows:

	2015 HK$'000	2014 HK$'000
Bank loans	**1.2% to 10.3%**	1.2% to 6.9%
Trust receipt loans	**2.0% to 3.6%**	2.2% to 2.9%
Invoices financing	**2.4%**	N/A

Bank borrowings are arranged at floating rates thus expose the Group to cash flow interest rate risk.

Certain of the bank borrowings are subject to the fulfillment of covenants set out in the banking facility letters entered into by the Group with several bank institutions. If the covenants are breached, the bank borrowings will become payable on demand.

36. FINANCE LEASE PAYABLES

	Minimum lease payments 2015 HK$'000	Present value of minimum lease payments 2015 HK$'000
Within one year	**1,856**	**1,703**
In the second to fifth years, inclusive	**3,007**	**2,716**
	4,863	**4,419**
Less: Future finance charges	**(444)**	**–**
Present value of lease obligations	**4,419**	**4,419**
Less: Amount due for settlement within 12 months (shown under current liabilities)		**(1,703)**
Amount due for settlement after 12 months		**2,716**

It is the Group's policy to lease certain of its motor vehicles under finance leases. The average lease term is 3–5 years. At 31 March 2015, the average effective borrowing rate was 2.63%–3.45%. Interest rates are fixed at the contract dates and thus expose the Group to fair value interest rate risk. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. At the end of each lease term, the Group has the option to purchase the motor vehicles at nominal prices.

Finance lease payables are denominated in the following currencies:

	2015 HK$'000
HK$	**1,493**
US$	**2,926**
	4,419

The Group's finance lease payables are secured by the lessors' title to the leased assets.

Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 March 2015

37. OTHER LOANS AND PAYABLES

	2015 HK$'000	2014 HK$'000
Consideration payables (note (a))	**557,310**	–
Due to related companies (note (b))	**72,412**	–
Term loan from a related company (note (c))	**240,170**	–
Other loans (note (c))	**224,888**	–
	1,094,780	–

Notes:

(a) Consideration payables arising from acquisition of further 85% of the issued shares of Billion Win. Consideration payables are unsecured, interest-bearing at 3% per annum and repayable after 1 April 2016.

(b) Due to related companies are unsecured, interest-free and repayable on 30 April 2016.

(c) The term loan from a related company and other loans are unsecured, interest-free and repayable on 9 October 2017, subject to the option of the Group to extend the maturity for a further three years. If the loans are extended for further three years, the loans shall carry interest at the rate of 4% per annum.

38. DEFERRED TAX

The following are the major deferred tax liabilities and assets recognised by the Group:

	Revaluation of properties under development for sale HK$'000	Revaluation of property plant and equipment HK$'000	Depreciation charges in excess of related depreciation allowance HK$'000	Revaluation of investment properties and investment properties under development HK$'000	Temporary difference on LAT HK$'000	Tax losses (note) HK$'000	Fair value difference of other intangible assets HK$'000	With-holding tax HK$'000	Others HK$'000	Total HK$'000
At 1 April 2013	213,160	–	447	187,973	–	(30,467)	42,435	297	(1,824)	412,021
Charged/(credited) to profit or loss for the year	(113,829)	–	(33)	59,803	(68,144)	–	–	711	2,811	(118,681)
Payment	–	–	–	–	–	–	–	(297)	(32)	(329)
Exchange difference	3,174	–	–	2,270	224	(400)	–	–	–	5,268
At 31 March 2014 and 1 April 2014	102,505	–	414	250,046	(67,920)	(30,867)	42,435	711	955	298,279
Acquisition of subsidiaries (note 43(a), (b) and (c))	**26,371**	**7,140**	**20,946**	**–**	**–**	**–**	**524,717**	**–**	**–**	**579,174**
Charged/(credited) to profit or loss for the year	**(44,472)**	**(7,140)**	**401**	**69,210**	**(26,387)**	**–**	**(150,690)**	**–**	**1,535**	**(157,543)**
Payment	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(711)**	**–**	**(711)**
Exchange difference	**(4,107)**	**–**	**–**	**(3,493)**	**1,607**	**595**	**–**	**–**	**(34)**	**(5,432)**
At 31 March 2015	**80,297**	**–**	**21,761**	**315,763**	**(92,700)**	**(30,272)**	**416,462**	**–**	**2,456**	**713,767**

Note: The tax losses will expire within five years.

38. DEFERRED TAX *(Continued)*

The following is the analysis of the deferred tax balances (after offset) for the statement of financial position purposes:

	2015 HK$'000	2014 HK$'000
Deferred tax liabilities	**836,739**	397,065
Deferred tax assets	**(122,972)**	(98,786)
	713,767	298,279

At the end of the reporting period the Group has unused tax losses of approximately HK$520,741,000 (2014: HK$353,780,000) available for offset against future profits. A deferred tax asset has been recognised in respect of approximately HK$121,088,000 (2014: HK$123,468,000) of such losses. No deferred tax asset has been recognised in respect of the remaining HK$399,653,000 (2014: HK$230,312,000) due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of approximately HK$29,619,000 (2014: HK$15,483,000) that will expire within five years. Other tax losses do not expire under the current tax legislation.

39. TRADE AND BILLS PAYABLES

The aging analysis of trade and bills payables, based on the date of receipt of goods, is as follows:

	2015 HK$'000	2014 HK$'000
Not yet due	**202,247**	309,658
Due within 3 months or on demand	**151,159**	293,628
Due after 3 months	**1,355**	–
	354,761	603,286

The carrying amounts of the Group's trade and bills payables are denominated in the following currencies:

	2015 HK$'000	2014 HK$'000
US$	**102,212**	255,469
RMB	**240,291**	347,817
Brazilian Reais ("R$")	**12,258**	–
	354,761	603,286

40. OTHER PAYABLES AND DEPOSITS RECEIVED

	2015 HK$'000	2014 HK$'000
Accrued expenses	**83,117**	42,755
Other payables (note (a))	**376,421**	225,144
Receipts in advance (note (b))	**115,232**	860,908
Rental deposits received	**11,435**	7,400
	586,205	1,136,207

Notes:

(a) Included in other payables are amounts of approximately:

(i) HK$35,458,000 (2014: HK$Nil) representing taxes and other costs payable in relation to disposal of 15% interests of ACC.

(ii) HK$202,034,000 (2014: HK$Nil) representing other loans that are unsecured, interest-bearing at 10%–12% per annum and repayable on demand.

(b) Receipts in advance represented sales proceeds received from purchasers in connection with the Group's pre-sales of properties.

41. CONVERTIBLE LOAN NOTES

On 14 March 2014, the Company issued the 2015 Convertible Notes ("2015 Convertible Notes") and the 2017 Convertible Notes ("2017 Convertible Notes") to ICBC International Investment Management Limited ("ICBC") with an nominal value of US$25,000,000 each ("ICBC Convertible Notes").

The proceeds received from the issue of 2015 and 2017 Convertible Notes have been split between the liability and derivative components as follows:

	2015 HK$'000	2014 HK$'000
Nominal value of convertible loan notes	–	390,000
Transaction cost related to liability component	–	(4,534)
Derivative financial assets	–	18,624
Derivative financial liabilities	–	(44,603)
	–	359,487

41. CONVERTIBLE LOAN NOTES *(Continued)*

The movement of the liability component and derivative components are as follows:

	2015 HK$'000	2014 HK$'000
Liability component:		
Convertible loan notes		
At 1 April	**617,923**	359,956
Issued during the year	**–**	359,487
Interest charged	**69,394**	85,083
Interest on early redemption of convertible loan notes	**–**	58,696
Redemption during the year	**(487,136)**	(245,299)
At 31 March	**200,181**	617,923
Derivative financial assets:		
Derivative assets embedded in convertible loan notes		
At 1 April	**20,107**	4,136
Issued during the year	**–**	18,624
Fair value loss	**(8,134)**	(2,653)
At 31 March	**11,973**	20,107
Derivative financial liabilities:		
(a) Derivative liabilities embedded in convertible loan notes		
At 1 April	**63,988**	34,854
Issued during the year	**–**	44,603
Fair value gain	**(49,189)**	(15,469)
At 31 March	**14,799**	63,988
(b) Put option		
At 1 April	**–**	25,989
Fair value gain	**–**	(25,989)
At 31 March	**–**	–
	14,799	63,988

The directors estimate the fair value of the liability component of the convertible loan notes at 31 March 2015 to be approximately HK$208,676,000 (2014: HK$618,077,000). This fair value has been calculated by discounting the future cash flows at the market interest rate (level 2 fair value measurements).

The interest charged for the year is calculated by applying an effective interest rate of 26.0% and 20.0% to the liability components of LIM Convertible Notes and ICBC Convertible Notes respectively for the 12-month period since the respective convertible loan notes were issued.

41. CONVERTIBLE LOAN NOTES *(Continued)*

The derivative components are measured at their fair value at the respective date of issue and at the end of each reporting period. The fair values are estimated using Black-Scholes Model with Monte Carlo Simulation method. The key assumptions used are as follows:

2015 Convertible Notes

	31 March 2015	31 March 2014	Date of issue
Share price — The Company	**HK$0.224**	HK$0.30	HK$0.26
Expected volatility	**53.14%**	47.33%	47.28%
Expected life (years)	**0.73**	1.73	1.75
Risk free rate	**0.54%**	0.57%	0.56%
Expected dividend yield	**0%**	0%	0%

2017 Convertible Notes

	31 March 2015	31 March 2014	Date of issue
Share price — The Company	**HK$0.224**	HK$0.30	HK$0.26
Expected volatility	**42.58%**	47.29%	46.85%
Expected life (years)	**1.98**	2.98	3.00
Risk free rate	**0.82%**	1.03%	1.01%
Expected dividend yield	**0%**	0%	0%

Before the Billion Win Acquisition, the convertible loan notes are secured by 30% interests in Billion Win owned by Million Sea Group Limited ("Million Sea"), a wholly-owned subsidiary of the Company, and Sun Honest Enterprises Limited ("Sun Honest"). Sun Honest is considered as a related company of the Group as a director, Mr. Wong Ben Koon, has control over Sun Honest.

After the Billion Win Acquisition, 30% interests in Billion Win were pledged by Million Sea as the security to the convertible loan notes.

Notes to the Consolidated Financial Statements *(Continued)*
For the year ended 31 March 2015

41. CONVERTIBLE LOAN NOTES *(Continued)*

The 2015 Convertible Notes, at the option of ICBC, are convertible in whole or in part of the outstanding principal amount of the ICBC Convertible Notes at any time before the maturity date falling on 21 December 2015 at an initial conversion price into fully paid ordinary shares with a par value of HK$0.01 each of the Company. The initial conversion price will be HK$0.315 per share.

The 2017 Convertible Notes, at the option of ICBC, are convertible in whole or in part of the outstanding principal amount of the ICBC Convertible Notes at any time before the maturity date falling on the third anniversary of the date of issue of the ICBC Convertible Note. The initial conversion price will be HK$0.315 per share.

The ICBC Convertible Notes will bear interest at the rate of 8.25% per annum on the outstanding principal amount of the ICBC Convertible Notes which will be paid semi-annually.

On 19 September 2014, the Company entered into the amendment deeds with ICBC, pursuant to which the Company prepaid and partially redeemed a total principal amount of US$6,250,000 and a further total principal amount of US$6,250,000 of each of the 2015 Convertible Note and 2017 Convertible Notes on 19 September 2014 and 31 December 2014 respectively.

Provided that no event of default as set out under the ICBC Convertible Notes has occurred and is continuing, the Company may repay all or any part of the ICBC Convertible Notes at any time after 1 July 2015 (the "ICBC Prepayment Date") by paying ICBC the relevant principal amounts plus interests on the ICBC Prepayment Date, provided that the relevant repayment amount shall not be less than the lower of (i) US$5,000,000 (approximately HK$39,000,000) and (ii) the remaining outstanding principal amount of the ICBC Convertible Notes.

The ICBC Convertible Notes are not transferable or assignable without the prior written consent of the Company.

On 12 May 2014, the Company had repaid US$30 million convertible loan notes to LIM Asia Multi-Strategy Fund Inc and LIM Asia Special Situations Master Fund Limited at the principal amounts plus interests.

42. SHARE-BASED PAYMENTS

Equity-settled share option schemes

The Company operated a share option scheme (the "Company's Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants include the full-time and part-time employees, executives, officers, directors, business consultants, agents, legal and financial advisers of the Company and the Company's subsidiaries. The Scheme became effective on 25 September 2009 and, unless otherwise cancelled or amended, remain in force for 10 years from that date.

The maximum number of unexercised share options currently permitted to be granted under the Company's Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the Company's Scheme within any 12-month period, is limited to 1% of the shares of the Company in issue at any time. Any further grant of shares options in excess of this limit is subject to shareholders' approval in a general meeting.

42. SHARE-BASED PAYMENTS *(Continued)*

Equity-settled share option schemes *(Continued)*

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time and with an aggregate value (based on the closing price of the Company's shares at the date of the grant) in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 28 days from the date of the offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, and commences after a certain vesting period and ends on a date which is not later than ten years from the date of the offer of the share options or the expiry date of the Company's Scheme, if earlier.

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

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

Details of the shares options granted and outstanding during the year are as follows:

Name or category of participant	Number of options outstanding as at 1 April 2014	Granted during the year	Number of options outstanding as at 31 March 2015	Date of grant of share options	Exercisable Period	Exercise price of share options	Closing price of the shares immediately before date of grant of share options
						HK$	HK$
Director							
Dr. Mao Shuzhong	30,000,000	–	30,000,000	6 April 2011	6 April 2012 to 5 April 2021	0.41	0.41
Mr. Liu Yongshun	15,000,000	–	15,000,000	6 April 2011	6 April 2012 to 5 April 2021	0.41	0.41
Ms. Gloria Wong	10,000,000	–	10,000,000	6 April 2011	6 April 2012 to 5 April 2021	0.41	0.41
Mr. Kong Siu Keung	10,000,000	–	10,000,000	6 April 2011	6 April 2012 to 5 April 2021	0.41	0.41
	65,000,000	–	65,000,000				
Other							
Other employees	31,800,000	–	31,800,000	6 April 2011	6 April 2012 to 5 April 2021	0.41	0.41
Third parties	35,000,000	–	35,000,000	6 April 2011	6 April 2012 to 5 April 2021	0.41	0.41
	131,800,000	–	131,800,000				

42. SHARE-BASED PAYMENTS *(Continued)*

Equity-settled share option schemes *(Continued)*

The number and weighted average exercise prices of the share options are as follows:

	2015		2014	
	Number of share options	**Weighted average exercise price HK$**	Number of share options	Weighted average exercise price HK$
Outstanding at the beginning and the end of year	**131,800,000**	**0.41**	131,800,000	0.41
Exercisable at the end of year	**131,800,000**	**0.41**	131,800,000	0.41

At 31 March 2015, the options outstanding have a weighted average remaining contractual life of 6 years.

The vesting period for the share options are 12 months after commencement of the option period.

Save for the above, no share options were granted, exercised, cancelled or lapsed under the Company's Scheme during the year.

43. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Acquisition of Billion Win

On 18 June 2014, the Group acquired 100% of the issued share capital of Million Sea, which holds 15% interests in Billion Win, for a consideration of approximately US$44,500,000 (equivalent to approximately HK$347,300,000) and the investment was classified as available-for-sale financial assets.

On 10 October 2014, the Group acquired a further 85% of the issued share capital of Billion Win (together its subsidiaries, the "Billion Win Group") for a total consideration of approximately US$168,100,000 (equivalent to approximately HK$1,311,224,000). The consideration was satisfied by the allotment and issue of 2,197,371,428 new ordinary shares of the Company at HK$0.295 per Share of approximately US$83,100,000 (equivalent to approximately HK$648,224,000) and the remaining amount of approximately US$85,000,000 (equivalent to approximately HK$663,000,000) by cash. Billion Win Group engaged in mining and processing of iron ore in Pahang Province, Malaysia.

The acquisition is to strengthen the market position of the Group, reinforce its access to reliable sources of iron ore, and also enhance returns of the iron-ore trading business.

43. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(Continued)*

(a) Acquisition of Billion Win *(Continued)*

The fair value of the identifiable assets and liabilities of Billion Win Group acquired as at the date of acquisition are as follows:

Net assets acquired:	Total HK$'000
Property, plant and equipment	665,127
Other intangible assets	2,457,000
Inventory	248,560
Trade and other receivables	43,610
Current tax assets	497
Bank and cash balances	144,162
Trade payables	(6,853)
Other payables	(230,951)
Term loan from a related company	(235,168)
Other loans	(220,405)
Finance lease payables	(3,803)
Bank borrowings	(778,715)
Deferred tax liabilities	(528,703)
	1,554,358
Gain on bargain purchase in respect of business combination	(2,114)
	1,552,244
Satisfied by:	
Available-for-sale financial assets	241,020
Deferred cash payment	663,000
Consideration shares allotment	648,224
	1,552,244
Net cash inflow arising on acquisition:	
Cash and cash equivalents acquired	144,162

The Group recognised a loss of HK$106,301,000 as a result of measuring at fair value its 15% equity interests in Billion Win Group held before the business combination. The loss is included in net losses on disposal of available-for-sale financial assets.

The fair value of the 2,197,371,428 ordinary shares of the Company issued as part of the consideration paid was determined on the basis of the closing market price of the Company's ordinary shares on the acquisition date.

The Group recognised a gain on bargain purchase of HK$2,114,000 in the business combination. The gain is included in other income. The gain on bargain purchase was mainly attributable to the decline in market price of the consideration shares at the date of completion of the acquisition.

Billion Win Group contributed approximately HK$1,224,000 and HK$705,704,000 to the Group's revenue and losses for the year respectively for the period between the date of acquisition and the end of the reporting period.

If the acquisition had been completed on 1 April 2014, total Group revenue for the year would have been HK$3,674,413,000, and loss for the year would have been HK$828,678,000. The proforma information is for illustrative purposes only and is not necessarily an indication of the revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 April 2014, nor it is intended to be a projection of future results.

43. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(Continued)*

(b) Further acquisition of 50% interests in UGL

On 26 June 2014, the Group acquired a further 50% interests in UGL for a total cash consideration of US$3,000,000 (equivalent to approximately HK$23,400,000) and offsetting loan and interest receivables of approximately US$3,672,000 (equivalent to approximately HK$28,642,000) due from the vendor. Upon completion, the Group increased its effective interests in UGL from 35% to 85%.

The acquisition is to strengthen the market position of the Group, reinforce its access to reliable sources of iron ore, and also enhance returns of the iron-ore trading business.

The fair value of the identifiable assets and liabilities of UGL acquired as at the date of acquisition are as follows:

Net assets acquired:	Total HK$'000
Property, plant and equipment	148,623
Other intangible assets	300,581
Inventory	42,527
Prepayments and other receivables	54,599
Bank and cash balances	551
Trade payables	(14,074)
Other payables	(118,429)
Shareholders' loans	(332,244)
Deferred tax liabilities	(24,100)
	58,034
NCI	5,349
Goodwill	35,506
	98,889
Satisfied by:	
Interests in a joint venture	46,847
Cash	23,400
Loan and interest receivables due from the vendor	28,642
	98,889
Net cash outflow arising on acquisition:	
Cash consideration paid	23,400
Cash and cash equivalents acquired	(551)
	22,849

The Group recognised a loss of HK$12,135,000 as a result of measuring at fair value of its 50% equity interests in UGL held before the business combination. The loss is included in losses on disposal of joint ventures.

The goodwill arising on the acquisition of UGL is attributable to the anticipated future operating synergies from the combination.

UGL contributed approximately HK$Nil and HK$276,895,000 to the Group's revenue and losses for the year respectively for the period between the date of acquisition and the end of the reporting period.

If the acquisition had been completed on 1 April 2014, total Group revenue for the year would have been HK$3,578,700,000, and loss for the year would have been HK$721,283,000. The proforma information is for illustrative purposes only and is not necessarily an indication of the revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 April 2014, nor it is intended to be a projection of future results.

43. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(Continued)*

(c) On 24 June 2014, the Group acquired 55% interest in Suzhou Jiaxin Real Estate Development Company Limited ("Suzhou Jiaxin") for a cash consideration of RMB55,000,000 (equivalent to approximately HK$69,830,000). Suzhou Jiaxin is principally engaged in property development in the PRC.

The acquisition is to enhance the Group's position in the PRC property market and will provide an excellent opportunity to the Group to benefit from project developments in Suzhou, Jiangsu Province, the PRC.

The fair value of the identifiable assets and liabilities of Suzhou Jiaxin acquired as at the date of acquisition are as follows:

	Total HK$'000
Net assets acquired:	
Property, plant and equipment	152
Properties under development for sale	408,823
Prepayments, deposits and other receivables	378
Bank and cash balances	69,916
Trade payables	(1,180)
Accruals and other payables	(270,871)
Borrowings	(38,089)
Deferred tax liabilities	(26,371)
	142,758
NCI	(64,241)
Gain on bargain purchase in respect of business combination	(8,687)
	69,830
Satisfied by:	
Cash	69,830
Net cash inflow arising on acquisition:	
Cash consideration paid	(69,830)
Cash and cash equivalents acquired	69,916
	86

The Group recognised a gain on bargain purchase of HK$8,687,000 in the business combination. The gain is included in other income. The gain on bargain purchase was resulted as the consideration reflected a discount to the net asset value of Suzhou Jiaxin.

Suzhou Jiaxin contributed approximately HK$Nil and HK$12,630,000 to the Group's revenue and losses for the year respectively for the period between the date of acquisition and the end of the reporting period.

If the acquisition had been completed on 1 April 2014, total Group revenue for the year would have been HK$3,578,700,000, and loss for the year would have been HK$761,268,000. The proforma information is for illustrative purposes only and is not necessarily an indication of the turnover and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 April 2014, nor it is intended to be a projection of future results.

43. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(Continued)*

(d) Purchase of NCI

For the year ended 31 March 2014, the Group acquired the remaining interests in PMHL, a 64.07% subsidiary, from the non-controlling shareholders at a cash consideration of approximately Pound Sterling ("GBP") 66,984,000 (equivalent to approximately HK$808,493,000). The effect of the acquisition on the equity attributable to the owners of the Company is as follows:

	HK$'000
Share of net assets in the subsidiary acquired	1,214,352
Consideration	(808,493)
Gain on acquisition recognised directly in equity	405,859

(e) Major non-cash transaction

On 18 June 2014, the Group completed the acquisition of the entire interests in Million Sea, which holds 15% interests in Billion Win, from an independent vendor ("Vendor"), for a consideration of approximately US$44,500,000 (equivalent to approximately HK$347,300,000). The consideration was satisfied by MCO and Success Top Enterprise Limited ("Success Top") assigning the benefits of the outstanding prepayments under the respective off-take agreements to the Vendor.

Additions to property, plant and equipment during the year of HK$2,132,000 (2014: HK$Nil) were financed by finance leases.

44. CONTINGENT LIABILITIES

Financial guarantees issued

(a) The Group provided guarantees in respect of mortgage facilities granted by certain banks in connection with the mortgage loans entered into by purchasers of the Group's properties as follows:

	2015	2014
	HK$'000	HK$'000
Guarantees given to banks for mortgage facilities utilised by purchasers	**459,795**	453,218

Pursuant to the terms of the guarantees, if there are any defaults on the mortgages, the Group is responsible to repay the outstanding mortgage principals together with accrued interests and penalties owed by the defaulting purchasers to the banks. The Group is then entitled to take over the legal title and possession of the related properties. The guarantees will be released upon issuance of the purchasers' property ownership certificates and completion of the relevant registration of the mortgaged properties.

At the reporting date, the directors do not consider it probable that a claim will be made against the Group under the above guarantees.

The fair value of the guarantees at date of inception is not material and is not recognised in the consolidated financial statements.

Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 March 2015

44. CONTINGENT LIABILITIES *(Continued)*

Financial guarantees issued *(Continued)*

(b) The Group provided security to various banks for loan facilities granted to a non-controlling shareholder of a subsidiary and its associate companies as follows:

	2015 HK$'000	2014 HK$'000
Security given to banks for loan facilities utilised by a non-controlling shareholder and its associate companies	**413,829**	–

Pursuant to the terms of the guarantees, if there are any defaults on the loans, the Group shall repay the outstanding loan principals together with accrued interests and penalties owed by the non-controlling shareholder and/or its group companies to the banks. The Group is then entitled to take over such percentage equity interests in the subsidiary at nil consideration.

At the reporting date, the directors do not consider it probable that a claim will be made against the Group under the above guarantees.

The fair value of the guarantees at the date of inception is not material and is not recognised in the consolidated financial statements.

(c) At 31 March 2015, the Group's share of the contingent liabilities jointly with a joint venture partner in relation to guarantees to a financial institution and a bank amounted to approximately HK$92,103,000 (2014: HK$62,186,000).

Save for the above, the Group and the Company did not have other significant contingent liabilities.

45. BANKING FACILITIES

As at 31 March 2015, the Group's banking facilities were secured by:

(a) the charge over certain bank deposits (note 30), inventories (note 27), property, plant and equipment (note 18) and investment properties (note 19) of the Group;

(b) Equity interests in certain subsidiaries of the Group;

(c) 18.06% equity interests in ACC, an associate of the Group (note 31);

(d) corporate guarantee of the Company;

(e) corporate guarantees of subsidiaries;

(f) personal guarantee executed by Mr. Wong Ben Koon.

As at 31 March 2014, the Group's banking facilities were secured by:

(a) the charge over certain bank deposits (note 30), available-for-sale financial assets (note 25), property, plant and equipment (note 18) and investment properties (note 19) of the Group;

(b) Equity interests in certain subsidiaries of the Group;

(c) 33.06% equity interests in ACC, an associate of the Group (note 22);

(d) corporate guarantee of the Company;

(e) corporate guarantees of subsidiaries;

(f) guarantee of the Hong Kong Special Administrative Region Government;

(g) personal guarantee executed by Mr. Wong Ben Koon; and

(h) assignment of the Group's sale and purchase agreements of iron ore with the subsidiary of a joint venture.

46. COMMITMENTS

As at 31 March 2015, the Group had the following commitments:

(a) Operating lease commitments — as lessee

The Group had total future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2015	2014
	HK$'000	HK$'000
Within one year	**324,454**	9,507
In the second to fifth years, inclusive	**884**	6,034
	325,338	15,541

Operating lease payments represent land costs payable by the Group for the properties under development for sale and rentals payable by the Group for the office premises and staff quarters. Leases are negotiated for a term of one to three years and rentals are fixed over the lease terms and do not include contingent rentals.

Notes to the Consolidated Financial Statements *(Continued)*
For the year ended 31 March 2015

46. COMMITMENTS *(Continued)*

(b) Operating lease commitments — as lessor

The Group leases out investment properties under operating leases. The leases typically run for an initial period of 1 to 10 years (2014: 1 to 10 years), with an option to renew the lease after that date at which time all terms are renegotiated. None of the leases includes contingent rentals.

At 31 March 2015, the Group's total future minimum lease payments under non-cancellable operating leases are receivable as follows:

	2015 HK$'000	2014 HK$'000
Within one year	**6,552**	6,165
In the second to fifth years inclusive	**6,484**	5,873
After five years	**1,093**	1,405
	14,129	13,443

(c) Capital and other commitments

In respect of its interests in joint ventures (note 23), the joint venture is committed to incur capital expenditure of approximately HK$383,965,000 (2014: HK$312,377,000), of which the Group's share of this commitment is approximately HK$191,982,000 (2014: HK$156,188,000).

47. RELATED PARTY TRANSACTIONS

In addition to those related party transactions and balances disclosed elsewhere in the consolidated financial statements, the Group had the following material related party transactions during the year:

(a) Compensation of key management personnel

	2015 HK$'000	2014 HK$'000
Directors' fees	**1,559**	2,347
Basic salaries, allowances and benefits in kind	**29,275**	42,624
Retirement benefits scheme contributions	**1,314**	1,384
	32,148	46,355

(b) Sales of iron ore during the year

	2015 HK$'000	2014 HK$'000
Related companies[(i)]	**51,566**	30,748

Notes to the Consolidated Financial Statements *(Continued)*
For the year ended 31 March 2015

47. RELATED PARTY TRANSACTIONS *(Continued)*

(c) Sales of iron ore equipment during the year

	2015 HK$'000	2014 HK$'000
A related company[(i)]	**85,606**	8,799

(d) Purchase of iron ore during the year

	2015 HK$'000	2014 HK$'000
A related company[(i)&(ii)]	**100,846**	72,673
A joint venture	**47,354**	80,465
	148,200	153,138

(e) Donations for the year

	2015 HK$'000	2014 HK$'000
A related party[(iii)]	**26,800**	–

(f) Interest income for the year

	2015 HK$'000	2014 HK$'000
A joint venture	**–**	33,696

(g) Sundry income for the year

	2015 HK$'000	2014 HK$'000
A related company[(i)]	**1,334**	–

(h) Demurrage expenses for the year

	2015 HK$'000	2014 HK$'000
A joint venture	**–**	1,076

47. RELATED PARTY TRANSACTIONS *(Continued)*

(i) Prepayments for purchase of iron ore as at 31 March

	2015 HK$'000	2014 HK$'000
A joint venture	–	26,996

(j) Trade receivables as at 31 March

	2015 HK$'000	2014 HK$'000
Related companies(i)	–	8,907

(k) Trade payables as at 31 March

	2015 HK$'000	2014 HK$'000
A joint venture	–	12,909
A subsidiary of a joint venture	–	663
A related company(i)	–	156
	–	13,728

(l) Receipts in advance as at 31 March

	2015 HK$'000	2014 HK$'000
A related company(i)	–	17,168

(m) Prepayment for investments as at 31 March

	2015 HK$'000	2014 HK$'000
A related company(i)	–	54,600

(n) Loans to and amount due from joint ventures as at 31 March

	2015 HK$'000	2014 HK$'000
Loans to joint ventures	**84,373**	422,175
Amount due from a joint venture	**22,092**	22,489
	106,465	444,664

Notes to the Consolidated Financial Statements *(Continued)*
For the year ended 31 March 2015

47. RELATED PARTY TRANSACTIONS *(Continued)*

(o) Interest receivable as at 31 March

	2015 HK$'000	2014 HK$'000
A joint venture	–	63,523

(p) Other receivable as at 31 March

	2015 HK$'000	2014 HK$'000
A subsidiary of a joint venture	–	281
Related companies[(i)]	**6,349**	281
	6,349	562

Notes:

(i) Mr. Wong Ben Koon is also a director of and has beneficial interest in these companies.

(ii) The related party transactions also constitute connected transactions or continuing connected transaction as defined in Chapter 14A of the Listing Rules.

(iii) Mr. Wong Ben Koon is the President of the unincorporated association.

48. PRINCIPAL SUBSIDIARIES

Particulars of the principal subsidiaries as at 31 March 2015 are as follows:

Name	Place of incorporation/ registration and operation	Issued and fully paid-up capital	Equity interest Direct	Equity interest Indirect	Principal activities
Billion Win	BVI	10,000 ordinary shares of US$1 each	–	100%	Investment holding
Bliss Hero Investment Limited	Hong Kong	3,000,100 ordinary shares of HK$1 each	–	100%	Investment holding
Binhai Qiaohong Zhiye Limited	The PRC	Registered capital of RMB300,000,000	–	100%	Property development
Grace Wise Pte Limited	Singapore	1 ordinary share of Singapore dollar 1 each	–	100%	Trading of iron ore
# Δ Guangzhou Bliss Hero Real Estate Development Limited	The PRC	Registered capital of HK$245,000,000	–	100%	Property leasing

Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 March 2015

48. PRINCIPAL SUBSIDIARIES *(Continued)*

Name	Place of incorporation/ registration and operation	Issued and fully paid-up capital	Equity interest Direct	Equity interest Indirect	Principal activities
* Δ Guangzhou Fuchun Dongfang Real Estate Investment Company Limited ("Fuchun Dongfang")	The PRC	Registered capital of RMB420,000,000	–	55%	Property development, sales and leasing
# Guilin Star Brite Stone Materials Co., Ltd. ("Guilin Star Brite")	The PRC	Registered capital of US$6,300,000	–	60%	Mining and processing of granite and selling of granite products
#Δ Hangzhou Chengzhuo Trading Company Limited	The PRC	Registered capital of RMB30,000,000	–	100%	Trading of iron ore and steel
* Δ Suzhou Jiaxin	The PRC	Registered capital of RMB100,000,000	–	55%	Property development
Lead Hero	BVI	33,334 ordinary shares of US$1 each	–	70%	Investment holding
MCO	Macao	100,000 ordinary shares of Macao Pataca ("MOP") 1 each	–	100%	Trading of iron ore
Phoneix Lake Sdn Bhd	Malaysia	6,242,002 ordinary shares of Malaysian Ringgit 1 each	–	100%	Mining and processing of iron ore
PMHL	Jersey	143,391,230 ordinary shares of GBP0.01 each	64.07%	35.93%	Investment holding
Pro-Rise Business Limited	BVI	1,000 ordinary shares of US$1 each	–	100%	Investment holding
Profit World Ventures Limited	BVI	20,000 ordinary shares of US$1 each	100%	—	Investment holding
Prosperity Cement (Asia) Limited	Hong Kong	2 ordinary shares of HK$1 each	–	100%	Trading of clinker, cement and other building materials
Prosperity Cement (Asia) Limited — Macao Commercial Offshore	Macao	1 ordinary share of MOP 100,000 each	–	100%	Trading of clinker, cement and other building materials

Notes to the Consolidated Financial Statements *(Continued)*
For the year ended 31 March 2015

48. PRINCIPAL SUBSIDIARIES *(Continued)*

Name	Place of incorporation/ registration and operation	Issued and fully paid-up capital	Equity interest Direct	Equity interest Indirect	Principal activities
Prosperity Minerals Limited	Hong Kong	2 ordinary shares of HK$1 each	–	100%	Provision of advisory, planning and administrative services
Prosperity Minerals Management Limited	Hong Kong	100,000 ordinary shares of HK$1 each	–	100%	Provision of human resources and administrative services
Prosperity Trading Limited	Hong Kong	10,000 ordinary shares of HK$1 each	–	100%	Trading of building materials
Sharp Advance International Limited	BVI	1 ordinary share of US$1 each	–	100%	Investment holding
Success Top	Hong Kong	2 ordinary shares of HK$1 each	–	100%	Trading of building materials
WM Aalbrightt Investment Holdings (Hong Kong) Limited	Hong Kong	100,000 ordinary shares of HK$1 each	–	60%	Investment holding
#Δ Zhejiang Changxing Investment Co., Ltd	The PRC	Registered capital of US$58,600,000	–	100%	Investment holding
#Δ Hangzhou Gangchang Technology & Trade Company Limited	The PRC	Registered capital of RMB35,000,000	–	100%	Trading of iron ore equipment
UGL	BVI	2 ordinary shares of US$1 each	–	85%	Investment holding
Globest Participações Ltda	Federative Republic of Brazil	54,058,827 ordinary shares of R$1 each	–	85%	Mining and processing of iron ore

a wholly-owned foreign enterprise established in the PRC

* a sino foreign equity joint venture established in the PRC

Δ the English translation of the companies' names is for reference only. The official name of these companies are in Chinese

48. PRINCIPAL SUBSIDIARIES *(Continued)*

The following table shows information of a subsidiary that has NCI material to the Group. The summarised financial information represents amounts before inter-company eliminations.

	Fuchun Dongfang	
	2015	2014
Principal place of business and country of incorporation	**The PRC**	The PRC
% of ownership interests and voting rights held by NCI	**45%**	45%
	HK$'000	HK$'000
At 31 March		
Non-current assets	**2,266,839**	2,000,288
Current assets	**1,058,452**	1,717,822
Non-current liabilities	**(349,837)**	(333,496)
Current liabilities	**(954,068)**	(1,621,150)
Net assets	**2,021,386**	1,763,464
Accumulated NCI	**909,624**	793,559
Year ended 31 March		
Revenue	**917,872**	1,772,639
Profit for the year	**295,257**	324,414
Total comprehensive income	**295,257**	324,414
Profit allocated to NCI	**132,866**	145,986
Net cash (used in)/generated from operating activities	**(20,713)**	334,099
Net cash used in investing activities	**(28,203)**	(233,411)
Net cash used in financing activities	**–**	(394,832)
Net decrease in cash and cash equivalents	**(48,916)**	(294,144)

Notes to the Consolidated Financial Statements *(Continued)*
For the year ended 31 March 2015

49. EVENTS AFTER THE REPORTING PERIOD

(a) On 9 April 2015, the Group subscribed 100,000,000 new shares ("Subscription Shares") of Hao Tian Finance Company Limited ("Hao Tian"), representing approximately 10% of the total issued share capital of Hao Tian as enlarged by the Subscription Shares, which was a wholly owned subsidiary of Hao Tian Development Group Limited ("Hao Tian Development", stock code: 474), for a consideration of HK$100,000,000.

Hao Tian and Hao Tian Development have confirmed that they will use their best endeavours to procure the listing of the shares of Hao Tian on the Stock Exchange (the "Relevant Event") to take place within three years from 13 May 2015. In this connection, Hao Tian Development has granted the Put Option to the Group to require Hao Tian Development to purchase all or part of the Shares at HK$1.15 per share if the Relevant Event does not occur within three years from 13 May 2015.

(b) On 24 April 2015, Fuchun Dongfang as security provider, agreed to provide the security for the loan taken by the non-controlling shareholder of Fuchun Dongfang, in the principal amount up to RMB260,000,000 (equivalent to approximately HK$330,200,000).

(c) On 13 May 2015, a total of 714,280,000 ordinary shares were allotted and issued to six independent investors at the price of HK$0.238 per share to raise net proceeds of approximately HK$161,500,000 under the general mandate approved by the shareholders of the Company granted to the Directors by a resolution at the annual general meeting.

(d) On 12 June 2015, a total of 489,000,000 ordinary shares were allotted and issued to an independent investor at the price of HK$0.261 per share to raise net proceeds of approximately HK$125,000,000 under the general mandate approved by the shareholders of the Company granted to the Directors by a resolution at the annual general meeting.

50. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 30 June 2015.

SUMMARY FINANCIAL INFORMATION

The following is a summary of the published results and of the assets and liabilities of the Group prepared on the bases set out in note below:

	Year ended 31 March				
	2015	2014	2013	2012	2011
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
RESULTS					
Continuing operations					
Turnover	**3,578,700**	5,451,942	3,512,306	6,190,034	8,136,491
(Loss)/profit before tax	**(635,509)**	729,353	(309,758)	(19,956)	(219,075)
Income tax expense	**(122,392)**	(442,177)	(8,737)	(15,956)	(2,406)
(Loss)/profit from continuing operations	**(757,901)**	287,176	(318,495)	(35,912)	(221,481)
Profit from discontinued operation	**–**	–	–	–	878,328
(Loss)/profit for the year	**(757,901)**	287,176	(318,495)	(35,912)	656,847
Attributable to:					
Owners of the Company	**(839,453)**	130,717	(205,841)	(49,387)	326,913
Non-controlling interests	**81,552**	156,459	(112,654)	13,475	329,934
	(757,901)	287,176	(318,495)	(35,912)	656,847

	As at 31 March				
	2015	2014	2013	2012	2011
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
ASSETS AND LIABILITIES					
Non-current assets	**5,867,185**	4,790,208	3,940,413	3,865,528	2,472,519
Current assets	**3,971,705**	3,599,193	5,011,971	3,613,165	4,499,469
Current liabilities	**(3,960,222)**	(3,454,851)	(3,783,025)	(2,230,396)	(1,938,287)
Non-current liabilities	**(2,516,934)**	(1,221,863)	(1,078,284)	(841,541)	(523,059)
Total equity	**3,361,734**	3,712,687	4,091,075	4,406,756	4,510,642
Attributable to:					
Owners of the Company	**2,408,560**	2,874,969	2,211,320	2,396,957	2,520,257
Non-controlling interests	**953,174**	837,718	1,879,755	2,009,799	1,990,385
	3,361,734	3,712,687	4,091,075	4,406,756	4,510,642

Note: Amounts disclosed in the summary financial information for prior years were extracted from the annual report for the year ended 31 March 2014.