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

2016 Annual Report
Forging new heights

This annual report is printed on environmentally friendly paper

Contents

Corporate Information

Board of Directors

Executive Directors

Mr. WONG Ben Koon, *Chairman*
Dr. MAO Shuzhong
Ms. Gloria WONG
Mr. KONG Siu Keung

Non-executive Directors

Mr. LIU Yongshun
Mr. WU Likang (Re-designated as non-executive director on 18 January 2016)

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
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25 Canton Road
Tsim Sha Tsui
Kowloon
Hong Kong

Registered Office

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Hamilton HM 11
Bermuda

Bermuda Principal Share Registrar and Transfer Office

Codan Services Limited
Clarendon House
2 Church Street
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 Hong Kong
Certified Public Accountants
29th Floor
Lee Garden Two
28 Yun Ping Road
Hong Kong

Solicitors

Stephenson Harwood
18th Floor
United Centre
95 Queensway
Hong Kong

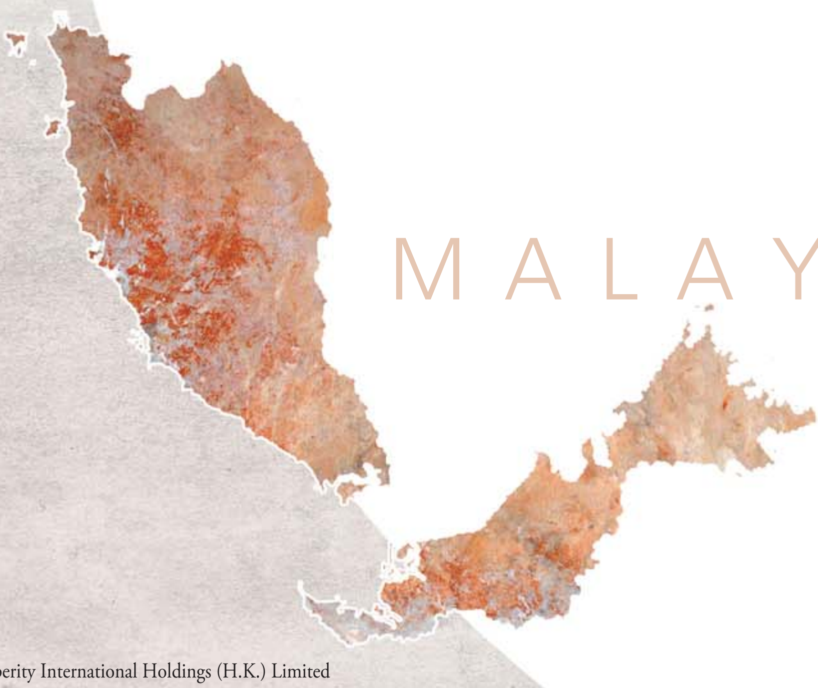
Principal Bankers

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
Industrial Bank of Taiwan Co., Ltd, Hong Kong Branch
Standard Chartered Bank (Hong Kong) Limited

Company Website

www.pihl-hk.com

Prosperity International Holdings (H.K.) Limited (the "Company", which together with its subsidiaries, is collectively referred to as the "Group") has strengthened its core business of iron ore mining, processing and trading with the aim of becoming a principal trader. The strategic transformation will give it an advantage when it comes to capitalizing on China's urbanization. The Group now holds an entire equity stake in an iron ore mining and processing business in the State of Pahang, Malaysia and an 85% equity interests in an iron ore mine in Ceará, Brazil. It also operates other businesses, including real estate investment and development and clinker and cement trading.



CHAIRMAN'S STATEMENT

We will keep seeking opportunities in the real estate markets while maintaining our strengths for a recovery in the iron ore industry in the future.

Prosperity International Holdings (H.K.) Limited ("Prosperity" or the "Company", which together with its subsidiaries, is collectively referred to as the "Group"), like many other iron ore mining, processing and trading firms, had a hard time during its financial year ended 31 March 2016 (the "Year") because the industry was in the throes of consolidation. To find a way out of the difficult situation, the Group, which already has diverse businesses, stepped up its efforts to expand its real estate business in promising markets, such as those in some vibrant cities of China and the capital of Indonesia. This move can allow the Group to broaden its income stream and thus may help to tide it over the hard time in the iron ore market.

Results Overview

For the Year, the Group recorded a net loss of approximately HK$307 million, compared with the net loss of approximately HK$758 million for the year ended 31 March 2015 (the "Previous Financial Year"). The loss was mainly attributable to a loss that arises from the impairment of assets, including the Group's iron ore mining and processing businesses in Malaysia and Brazil, in a remeasurement after the persistent decline in iron ore price, oversupply of the commodity and estimated industry trend have been considered. Basic loss per share was 2.74 HK cents, compared with the loss per share of 11.29 HK cents in the Previous Financial Year. The board of directors of the Company (the "Directors" or "Board") does not recommend payment of a final dividend for the Year (Previous Financial Year: Nil).

Business Review

Iron Ore Operations

The world's leading iron ore companies had been expanding their production capacity aggressively to accentuate their competitive advantages such as low cost and high quality of their ores and to gain larger market shares, especially in China, which has been buying about two-thirds of the world's seaborne iron ore. However, the greatly ramped up production coincided with China's economic slowdown in the past several years. This resulted in a significant increase in the surplus of iron ore and thus a sharp decrease in the commodity's price. The market worsened to such an extent that two of the world's four largest iron ore mining firms attempted to join forces to consolidate the market. China also decreased its iron ore production capacity.

During the Year, the Group temporarily suspended its iron ore mining and processing operations in Malaysia and Brazil to minimize the operating loss as the adverse operating environment makes such businesses unprofitable. It also restricted its iron ore trade to a small volume.

Property Investment and Development

During the Year, the Group reinforced its existing real estate business and actively developed promising property markets. It began to revamp its shopping arcade in Guangzhou, and undertook projects of residential and commercial properties in such vibrant cities as Yancheng and Suzhou in mainland China and Jakarta, the capital city of Indonesia.

In Binhai county of Yancheng, Jiangsu province, the Group is now developing an urban complex on a piece of land of 159,698 square metres ("sq.m."). The property project is called One City which will blend the classical architectural features of the local tradition with modern facilities for culture, tourism, commerce and housing. It is situated in the former Laoxijie, which has a long history as a busy thoroughfare and is now the core of Binhai county's Central Business District ("CBD"). One City has a combined gross floor area ("GFA") of approximately 441,000 sq.m. and will be developed in three phases. Construction work of the first phase commenced in the third quarter of 2015. As of 31 March 2016, the Group had entered into agreements with buyers over the sales of 128 shops and 287 units of residential proprieties with total saleable area of 41,331 sq.m.. The aggregate contracted sales amounted to approximately RMB333 million (equivalent to approximately HK$397 million), of which approximately RMB283 million (equivalent to approximately HK$337 million) was received by way of cash. The shops and the residential units will be delivered to the buyers in the fourth quarter of 2016 and the fourth quarter of 2017 respectively.

In Guangzhou, Guangdong province, the residential units of the Group's 55%-owned integrated project of commercial and residential properties, Oriental Landmark, were completed by the end of 2013, and the majority of them had been delivered to the buyers by 31 March 2016. About 78% of the car parking spaces on one of the levels of the car park were sold while those on the other two levels are for leasing.

In Suzhou, the Group owns the land use rights over a piece of land with a site area of 100,483 sq.m. in Xishan Island, Wuzhong District, Suzhou city, China through a 55%-owned company called 蘇州市嘉欣房地產開發有限公司 (Suzhou Jiaxin Real Estate Development Company Limited*) ("Suzhou Jiaxin"). The Group is developing a deluxe property project called Fu Yuan. The project comprises 51 villas, a deluxe hotel and gardens in an ancient, classical architectural style peculiar to Suzhou, with a total GFA of 46,170 sq.m.. The 51 villas, the GFA of which range between approximately 430 sq.m. and approximately 740 sq.m. each, are built in two phases, with 28 in the first and 23 in the second. The villas in the first phase have been put up for presale, and are expected to be delivered in the last quarter of 2016. The second phase of the project is under construction.

During the Year, the Group made its first foray into the promising market of Jakarta, Indonesia to tap into the hot demand for residential properties in the CBD there. The Company, through an indirect wholly-owned subsidiary, acquired a 100% equity interests in Verton Ventures

* *For identification purpose only*

Limited which holds a 75% equity interests in an Indonesian incorporated company for a total consideration of approximately US$7.8 million (equivalent to approximately HK$61 million). The Indonesian company owns a piece of land in the heart of the CBD of West Jakarta, Indonesia, with a site area of 4,403 sq.m. and an aggregate GFA of approximately 22,000 sq.m.. The Group plans to develop a condominium for residential and commercial uses.

Clinker and Cement Business

The Group sources cost-competitive cement and clinker, predominantly from the Far East and South East Asia, and then supplies the materials mainly to customers in North America and Asia Pacific Region. It is the Group's strategy to satisfy its customer's demand for cost competitive materials by sourcing from countries where suppliers are pricing them aggressively because of the oversupply in their domestic markets.

During the Year and the Previous Financial Year, the Group disposed of all its 33.06% equity interests in Anhui Chaodong Cement Company Limited ("ACC"), a cement and clinker manufacturer from Anhui province, which is currently listed on the Shanghai Stock Exchange (stock code: 600318), in three transactions and recognised a total gain of approximately HK$1,056 million.

Prospects

Given China's decelerating economy and a sharp increase in iron ore surplus and production capacity, it will take quite a while before the balance can be tipped in favour of the supply side of the iron ore market. Nevertheless, there have been some encouraging signs such as the closure of some iron ore mining capacity in China and the initiative taken by two of the world's leading industry players to consolidate their operations. If the moves can improve the commodity's price to a level that makes the mining and processing profitable again, the Group will resume such operations, and its strategic transformation into a principal iron ore trader will pay off.

As a group with diverse businesses, we have an advantage in mitigating a setback in a certain business segment. During the Year, we actively developed promising property markets in Yancheng, Suzhou and Jakarta in an attempt to broaden the income stream. Such endeavours are expected to generate considerable income either through rental or sales of properties as more of the Group's property projects will be completed in the next several years. We will keep seeking opportunities in the real estate markets while maintaining our strengths for a recovery in the iron ore industry in the future.

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.

WONG Ben Koon
Chairman
Hong Kong, 30 June 2016

Management Discussion and Analysis

Results and Financial Overview

For the Year, the Group recorded a net loss of approximately HK$307 million compared with the net loss of approximately HK$758 million for the Previous Financial Year.

The loss was mainly attributable to a loss of approximately HK$662 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. The Group has carried out a review of the recoverable amounts of the mining operations in Malaysia and Brazil, 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.

Turnover decreased by 44% to approximately HK$2,009 million, mainly because most of the residential units of Oriental Landmark were delivered to buyers in the Previous Financial Year. The Company's operating loss and the decrease in turnover were also due to the temporary suspension of its iron ore mining and processing operations during the Year. Only limited trade in the commodity was conducted. The Group temporarily suspended its iron ore mining and processing operations in an attempt to minimize the operating loss in view of the record lows in iron ore prices that would have made the business segment unprofitable.

Nevertheless, the operating loss was partly offset by a gain of approximately HK$606 million from the disposal of its remaining equity interests in ACC, a company listed on the Shanghai Stock Exchange (stock code: 600318) and which is a cement and clinker manufacturer located in Anhui province, the People's Republic of China (the "PRC").

Basic loss per share was 2.74 HK cents compared with the basic loss per share of 11.29 HK cents for the Previous Financial Year.

The Board does not recommend payment of a final dividend for the Year (Previous Financial Year: Nil).

CREATING OPPORTUNITIES

Business Review

PRC Steel Market

China's apparent crude steel consumption decreased by 5.4% to 700 million tonnes in 2015 as the country's economy slowed down amid its ongoing restructuring. The country is shifting the focus of growth from investment and industries (which consume an immense amount of steel) to consumption and services. Notably, investment in infrastructure and property development decelerated, thus sapping the demand for steel.

The decrease in the country's crude steel consumption outpaced the shrinkage of its output of the commodity. China's annual crude steel output fell by 2.3% to about 804 million tonnes, marking the first decline in the past 34 years. This followed the deceleration of growth to 0.9% in 2014 from 7.5% in 2013. The persistent problem of the domestic steel industry's overcapacity squeezed the profit margin or even led to losses.

To find a way out of the situation, the Chinese government has had some steel production capacity closed down, especially that of substandard plants. Steel mills that stayed in business stepped up exports to mitigate the glut on the domestic market, selling 112.4 million tonnes of steel to foreign countries in 2015, or 19.9% more than in 2014. This is despite a plunge in the steel price that resulted in a 11.3% decrease in the value of the country's steel exports to about US$62.8 billion. (Source: General Administration of Customs of the People's Republic of China ("China Customs")).

As the largest steel-producing and consuming country in the world, China saw its dampened appetite for the alloy contributes significantly to a 26.9% fall in the Global Composite Carbon Steel Price from US$620 per tonne in January 2015 to US$453 per tonne in December of the year (Source: worldsteelprices.com). CRU International Composite Steel Price Index dropped by 32.4% to 104.5 points in December 2015 from a year earlier. China Steel Price Index ("CSPI") decreased by 32.2% to 56.4 points in 2015 (Source: "12月份國內市場鋼材價格小幅回升後期將維持低位波動走勢" — China Iron and Steel Association ("CISA"), dated 20 January 2016).

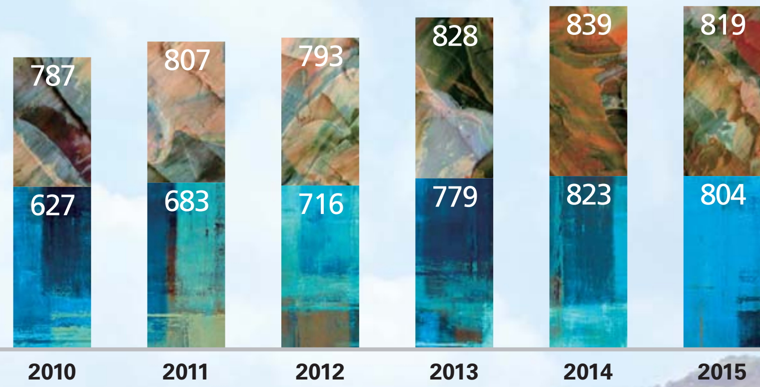
The world's crude steel production decreased by 2.8% to about 1.62 billion tonnes in 2015. China accounted for about 49.5% of the world's crude steel output and about 72.2% of Asia's about 1.11 billion tonnes. (Source: World Steel Association).

Global Steel Production: China vs Rest of the World 2010–2015

(in million tonnes)

Source: World Steel Association

China ROW



PRC Iron Ore Market

The effect of China's economic slowdown spilled over into the country's imports of iron ores and concentrates, which merely edged up 2% to 952.7 million tonnes in 2015, decelerating drastically from the 13.8% growth in 2014. The value of the imports fell 38.3% to about US$57.62 billion in 2015 because of the drastic decline in the commodity's price (Source: China Customs). The country prefers lower-cost, high-quality iron ore imports to the domestically produced, high-cost and lower-iron content ores, and now buys about two-thirds of the world's seaborne iron ore. Changes in China's demand has a significant impact on the commodity's price worldwide.

On the supply side, the world's major iron ore companies have been increasing their production capacity and output rapidly to capitalize on China's industrialization and urbanization. According to the United States Geological Survey ("USGS"), a scientific agency of the United States government, the world's iron ore mine production surged by about 213.2% from 1.1 billion metric tonnes in 2000 to an estimated 3.3 billion metric tonnes in 2015. However, China's economy shifted to a lower gear in the past several years following fast expansion for more than three decades. As a result, the country's demand for iron ore decelerated accordingly and fell short of the suppliers' previous expectations. Shrinkage of China's demand for steel, coupled with the greatly ramped up capacity and output of the world's iron ore production, led to a glut in the iron ore market and thus a substantial decline in the commodity's prices.

Excess seaborne iron ore supply on the global market is estimated at 59.5 million tonnes in 2015, much higher than the 5.7 million tonnes in 2014 (Source: Morgan Stanley's research report "Global Basic Materials", dated 3 February 2016).

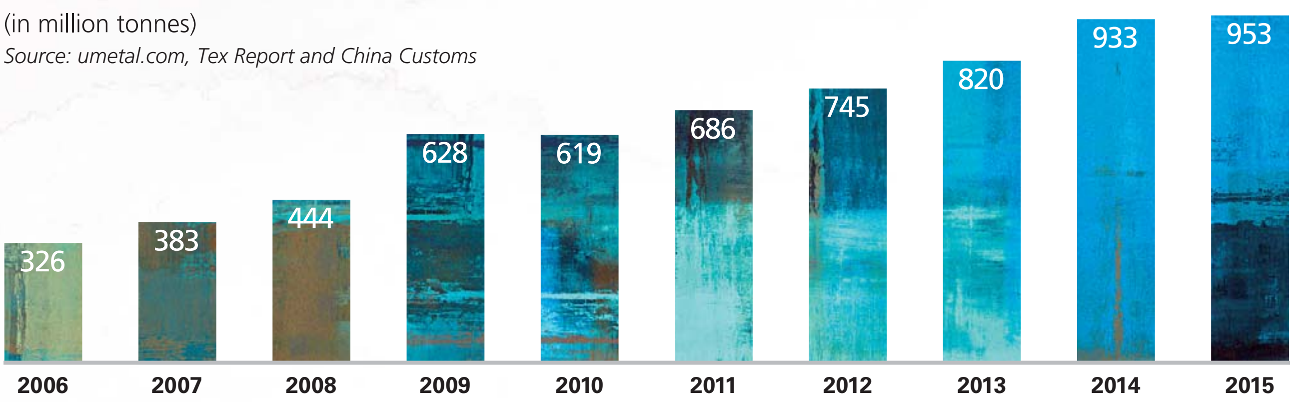
The price of benchmark 62% grade iron ore slumped by about 41.2% to US$39.6 per dry metric tonne in December 2015 from US$67.4 per dry metric tonne in January of the year, continuing the downtrend in 2014 (Source: indexmundi). The price of the commodity rebounded in the first quarter of 2016, to US$55.5 per dry metric tonne in March 2016 due to Chinese steel mills' seasonal replenishment of iron ore stock in spring and expectation of slower growth or even a decrease in output from the world's major iron ore mining firms in 2016.

To cope with the difficult market plagued by a price slump and oversupply, China decreased its annual iron ore production capacity to 184 million tonnes in 2015 from 335 million tonnes in 2013 (Source: Economic Daily News, dated 3 March 2016) while the world's major iron ore producers tried to consolidate their operations. Vale SA, the world's largest iron ore producer, signed an accord in March 2016 to acquire an equity interest of up to 15% in the world's fourth largest iron ore mining firm, Fortescue Metals Group ("FMG"), to coordinate their joint effort to consolidate the market. The deal between Vale SA and FMG came after all the four major iron ore producers in the world saw their financial results worsen in their respective latest financial years, reporting either losses or significant declines in profits. Vale SA also estimated that the world's annual iron ore production capacity would be reduced by 70 million tonnes in 2016 (Source: Economic Daily News, dated 3 March 2016).

PRC's Iron Ore Imports From 2006 to 2015

(in million tonnes)

Source: umetal.com, Tex Report and China Customs



Although China has been trying to diversify the sources of procurement beyond Australia and Brazil, the two iron ore exporting countries continued to dominate China's market for imports of the commodity because of more efficient operation, cost advantage and abundant supply of quality ore. In 2015, China imported about 566.8 million tonnes of iron ore from Australia and about 177.9 million tonnes from Brazil (Source: "2016年1月鐵礦石進口預警監測報告" by CISA). The two countries together accounted for about 78.2% of China's iron ore imports by volume.

Iron Ore Trading and Mining

The Company sources iron ore mainly from South Africa, and also produces the commodity through its wholly-owned mine and ore processing plant in Sri Jaya, State of Pahang, Malaysia (respectively referred to as "Sri Jaya Mine" and "Sri Jaya Plant") and its 85%-held mine in Ceará, Brazil ("Brazil Mine"), and then ships it mainly to the large steel mills in China.

During the Year, the Group temporarily suspended its iron ore mining and processing operations in an attempt to minimize the operating loss because the drastic decline in the commodity's price amid a market glut would have made the business segment unprofitable. However, the Group will resume such business once the commodity's price stabilizes at a level that allows it to be profitable. Its iron ore trade was also restricted to a small volume and recorded a slight decline.

1. Sri Jaya Iron Ore Mining Operation

   The Sri Jaya Mine is a resource-rich mine in Malaysia and has a total mining area of approximately 420 acres. As at 31 March 2016, it had a total probable reserve of 94.5 mega tonnes ("Mt") at an average grade of 41.7% iron, which exceeds the 30% crude iron ore average grade in China. The Sri Jaya Mine is an open pit mine which has a mine life of approximately 14 years.

   The Group produces the processed iron ore products through the Sri Jaya Plant, which is adjacent to the Sri Jaya Mine. 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 throughput capacity of 6 Mt per annum and to produce 3 Mt of saleable product per annum. During the Year, the iron ore mining and processing operations were temporarily suspended in view of the adverse market.

2. Brazilian Iron Ore Mining Operation

   The Group holds an exploration right over a mining site of approximately 600 square kilometers ("sq. km.") and mining concessions over 3 sq.km. of the Brazil Mine through its 85%-held company, United Goalink Limited ("UGL").

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

   During the Year, UGL temporarily suspended its operations to minimize operating loss under the unfavourable market conditions.

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.

During the Year, the Company's indirect wholly-owned subsidiary, Prosperity Materials Macao Commercial Offshore Limited ("MCO"), sold approximately 845,000 tonnes of 62% grade iron ore to Nanjing Iron and Steel Group Co., Ltd. ("Nanjing IS"), a mainland Chinese steel producer, pursuant to an iron ore off-take agreement reached on 12 January 2015 to supply 3.3 million tonnes of the commodity to the latter from 12 January 2015 to 11 December 2017.

On 21 March 2016, MCO entered into an agreement to sell approximately 170,000 wet metric tonnes of iron ore to a connected party, Zhong Cheng Building Materials International Limited ("Zhong Cheng"), at an aggregate consideration of approximately US$8.9 million (equivalent to approximately HK$69.6 million). Further details of the transaction can be found in the Company's announcement dated 21 March 2016.

Overall, the Group shipped approximately 2.1 million tonnes of iron ore during the Year, compared with approximately 2.3 million tonnes in the Previous Financial Year.

Real Estate Investment and Development

The supply side of China's property market cooled down to let the growing demand absorb the surplus. Investment in the country's real estate development decelerated sharply to a 1% growth in 2015 from a 10.5% increase in 2014 (Source: National Bureau of Statistics). In 2015, the property sales rebounded significantly with a 6.5% growth in GFA to about 1.3 billion sq.m. (2014: a decline of 7.6%) and a 14.4% growth in value to about RMB8.74 trillion (2014: a decrease of 6.3%) on the back of the Chinese government's policies to stimulate the demand for properties.

During the Year, the Group's business of real estate investment and development strengthened its existing operations and started new projects in the promising markets of economically vibrant cities in China and the capital of Indonesia.

1. **Binhai County of Yancheng City, Jiangsu Province**

   In Binhai county of Yancheng, Jiangsu province, the Group is now developing residential and commercial properties on a piece of land of 159,698 sq.m. over which it has the land use rights. The property project is called One City and is situated in the former Laoxijie, which has a long history as a busy thoroughfare and is now the core of Binhai county's CBD. The street is prized for its traditional role in the local economy and prime location, and has been marked out as the first area for the county's urban renewal. One City will be positioned as an urban complex that blends the classical architectural features of the local tradition with modern facilities for culture, tourism, commerce and housing. The property project is accessible by 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.

   One City has a combined GFA of approximately 441,000 sq.m. and will be developed in three phases. Construction work of the first phase commenced in the third quarter of 2015.

The first phase of the project includes residential properties of 11 blocks of apartment buildings and 40 townhouses as well as a shopping street. Presale of the first batch of shop spaces in two-storey and three-storey buildings on both sides of the shopping street in the first phase was conducted in September 2015. Presale of 5 blocks of apartment buildings was made in December 2015 and February 2016. Presale of both shops and residential properties met with enthusiastic market response.

As of 31 March 2016, the Group had entered into agreements with buyers over the sales of 128 shops and 287 units of residential proprieties with total saleable area of 41,331 sq.m.. The aggregate contracted sales amounted to approximately RMB333 million (equivalent to approximately HK$397 million), of which approximately RMB283 million (equivalent to approximately HK$337 million) was received by way of cash. The shops and the residential units will be delivered to the buyers in the fourth quarter of 2016 and the fourth quarter of 2017 respectively.

Of the remaining 6 blocks of apartment buildings in the first phase, 3 blocks had been put up for presale in late May 2016. Likewise, there was an overwhelming response from the market. From April to mid June 2016, an additional sale of 402 units of residential properties with total sales area of 46,724 sq.m. was conducted with aggregate contracted sales amounting to approximately RMB227 million (equivalent to approximately HK$270 million). The Group had put up 2 more blocks of apartment buildings for presale on 30 June 2016 and it plans to commence presale of the last block of apartment buildings and 40 townhouses under the first phase in the second half of 2016.

2. **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 2016, Silver Bay Plaza had an occupancy rate of 91% (2015: 92%). The commercial building contributed approximately HK$13 million to the rental income during the Year, compared with the approximately HK$13 million in 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 GFA of the entire project is approximately 169,200 sq.m..

The residential units of Oriental Landmark were completed by the end of 2013, and the majority of them had been delivered to the buyers by 31 March 2016. About 78% of the car parking spaces on one of the levels of the car park were sold while those on the other two levels are for leasing.

3. **Suzhou City, Jiangsu Province**

The Group owns the land use rights over a piece of land with a site area of 100,483 sq.m. in Xishan Island, Wuzhong District, Suzhou city, China through a 55%-owned company called Suzhou Jiaxin.

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 Group is developing a deluxe property project called Fu Yuan, which comprises 51 villas, a deluxe hotel and gardens in an ancient, classical architectural style peculiar to Suzhou, with a total GFA of 46,170 sq.m.. The 51 villas, the GFA of which range between approximately 430 sq.m. and approximately 740 sq.m. each, are built in two phases, with 28 in the first and 23 in the second. The villas in the first phase have been put up for presale, and are expected to be delivered in the last quarter of 2016. The second phase of the project is under construction.

4. **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.

5. **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 principal asset of the joint venture company, 長泰金鴻邦房地產開發有限公司(Changtai Jinhongbang Real Estate Development Co., Ltd.*) ("Changtai") is the Zhangzhou Property Project.

On 30 September 2015, the Group entered into an equity transfer agreement and a supplemental agreement with 廈門當代投資集團有限公司 (Xiamen Dangdai Investment Group Company Limited*) (the "Purchaser") to sell its interests in Changtai, through disposal of the 100% equity interests in the immediate holding company, Escrow Limited ("Escrow") (the "Sale Shares") and the loans provided by the Group to Changtai ("the Shareholder's Loan"). The payment obligation of the Purchaser under the

* *For identification purpose only*

equity transfer agreement was secured by 30% equity interests in 廈門市欣東聯房地產開發有限公司 (Xiamen Xindonglian Property Development Company Limited*) (the "XDL Equity Pledge") and personal guarantee from Mr. Wang Chunfang, the legal representative of the Purchaser, for an aggregate cash consideration of up to approximately RMB375.5 million (equivalent to approximately HK$458.1 million), including the principal amount of approximately RMB330.5 million (equivalent to approximately HK$403.3 million) (the "Principal Amount"), and interest of up to approximately RMB45 million (equivalent to approximately HK$54.8 million) accrued on the Principal Amount calculated at a rate of 8% per annum. The Purchaser will pay 30% of the consideration, being approximately RMB99.1 million (equivalent to approximately HK$121 million) with interest, by the end of the first anniversary after the date of completion of the XDL Equity Pledge or after the 26th business days upon the signing of the equity transfer agreement, whichever is earlier; and 70% of the consideration, being approximately RMB231.4 million (equivalent to approximately HK$282.3 million) with interest, by the end of the second anniversary after the date of completion of the XDL Equity Pledge or after the 26th business days upon the signing of the equity transfer agreement, whichever is earlier.

In November 2015, the registration of the XDL Equity Pledge was completed and the Group no longer directs the relevant activities of Changtai through Escrow.

Upon the completion of payment of Principal Amount and interest of up to approximately RMB375.5 million (equivalent to approximately HK$458.1 million) by the Purchaser, the Group will transfer the Sales Shares to the Purchaser.

Full details about the arrangement can be found in the announcement of the Company dated 30 September 2015.

6. **West Jakarta, Indonesia**

During the Year, the Group made its first foray into the promising market of Jakarta, Indonesia to tap into the hot demand for residential properties in the CBD. The growing middle class and the rich crave for apartments that enjoy convenient access to the workplace, urban facilities and amenities in the capital city.

In September 2015, the Company, through an indirect wholly-owned subsidiary, signed an agreement to acquire a 100% equity interests in Verton Ventures Limited which holds a 75% equity interests in an Indonesian incorporated company for a total consideration of approximately US$7.8 million (equivalent to approximately HK$61 million). The Indonesian company owns a piece of land in the heart of the CBD of West Jakarta, Indonesia, with a site area of 4,403 sq.m. and an aggregate GFA of approximately 22,000 sq.m.. The land parcel is connected to the two toll gates of Jakarta Outer Ring Road, and the Group plans to develop a condominium for residential and commercial uses on the site. The acquisition of the Indonesian company was completed in October 2015.

The improvement of Jakarta's infrastructure, coupled with the Indonesian government's policy to allow foreigners to own a luxury condominium priced at a minimum of IDR (Indonesian Rupiah) 10 billion, is expected to attract more home buyers to the capital and thus to boost the value of the properties in and around the capital city.

Clinker and Cement Trading Business and Operation

Drastic deceleration of the investment in China's real estate and infrastructure development affected the clinker and cement industry. The country's cement output decreased by 5.3% to 2.4 billion tonnes in 2015 (Source: National Bureau of Statistics). China's cement price index ("CEMPI") slid from 99.6 points at the beginning of 2015 to 79.3 points at the end of the year (Source: 中國水泥網 ccement.com).

The Group sourced cost-competitive cement and clinker, predominantly from the Far East and South East Asia, and then mainly supplies the materials to customers in North America and Asia Pacific Region during the Year. It has been the Group's strategy to satisfy its customers' demand for cost-competitive materials by sourcing from countries where suppliers are pricing them aggressively because of the oversupply in their domestic markets. We seized such opportunities by matching our customers' preferences to our suppliers' need to export. We also kept assessing the regional supply and demand situation in order to spot any trading opportunities and to strike a balance between our long-term and short-term trading strategies.

* *For identification purpose only*

The Group's management guided the clinker and cement trading business through the highly competitive environment with its experience, expertise and extensive regional network.

During the Year and the Previous Financial Year, the Group disposed of all of its 33.06% equity interests in ACC, a cement and clinker manufacturer from Anhui province listed on the Shanghai Stock Exchange (stock code: 600318), in three transactions and recognised a total gain of approximately HK$1,056 million. Following completion of the disposals, the Group no longer has any equity interests in ACC.

Full details about the disposal can be found in the Company's announcements dated 31 March 2015 and 23 June 2015 and its circulars dated 9 June 2015 and 27 July 2015.

Granite Production

The Company owns the Xiang Lu Shan Granite Mining Site in Guangxi, the PRC ("Guilin Granite Mine") through a 60% owned WM Aalbrightt Investment Holdings (Hong Kong) Limited, which 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 a high value product 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 production is clean, with a minimal waste ratio as the waste material can be used for road construction.

The existing mining license covers an area of 2.0371 sq.km. and the current exploration area only covers 0.8 sq.km. of the leased area of the quarry. There is still room for further exploitation of the stone resources.

The Group had assigned a local technical team to exploit the granite mine and design a processing plant to improve product quality and production volume to meet customers' requirements.

Share Placement

On 13 May 2015, the Company finished placing 714,280,000 new shares to six independent investors at a placing price of approximately HK$0.238 per placing share and raised net proceeds of approximately HK$161.5 million. The placing shares accounted for 7.7% of the Company's enlarged share capital immediately after completion of the placing. The Company intends to use the net proceeds from the placing for general working capital of the Group and possible investments in the future when opportunities arise. The Directors are of the view that the placing provided a good opportunity to raise additional funds to strengthen the financial position and broaden the shareholder and capital base of the Group so as to facilitate its future development.

On 12 June 2015, the Company finished placing 489,000,000 new shares to an independent investor, Sinobase Minerals Investment Co., Limited, at a placing price of approximately HK$0.261 per placing share and raised net proceeds of approximately HK$125 million. The placing shares accounted for 5.0% of the Company's enlarged share capital immediately after completion of the placing. The Company intends to use the net proceeds from the placing for general working capital of the Group and possible investments in the future when opportunities arise. The Directors are of the view that the placing will provide a good opportunity to raise additional funds to strengthen the financial position and broaden the shareholder and capital base of the Group so as to facilitate its future development.

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.

Issue of Bonds and Notes

On 16 March 2016, the Company announced that it had entered into a subscription agreement with Cheer Hope Holdings Limited ("Cheer Hope") which was a subscriber, and Mr. Wong Ben Koon who was the guarantor, pursuant to which the Company conditionally agreed to issue the US$20 million, 5% per annum guaranteed convertible bonds (equivalent to approximately HK$156 million) and US$20 million, 5% per annum guaranteed notes (equivalent to approximately HK$156 million). Both the convertible bonds and guaranteed notes will be due in 2018. Thereafter, the Company issued the convertible bonds and guaranteed notes in several lots. The Company issued the first lot of convertible bonds and guaranteed notes on 15 April 2016, followed by four more lots in April and May 2016. On 9 May 2016, the convertible bonds and the guaranteed notes, each in the aggregate principal amount of US$20 million (equivalent to approximately HK$156 million), were fully issued to Cheer Hope pursuant to the subscription agreement. The net proceeds from the issue of the bonds and notes will be used to refinance some of the Group's existing loans, to fund the development, improvement or expansion of the Group's business and the balance will be used as its working capital.

On 29 June 2016, the Company, Cheer Hope and Mr. Wong Ben Koon entered into the deed of amendment, to amend certain terms and conditions of the subscription agreement, the convertible bonds and guaranteed notes.

Further details of the deal can be found in the Company's announcements dated 16 March 2016, 18 March 2016, 15 April 2016, 26 April 2016, 28 April 2016, 3 May 2016, 9 May 2016 and 29 June 2016.

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. The Group also owns Sri Jaya Mine and Sri Jaya Plant in Malaysia and Brazil Mine with the aim 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 during the Year, 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 2016.

The report on mineral resources and ore reserves of the Sri Jaya Mine 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.

Projects	Classification	Quantity (Mt)	Fe Grade (%)
MINERAL RESOURCES			
Sri Jaya Mine	Indicated	107.4	43.8
	Inferred	70.7	42.0
	Sub-total	178.1	43.1
Brazil Mine	Indicated	11.3	35.7
	Inferred	–	–
	Sub-total	11.3	35.7
Total	Indicated	118.7	43.0
	Inferred	70.7	42.0
	Total	189.4	42.6
ORE RESERVES			
Sri Jaya Mine	Proved	–	–
	Probable	94.5	41.7
	Sub-total	94.5	41.7
Brazil Mine	Proved	–	–
	Probable	9.6	36.5
	Sub-total	9.6	36.5
Total	Proved	–	–
	Probable	104.1	41.2
	Total	104.1	41.2

* *Assumed average cut-off grades for both Sri Jaya Mine 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 Year, 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		For the Previous Financial Year	
	Sri Jaya Mine tonnes	**Brazil Mine tonnes**	Sri Jaya Mine tonnes	Brazil Mine tonnes
Mining volume (by quarter ended)				
30 June 2015/2014	**38,118**	–	N/A*	149,042
30 September 2015/2014	–	–	N/A*	235,654
31 December 2015/2014	–	–	274,222	95,266
31 March 2016/2015	–	–	16,656	–
Production volume (by quarter ended)				
30 June 2015/2014	**22,417**	–	N/A*	104,884
30 September 2015/2014	–	–	N/A*	92,942
31 December 2015/2014	–	–	122,880	24,304
31 March 2016/2015	–	–	17,092	–

* *Changes to resources and reserves of Sri Jaya Mine 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.*

	For the Year		From the dates of acquisitions to 31 March 2015	
	Sri Jaya Mine	**Brazil Mine**	Sri Jaya Mine	Brazil Mine
	HK$'000	**HK$'000**	HK$'000	HK$'000
Major expenditure incurred in respect of mining activities				
— Royalty payment to mining lease holder	**270**	–	22,548	N/A*
— Transportation and fuels	**450**	–	30,281	31,908
— Labour costs	**468**	–	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 Aalbrightt 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 (000 m³)	% Suitable for dimension stone (%)	Dimension stone quantity (000 m³)
MINERAL RESOURCES				
M1, M2, R	Indicated	160.0	17.5	28.0
	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 2015. 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 consolidated financial statements and the related notes in this report.

Results of Operations

For the Year, turnover decreased to approximately HK$2,009 million, compared with approximately HK$3,579 million for the Previous Financial Year. The Group's gross profit decreased by 80% to approximately HK$38 million from approximately HK$190 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$87 million for the Year as compared to approximately HK$56 million for the Previous Financial Year. It represented about 4.3% of the revenue for the Year, compared to 1.6% for the Previous Financial Year. The administrative expenses, which mainly represented staff costs, including directors' emoluments, legal and professional fees and other administrative expenses, decreased by HK$90 million or 23% to approximately HK$296 million. The increase in selling and distribution costs was mainly due to the launch of presale of One City in Binhai County, the revenue and profit of which would only be recognised when the properties are delivered to the buyers which is expected to be in the coming financial years. The decrease in administrative expenses was the result of the tightened cost control measurement in the Year.

The Group recorded an impairment loss of approximately HK$662 million for the Year, compared with approximately HK$1,099 million for the Previous Financial Year, the breakdown of major items included in the impairment loss is shown as follows:

	2016	2015
	HK$'000	HK$'000
Sri Jaya Iron Ore Mining Operation	**309,425**	660,000
Brazil Iron Ore Mining Operation	**119,894**	129,847

Sri Jaya Iron Ore Mining Operation

The Group operates the Sri Jaya Mine and Sir Jaya Plant through its wholly-owned subsidiary, Billion Win Capital Limited ("Billion Win"), in Malaysia. Due to the persistent oversupply in the iron ore market, the market consensus on forecast price ("Forecasted Price") experienced a sharp decline by 35% as compared with the Previous Financial Year.

Having regard to the persistent decline in iron ore Forecasted 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$309 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 ore 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 out 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 and property, plant and equipment of approximately HK$120 million in aggregate was recognised by the Group.

The recoverable amounts of the CGUs have been determined based on value in use, being estimated future cash flows of the mining operation of both Billion Win and UGL, discounted to their present value.

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 forecast price of 62% grade iron ore from 2016 to 2018 from Bloomberg, and inflation rate of 3% was applied to selling price thereafter 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 during the two years. Both valuations adopted income-based approach.

The finance costs were approximately HK$212 million (of which approximately HK$11 million were capitalised) for the Year, compared to approximately HK$257 million (of which approximately HK$9 million were capitalised) for the Previous Financial Year. The decrease was mainly due to the decrease in the average amount of the outstanding bank borrowings.

On 13 August 2015, the Company issued a redemption notice to ICBC International Investment Management Limited ("ICBCI"), pursuant to which the Company fully redeemed the outstanding principal amount of US$25 million on 14 August 2015. During the Year, the total effective interest expenses on convertible notes were approximately HK$26 million (Previous Financial Year: HK$69 million).

The Group recorded a gain on disposal of an associate, ACC, with an amount of approximately HK$606 million for the Year. The gain was mainly from the disposal of remaining 18.06% equity stake in ACC held by the Group for a consideration of approximately RMB745.5 million (equivalent to approximately HK$932 million).

The derivative financial instruments mainly represented derivatives embedded in convertible loan notes. During the Year, the fair value gain on revaluation of the derivative financial instruments amounted to approximately HK$3 million (Previous Financial Year: HK$41 million).

Loss attributable to the owners of the Company for the Year was approximately HK$263 million, compared to a net loss of approximately HK$839 million for the Previous Financial Year. The loss was mainly due to loss of approximately HK$429 million arising from impairment loss of the assets, including the Company's wholly-owned mine in Malaysia and 85%-held mine in Brazil. 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 2.74 HK cents compared with the basic loss per share of 11.29 HK cents for the Previous Financial Year.

Material Acquisition, Disposal and Other Transactions

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

On 24 April 2015, 20 July 2015, 11 August 2015, 22 October 2015, 11 November 2015, 22 January 2016 and 3 February 2016, 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. Up to 31 March 2016, the outstanding loan balance raised by this non-controlling shareholder, in aggregation, is approximately RMB628 million (equivalent to approximately HK$748 million).

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

(ii) Disposal of 18.06% interests in ACC

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 11% and 7.06% equity stake in ACC, respectively, for a consideration of approximately RMB745.5 million (equivalent to approximately HK$932 million) in aggregate. The Group recognised a gain of approximately HK$606 million as a result of the disposal.

Following completion of the disposals, the Group no longer holds any equity interests in ACC.

Full details about the arrangement can be found in relevant announcement of the Company dated 23 June 2015.

(iii) Disposal of the entire issued share capital of Escrow

On 30 September 2015, the Group entered into an equity transfer agreement and a supplemental agreement to dispose of its interest in Changtai, through disposal of the Sale Shares and the Shareholder's Loan to the Purchaser for the consideration of approximately RMB330.5 million (equivalent to approximately HK$403.3 million). Escrow holds 50% equity interests in Changtai, whose principal asset is the Zhangzhou Property Project. The Group recognised a gain of approximately HK$190 million as a result of the disposal.

Full details about the arrangement can be found in the announcement of the Company dated 30 September 2015.

Liquidity, Financial Resources and Capital Structure

The total shareholders' fund of the Group as at 31 March 2016 was approximately HK$2,570 million (2015: HK$2,409 million). As at 31 March 2016, the Group had current assets of approximately HK$3,419 million (2015: HK$3,972 million) and current liabilities of approximately HK$3,375 million (2015: HK$3,960 million). The current ratio was 1.01 as at 31 March 2016 as compared to 1.00 as at 31 March 2015. The Group generally finances its operations with internally generated cash flows, credit facilities provided by its principal bankers in Hong Kong and the PRC and proceeds from the placing of new shares. As at 31 March 2016, the Group had outstanding debts (including bank borrowings and other borrowings) of approximately HK$2,261 million (2015: HK$2,875 million, including bank borrowings and convertible loan notes). As at 31 March 2016, the Group maintained time deposits, bank and cash balances of approximately HK$180 million (2015: HK$271 million), whilst the pledged deposits amounted to approximately HK$102 million (2015: HK$96 million). The Group's debt-to-equity ratio (total debts to shareholders' equity) decreased from 1.19 as at 31 March 2015 to 0.88 as at 31 March 2016. 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 2016, the Group's banking facilities were secured by:

(a) the charge over certain property, plant and equipment, investment properties, available-for-sale financial assets, inventories and certain bank deposits of the Group;

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

(c) corporate guarantee of the Company;

(d) corporate guarantees of subsidiaries;

(e) personal guarantee executed by Mr. Wong Ben Koon and directors of subsidiaries;

(f) deed of subordination of term loan by a related company; and

(g) certain rights of mining, processing and selling raw iron ore owned by a subsidiary.

Commitments

As at 31 March 2016, 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:

	2016 **HK$'000**	2015 HK$'000
Within one year	**251,456**	324,454
In the second to fifth years, inclusive	**14,480**	884
	265,936	325,338

Operating lease payments represent land costs payable by the Group for the properties under development for sale of approximately HK$243 million (2015: HK$317 million) and rentals payable by the Group for the office premises and staff quarters of approximately HK$23 million (2015: HK$8 million). 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 (2015: 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 2016, the Group's total future minimum lease payments under non-cancellable operating leases are receivable as follows:

	2016 **HK$'000**	2015 HK$'000
Within one year	**34,395**	6,552
In the second to fifth years, inclusive	**81,567**	6,484
After five years	**15,257**	1,093
	131,219	14,129

(c) Capital and other commitments

In respect of its interests in a joint venture at 31 March 2015, the joint venture is committed to incur capital expenditure of approximately HK$384 million, of which the Group's share of this commitment is approximately HK$192 million.

Human Resources and Remuneration Policy

As at 31 March 2016, the Group had a total of 424 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

The price of benchmark 62% grade iron ore was trending downwards from the peak of US$187.2 in February 2011 to the low of US$39.6 in December 2015 as the world's leading iron ore producers' rapid production capacity expansion coincided with China's economic slowdown in the past several years. The price of the commodity rebounded in the first quarter of 2016, partly because the market expects that the problems of overcapacity and oversupply could be mitigated by the closure of some of China's iron ore mining capacity and by the attempt at market consolidation initiated by two of the world's four major iron ore companies.

However, whether the price of the steel making ingredient could rise to a level that make the Group's iron ore mining and trading business profitable depends on how well the supply side can restrain its output and how well China manages its economic restructuring.

For the past several years, the Group pressed ahead with 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. Nevertheless, it suspended its iron ore mining and processing operations under the adverse market conditions during the Year. It will resume the business once the commodity's price stabilizes at a level that allows it to be profitable.

Meanwhile, the Group has been seeking actively to develop promising property markets. Notably, it has been undertaking high-end residential and commercial property projects in vibrant cities such as Yancheng and Suzhou in Jiangsu province, PRC and Jakarta, the capital city of Indonesia. It has also strengthened the existing operations in Guangzhou by revamping the shopping arcade of Oriental Landmark. Such endeavours are expected to generate considerable income either through rental or sales of properties as more of the Group's property projects will be completed in the next several years.

The Group will keep developing itself into a low-cost, high-quality iron ore mining company and tapping promising property markets in order to bring good returns to the shareholders.

Directors and Senior Management

DIRECTORS

Executive Directors

Mr. WONG Ben Koon, aged 63, 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 54, 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.

Ms. Gloria WONG, aged 33, was appointed as an executive Director of the Company on 1 June 2010. Ms. Wong has over 8 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 47, 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 21 years' experience in finance and accounting field. Mr. Kong is a member of the nomination committee of the Company.

Non-executive Directors

Mr. LIU Yongshun, aged 55, 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 (stock code: 1104) 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. Mr. Liu has been appointed as a non-executive director of Up Energy Development Group Limited, a listed company on the Stock Exchange (stock code: 307) on 18 December 2015 and re-designated as an independent non-executive director with effective from 20 April 2016.

Mr. WU Likang, aged 49, was appointed as an executive Director of the Company on 1 February 2014 and re-designated as non-executive Director from 18 January 2016. He holds a bachelor's degree in Ceramic Engineering from the Wuhan University of Technology. Mr. Wu has over 26 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: 914), 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 and resigned on 18 January 2016 upon his re-designation as non-executive Director of the Company.

Independent non-executive Directors

Mr. YUEN Kim Hung, Michael, aged 55, 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 Chartered Professional Accountant, Certified General Accountant of British Columbia. Mr. Yuen has over 20 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 (stock code: 8068), a listed company on Growth Enterprise Market of the Stock Exchange, since 24 April 2002 and appointed as an independent non-executive director of Steed Oriental (Holdings) Company Limited (stock code: 8277), a listed company on Growth Enterprise Market of the Stock Exchange, since 16 September 2013.

Mr. YUNG Ho, aged 71, 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 70, 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 (stock code: 8295), a listed company on the Growth Enterprise Market of the Stock Exchange, from 4 June 2010 to 17 June 2016. Mr. Chan is also currently an independent non-executive director of Soundwill Holdings Limited (stock code: 878), a listed company on the Stock Exchange, an independent non-executive director of Steed Oriental (Holdings) Company Limited (stock code: 8277), a listed company on the Growth Enterprise Market of the Stock Exchange since 16 September 2013 and an independent non-executive director of FDB Holdings Limited (stock code: 8248), a listed company on the Growth Enterprise Market of the Stock Exchange since 16 September 2015.

Mr. Chan was the Deputy Chief Executive of the 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) (stock code: 27), a company listed on the Stock Exchange. 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 67, 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. (currently known as Guangzhou Guangri Stock Co., Ltd.) (stock code: 600894), 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 53, 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 54, 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.

Mr. CHEN Hao, aged 57, is the group general manager of the Group's real estate investment and development business. He has nearly 21 years experience in property investment and development in the PRC. He was general manager of Jiaye Real Estate Development Ltd ("Jiaye") 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 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: 00918). Before joining the Group in April 2013, he was an executive director and standing vice president of Calxon.

Mr. HONG Chengzhang, aged 55, 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 management of Oriental Landmark.

Mr. TOK Beng Tiong, aged 45, 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 16 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 53, 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 Mine. He has approximately 21 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, and Baoshan Iron & Steel Company Limited, which is currently listed on the Shanghai Stock Exchange (stock code: 600019). 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.

Ms. LEE Yee Man Hester, aged 40, 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 16 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, Lawrence, aged 37, is the financial controller of the Company. 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 Company in January 2011 and has over 13 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 2016, the Board comprises ten Directors including four executive Directors, two non-executive Directors 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 2016 is set out below:

Executive Directors:

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

Non-executive Directors:

Mr. Liu Yongshun
Mr. Wu Likang

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 29 to 30 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 2016 and the details of attendance of Board meetings and the annual general meeting are set out below:

Name of Directors	Attendance/ Number of Board Meetings	Attendance/ Number of Annual General Meeting
Mr. Wong Ben Koon ("Mr. Wong")	14/17	0/1
Dr. Mao Shuzhong	14/17	0/1
Ms. Gloria Wong	14/17	0/1
Mr. Kong Siu Keung	17/17	1/1
Mr. Liu Yongshun	15/17	0/1
Mr. Wu Likang	15/17	0/1
Mr. Yuen Kim Hung, Michael	17/17	1/1
Mr. Yung Ho	15/17	0/1
Mr. Chan Kai Nang	17/17	0/1
Mr. Ma Jianwu	17/17	0/1

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 48 to the consolidated financial statements.

Save as disclosed above and in note 48 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 Hong Kong 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 Audit 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 the Audit Committee)	2/2
Mr. Yung Ho	0/2
Mr. Ma Jianwu	2/2

During the year ended 31 March 2016, 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 2015 and the interim results for the six months ended 30 September 2015; (ii) reviewed the financial reports for the year ended 31 March 2015 and for the six months ended 30 September 2015 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 2016. 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.

Two 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 (Chairman of the Remuneration Committee)	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 record of each Nomination Committee member at the meeting of Nomination Committee during the Year is set out below:

Name of Directors	Attendance/ Number of Nomination Committee Meetings
Mr. Chan Kai Nang (Chairman of the Nomination Committee)	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 2016.

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 53 to 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 23 September 2015 (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. The records of the Directors participated in the continuous professional development programmes during the Year are as follows:

Name of Directors	Attending training courses, seminars or conference	Reading materials or updates
Executive Directors:		
Mr. Wong Ben Koon		✓
Dr. Mao Shuzhong		✓
Ms. Gloria Wong		✓
Mr. Kong Siu Keung	✓	✓
Non-executive Directors:		
Mr. Liu Yongshun		✓
Mr. Wu Likang		✓
Independent non-executive Directors:		
Mr. Yuen Kim Hung, Michael	✓	✓
Mr. Yung Ho		✓
Mr. Chan Kai Nang	✓	✓
Mr. Ma Jianwu		✓

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 Board 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 Hong Kong 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 Hong Kong amounted to HK$3,910,800, of which HK$3,250,000 was incurred for statutory audit and HK$660,800 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 is pleased to present their report and the audited consolidated 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 49 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 2016 is set out in the consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income on page 55 and 56 and the state of affairs of the Group as at 31 March 2016 are set out in the consolidated statement of financial position on pages 57 and 58.

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 2016 is set out on page 142. This summary does not form part of the audited consolidated 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 2016 are set out in note 49 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 59.

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 2016, 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$1,405 million (2015: HK$1,435 million). The Company's share premium, in the amount of approximately HK$1,936 million as at 31 March 2106 (2015: HK$1,662 million), may be distributed in the form of fully paid bonus shares.

Relationships with Stakeholders

The Group recognizes that employees, customers and business partners are key to its sustainable development. The Group is committed to establishing close and caring relationships with its employees, providing quality products and services to its customers and enhancing cooperation with its business partners. The Company provides a fair and safe workplace, promotes diversity in its staff, and provides competitive remuneration and benefits and career development opportunities based on the employees' merits and performance. The Group also puts ongoing efforts into providing adequate training and resources for the employees' development so that they can keep abreast of the market and the industry and, at the same time, improve their performance and attain self-fulfillment in their positions.

The Group understands that it is important to maintain good relationships with customers and provide the products in a way that satisfy the latter's needs and requirements. The Group enhances its customer relationship by communicating with customers to gain insight into the market's changing preference for the products so that the Group can satisfy the wants proactively.

The Group is also dedicated to developing good relationships with suppliers and contractors as long-term business partners to enhance the stability of the Group's businesses. The Group reinforces the business partnership with suppliers and contractors by communicating with them proactively.

Major Customers and Suppliers

During the Year, sales to the Group's five largest customers accounted for approximately 55.8% of total sales and sales to the largest customer included therein amounted to approximately 14.9% of total sales. The Group's five largest suppliers accounted for approximately 65.5% of total purchases for the Year and purchases from the largest supplier included therein amounted for approximately 27.3% of total purchases.

The Group's largest customers in 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$373,000 (2015: HK$29,026,000).

Directors

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

Executive Directors:

Mr. Wong Ben Koon
Dr. Mao Shuzhong
Ms. Gloria Wong
Mr. Kong Siu Keung

Non-executive Directors:

Mr. Liu Yongshun
Mr. Wu Likang (re-designated as non-executive Director on 18 January 2016)

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, Mr. Liu Yongshun, Mr. Kong Siu Keung, Mr. Chan Kai Nang and Mr. Ma Jianwu 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 29 to 31 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.

Permitted Indemnity Provision

Under the Articles of the Company, the Company had a permitted indemnity provision in force for the benefit of the Directors throughout the Year and as at the date of approval of this report, pursuant to which the Company shall indemnify any Director against all losses or liabilities which he/she may sustain or incur in or about the execution of the duties of his/her office or otherwise in relation thereto. The Company has arranged appropriate directors' and officers' liability insurance coverage for the Directors and senior management of the Company throughout the Year.

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 15 to the consolidated financial statements.

Directors' Interests in Contracts

Save as disclosed in note 48 to the consolidated financial statements, no Director or an entity connected with a Director had a material interest, either directly or indirectly, in any transaction, arrangement or 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 2016, 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 Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules 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	1,800,230,153	3,957,371,582 (Note)	22,640,000	–	5,780,241,735	59.01%
Dr. Mao Shuzhong	–	–	–	30,000,000	30,000,000	0.31%
Mr. Liu Yongshun	–	–	–	15,000,000	15,000,000	0.15%
Ms. Gloria Wong	–	–	–	10,000,000	10,000,000	0.10%
Mr. Kong Siu Keung	–	–	–	10,000,000	10,000,000	0.10%

Note: Mr. Wong is interested in 2,139,675,960 Shares, 2,639,514 Shares, 2,639,514 Shares and 1,812,416,594 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

	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	–	46,527,701 (Note)	–	–	46,527,701	0.47%

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 2016, so far as is known to any Director 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 43 to the consolidated financial statements. 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 excluded 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 company, which was also engaged in the trading of iron ore:

(i) 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 2016, 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	21.90%
PMGL (Note f)	Beneficial owner (Note a)	2,139,675,960	2,139,675,960	21.84%
Ms. Shing Shing Wai	Interest of spouse	5,757,601,735		
	Beneficial owner (Note b)	22,640,000		
		5,780,241,735	5,780,241,735	59.01%
Elite Force (Note f)	Interest in controlled corporations (Note c)	1,812,416,594	1,812,416,594	18.50%
南京鋼鐵集團有限公司 (Note d)	Beneficial owner	1,179,890,378	1,179,890,378	12.05%
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	12.05%
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	12.05%
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	12.05%
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	12.05%

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

Short position in the Shares and underlying Shares

Name	Note	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	0.47%
PMGL	(a) & (c)	Beneficial owner	46,527,701	0.47%
Ms. Shing Shing Wai	(b) & (c)	Interest of spouse	46,527,701	0.47%

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 2016, 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 2016, 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 members 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%
Landmark Mining and Metallurgy Limited	Wu Xiao Jiang	Beneficially owner	3,800	38%
Suzhou Jiaxin	Zhao Xiao Lang	Beneficially owner	N/A	34.2%
First World Venture Resources Sdn. Bhd.	Lee Wai Yee	Beneficially owner	30	30%
Dongguan Honwill Limited	Dongguan City Danxin Property Company Limited*	Beneficially owner	N/A	30%
PT. Tritama Barata Makmur	PT. Mitra Reksa Pesona	Beneficially owner	11,250	25%

Save as disclosed above, so far as is known to any Director or chief executive of the Company, as at 31 March 2016, 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 2016, 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.

* For identification purpose only

Connected Transactions and Continuing Connected Transactions

Certain related party transactions as disclosed in note 48 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 iron ore off-take agreement with Nanjing IS and Grace Wise Pte. Ltd. ("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$2.0 per dry metric ton of the ore shipped under the Nanjing Steel Agency Agreement. As at the date of the Nanjing Steel Agency Agreement, Grace Wise was indirectly 58%-owned by Mr. Wong. Mr. Wong was then a controlling shareholder of the Company, the Chairman of both the Company and PMHL and an executive Director. Accordingly, Grace Wise was an associate of Mr. Wong and hence a connected person of the Company. As at the date of this report, Grace Wise is an indirect wholly-owned subsidiary of the Company and Nanjing IS is a substantial shareholder of the Company and thus a connected person of the Company.

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

2. Connected transactions with respect to the provision of financial assistance to a non-controlling shareholder of Fuchun Dongfang.

On 24 April 2015, 20 July 2015, 11 August 2015, 22 October 2015, 11 November 2015, 22 January 2016 and 3 February 2016, Fuchun Dongfang, a 55%-owned subsidiary of Company, pledged certain units of Oriental Landmark, for the benefit of its non-controlling shareholder, 廣東森島集團有限公司 (Guangdong Sendao Group Limited*) ("Guangdong Sendao"), as security for the bank facilities granted to Guangdong Sendao and its subsidiaries, in the aggregate amount of approximately RMB628 million (equivalent to approximately HK$747 million). At 31 March 2016, the carrying amount of the pledged units of Oriental Landmark is approximately RMB877 million (equivalent to approximately HK$1,044 million).

Guangdong Sendao holds 45% of the equity interests of Fuchun Dongfang and thus is a connected person of the Company at the subsidiary level under Chapter 14A of the Listing Rules. For details, please refer to the relevant announcements of the Company.

3. 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). Nanjing IS owns more than 10% interest in the Company and is a substantial shareholder of the Company. Nanjing IS is therefore a connected person of the Company under Chapter 14A of the Listing Rules.

During the Year, the Group sold iron ore amounted to US$38.3 million (equivalent to approximately HK$298.7 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.

4. Connected transaction in relation to the sale of iron ore

On 21 March 2016, MCO entered into the sale and purchase agreement with Zhong Cheng, pursuant to which MCO agreed to sell approximately 170,000 wet metric tonnes of iron ore to Zhong Cheng at the aggregate consideration of approximately US$8.9 million (equivalent to approximately HK$69.4 million). Dato' Seri Tan is a director of various wholly-owned subsidiaries of the Company and thus a connected person of the Company. Zhong Cheng is owned by associates of Dato' Seri Tan and thus Zhong Cheng is a connected person of the Company under Chapter 14A of the Listing Rules.

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 connected 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" under Management Discussion and Analysis section on page 10 to page 20 of this annual report.

Principal Risks and Uncertainties

As set out in the "Foreign Exchange Exposure" under the Management Discussion and Analysis section of this report, the Board identifies a risk of fluctuation in the foreign exchange rate between the US dollar and Renminbi. The Group's trade in clinker and cement and its trade in iron ore and other raw materials are conducted predominantly in US dollars, while its granite mining and production business and property development business are conducted in Renminbi. The fluctuation in foreign exchange posed a principal risk to the Group, and a loss of approximately HK$140 million has been recognized for the purpose of calculating the Group's other comprehensive income during the Year. Furthermore, there is another principal risk that the global economic slowdown may reduce the PRC's demand for iron ore imports.

Key Financial Performance Indicators

An analysis of the Group's financial performance in terms of key indicators are set out in the section headed "Financial Review" and "Liquidity, Financial Resources and Capital Structure" under the Management Discussion and Analysis in this annual report.

Events After the Reporting Period

Details of the significant events occurring after the reporting period are set out in note 50 to the consolidated financial statements.

Plan for the Future

As set out in the "Outlook" under the Management Discussion and Analysis section of this report, the Group has been seeking actively to develop promising property markets. Notably, it has been undertaking high-end residential and commercial property projects in vibrant cities such as Yancheng and Suzhou in Jiangsu province, PRC and Jakarta, the capital city of Indonesia. It expected to generate considerable income either through rental or sales of properties as more of the Group's property projects will be completed in the next several years.

The Group will keep seeking opportunities in the real estate markets while maintaining its strengths for a recovery in the iron ore industry in the future, and will keep developing itself into a low-cost, high-quality iron ore mining company and tapping promising property markets in order to bring good returns to the shareholders.

Environmental Policies and Performance

The Group recognizes that the adoption of environmental policies is essential to the corporate growth, and it is committed to promoting environmental consciousness at the work place. For instance, the Group places emphasis on paper saving and recycling initiatives. It aims to minimize its business's impact on the environment in the interests of future generations.

The Group's mining operations in Malaysia and Brazil use the open-pit mining method to simplify operations and reduce production costs. The Group produces iron ore products through a relatively low-cost process which includes ball-milling, magnetic separation and dewatering. The process is environmentally friendly as it does not require chemical additives and reduces the amount of waste water. The Group's mining operations in Guilin use all the odd bits of the mined granite to produce feldspar powder products which can be used as raw materials for glass and ceramics, thereby reducing the amount of waste to be dumped. This helps to protect the environment.

The management of all the mining operations periodically review and evaluate the whole production procedure, from exploitation, excavation to processing, with the aim of minimizing the environmental impact.

Compliance with Laws and Regulations

As at 31 March 2016 and up to the date of this report, the Board was not aware of any non-compliance with the relevant laws and regulations that have a significant impact on the Company.

Compliance with the Code on Corporate Governance Practices

A full corporate governance report is set out on pages 32 to 39 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 Hong Kong will retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of RSM Hong Kong 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 2016

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 set out on pages 55 to 141, which comprise the consolidated statement of financial position as at 31 March 2016, and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the 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 financial position of the Company and its subsidiaries as at 31 March 2016, and their financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

RSM Hong Kong
Certified Public Accountants
Hong Kong
30 June 2016

Consolidated Statement of Profit or Loss

For the year ended 31 March 2016

	Note	2016 HK$'000	2015 HK$'000
Turnover	8	**2,008,509**	3,578,700
Cost of goods sold		**(1,970,206)**	(3,388,314)
Gross profit		**38,303**	190,386
Other income	9	**86,500**	195,012
Selling and distribution costs		**(87,298)**	(56,132)
Administrative expenses		**(296,033)**	(386,174)
Other operating expenses		**(661,657)**	(1,099,354)
Loss from operations		**(920,185)**	(1,156,262)
Finance costs	11	**(200,667)**	(248,068)
Share of profits less losses of associates		**–**	47,484
Share of profits less losses of joint ventures	22	**(3,380)**	(25,304)
Gains on disposal of associates		**606,097**	469,186
Gains on disposal of a subsidiary	44(b)	**189,652**	–
Losses on disposal of joint ventures		**–**	(12,174)
Net gains/(losses) on disposals of available-for-sale financial assets		**5,378**	(29,742)
Net gains on disposals of financial assets at fair value through profit or loss		**7,796**	–
Fair value losses on financial assets at fair value through profit or loss		**(1,976)**	–
Fair value gains on derivative financial instruments		**3,099**	41,055
Fair value gains on investment properties and investment properties under development	19	**7,699**	278,316
Loss before tax		**(306,487)**	(635,509)
Income tax expense	12	**(262)**	(122,392)
Loss for the year	13	**(306,749)**	(757,901)
Attributable to:			
Owners of the Company		**(263,209)**	(839,453)
Non-controlling interests		**(43,540)**	81,552
		(306,749)	(757,901)
Loss per share			
— basic (HK cents)	17(a)	**(2.74)**	(11.29)
— 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 2016

	2016 HK$'000	2015 HK$'000
Loss for the year	**(306,749)**	(757,901)
Other comprehensive income:		
Items that may be reclassified to profit or loss:		
Exchange differences on translating foreign operations	**(140,204)**	(114,091)
Exchange differences reclassified to profit or loss on disposal of associates	**(29,882)**	(32,939)
Exchange differences reclassified to profit or loss on disposal of a subsidiary	**(7,749)**	–
Impairment loss on available-for-sale financial assets	**16,646**	2,834
Fair value gains reclassified to profit or loss on disposals of available-for-sale financial assets	**(3,911)**	(153,120)
Fair value gains/(losses) on available-for-sale financial assets	**261,585**	(2,852)
Other comprehensive income for the year, net of tax	**96,485**	(300,168)
Total comprehensive income for the year	**(210,264)**	(1,058,069)
Attributable to:		
Owners of the Company	**(125,503)**	(1,114,633)
Non-controlling interests	**(84,761)**	56,564
	(210,264)	(1,058,069)

Consolidated Statement of Financial Position

At 31 March 2016

	Note	2016 HK$'000	2015 HK$'000
Non-current assets			
Property, plant and equipment	18	**510,920**	654,977
Investment properties	19	**2,280,535**	2,359,799
Goodwill	20	**15,105**	38,105
Other intangible assets	21	**1,533,481**	2,272,965
Interests in a joint venture	22	**–**	87,066
Available-for-sale financial assets	24	**85,503**	–
Financial assets at fair value through profit or loss	25	**274**	–
Derivative financial assets	41	**–**	11,973
Non-current prepayments and other receivables	26	**617,012**	319,328
Deferred tax assets	38	**126,195**	122,972
		5,169,025	5,867,185
Current assets			
Inventories	27	**2,011,354**	1,772,336
Available-for-sale financial assets	24	**397,979**	139,236
Financial assets at fair value through profit or loss	25	**25,796**	–
Finance lease receivable	23	**94,991**	103,506
Trade and bills receivables	28	**218,269**	129,623
Prepayments, deposits and other receivables	29	**387,455**	1,144,114
Current tax assets		**944**	3,811
Pledged deposits	30	**101,943**	95,930
Time deposits	30	**1,428**	1,493
Bank and cash balances	30	**178,784**	269,027
		3,418,943	3,659,076
Assets classified as held for sale	31	**–**	312,629
		3,418,943	3,971,705
TOTAL ASSETS		**8,587,968**	9,838,890

Consolidated Statement of Financial Position *(Continued)*

At 31 March 2016

	Note	2016 HK$'000	2015 HK$'000
Capital and reserves			
Share capital	32	**97,956**	85,923
Reserves	34	**2,471,676**	2,322,637
Equity attributable to owners of the Company		**2,569,632**	2,408,560
Non-controlling interests		**888,805**	953,174
Total equity		**3,458,437**	3,361,734
Non-current liabilities			
Bank borrowings	35	**725,999**	582,699
Finance lease payables	36	**1,036**	2,716
Other loans and payables	37	**304,616**	1,094,780
Deferred tax liabilities	38	**723,319**	836,739
		1,754,970	2,516,934
Current liabilities			
Trade and bills payables	39	**253,182**	354,761
Other payables and deposits received	40	**1,019,936**	586,205
Derivative financial liabilities	41	**–**	14,799
Current portion of bank borrowings	35	**1,224,587**	2,092,611
Other borrowings	42	**310,000**	–
Finance lease payables	36	**1,909**	1,703
Convertible loan notes	41	**–**	200,181
Current tax liabilities		**564,947**	709,962
		3,374,561	3,960,222
Total liabilities		**5,129,531**	6,477,156
TOTAL EQUITY AND LIABILITIES		**8,587,968**	9,838,890
Net current assets		**44,382**	11,483
Total assets less current liabilities		**5,213,407**	5,878,668

Approved by the Board of Directors on 30 June 2016 and signed on its behalf by:

Wong Ben Koon	**Kong Siu Keung**
Chairman and Executive Director	*Executive Director*

Consolidated Statement of Changes in Equity

For the year ended 31 March 2016

	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 44(d) and (e))	–	–	–	–	–	–	–	–	–	–	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

	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**	**Accumulated losses HK$'000**	**Total HK$'000**	**Non-controlling interests HK$'000**	**Total equity HK$'000**
At 1 April 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**
Total comprehensive income for the year	**–**	**–**	**(133,399)**	**–**	**–**	**–**	**271,105**	**–**	**(263,209)**	**(125,503)**	**(84,761)**	**(210,264)**
Issue of shares (note 32)	**12,033**	**274,542**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**286,575**	**–**	**286,575**
Transfer of reserve upon lapse of share options	**–**	**–**	**–**	**–**	**–**	**(513)**	**–**	**–**	**513**	**–**	**–**	**–**
Acquisition of subsidiaries (note 44(a))	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**20,392**	**20,392**
Changes in equity for the year	**12,033**	**274,542**	**(133,399)**	**–**	**–**	**(513)**	**271,105**	**–**	**(262,696)**	**161,072**	**(64,369)**	**96,703**
At 31 March 2016	**97,956**	**1,936,337**	**(142,434)**	**886,979**	**(12,880)**	**13,010**	**292,377**	**50**	**(501,763)**	**2,569,632**	**888,805**	**3,458,437**

Consolidated Statement of Cash Flows

For the year ended 31 March 2016

	2016 HK$'000	2015 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	**(306,749)**	(757,901)
Adjustments for:		
Income tax expense	**262**	122,392
Finance costs	**200,667**	248,068
Interest income	**(55,008)**	(51,234)
Depreciation	**53,331**	33,825
Amortisation of other intangible assets	**–**	5,965
Share of profits less losses of associates	**–**	(47,484)
Share of profits less losses of joint ventures	**3,380**	25,304
Gains on disposal of associates	**(606,097)**	(469,186)
Gains on disposal of a subsidiary	**(189,652)**	–
Losses on disposal of joint ventures	**–**	12,174
Net (gains)/losses on disposal of available-for-sale financial assets	**(5,378)**	29,742
Net gains on disposals of financial assets at fair value through profit or loss	**(7,796)**	–
Impairment loss on available-for-sale financial assets	**16,646**	2,834
Impairment loss on other intangible assets	**326,909**	627,175
Impairment loss on property, plant and equipment	**102,410**	165,166
Impairment loss on goodwill	**23,000**	35,506
Impairment loss on interests in a joint venture	**–**	162,726
Allowance for loan and other receivables	**153,566**	15,600
Allowance for inventories	**65,376**	117,024
Reversal of allowance for inventories	**(616)**	–
Allowance for uncollectible minimum lease payments receivable	**39,126**	90,347
Bad debts	**–**	6,997
Fair value losses on financial assets at fair value through profit or loss	**1,976**	–
Fair value gains on derivative financial instruments	**(3,099)**	(41,055)
Fair value gains on investment properties and investment properties under development	**(7,699)**	(278,316)
Gain on bargain purchase in respect of business combination	**–**	(10,801)
Loss/(gain) on disposal of property, plant and equipment	**749**	(951)
Operating (loss)/profit before working capital changes	**(194,696)**	43,917
(Increase)/decrease in inventories	**(286,410)**	344,243
Increase in financial assets at fair value through profit or loss	**(19,976)**	–
(Increase)/decrease in trade and bills receivables	**(88,646)**	117,270
(Increase)/decrease in prepayments, deposits and other receivables	**(35,945)**	217,981
Decrease in trade and bills payables	**(101,579)**	(270,632)
Increase/(decrease) in other payables and deposits received	**498,758**	(1,206,288)
Increase/(decrease) in other loans and payables	**430**	(33,279)
Cash used in operating activities	**(228,064)**	(786,788)
Income tax paid	**(220,319)**	(14,998)
Net cash used in operating activities	**(448,383)**	(801,786)

Consolidated Statement of Cash Flows *(Continued)*

For the year ended 31 March 2016

	2016 HK$'000	2015 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES		
(Increase)/decrease in pledged deposits and time deposits	**(5,948)**	49,839
Interest received	**8,871**	13,527
Purchases of property, plant and equipment	**(28,231)**	(15,406)
Addition of other intangible assets	**–**	(684)
Addition of investment properties	**(16,010)**	–
Addition of investment properties under development	**–**	(15,562)
Net advance to business associates	**–**	26,433
Acquisition of available-for-sale financial assets	**(106,270)**	(1,200)
Acquisition of subsidiaries	**(61,177)**	121,399
Deferred consideration for disposal of an associate	**722,867**	–
Receipt of repayment for finance lease receivable	**–**	17,446
Deferred consideration for acquisition of subsidiaries	**(555,408)**	–
Proceeds from disposals of available-for-sale financial assets	**25,106**	160,559
Proceeds from disposal of property, plant and equipment	**–**	1,092
Proceeds from disposal of associates	**891,658**	104,735
Proceeds from disposal of a subsidiary	**11,894**	–
Dividends received from an associate	**–**	7,075
Net cash generated from investing activities	**887,352**	469,253
CASH FLOWS FROM FINANCING ACTIVITIES		
Bank loans raised	**1,948,274**	2,065,100
Other borrowings raised	**694,000**	–
Proceeds from issue of shares upon of share placements	**286,575**	–
Repayment of bank loans	**(2,680,098)**	(1,671,128)
Repayment of other borrowings	**(384,000)**	–
Repayment of finance lease payables	**(1,703)**	(1,516)
Redemption of convertible loan notes	**(226,065)**	(487,136)
Interests paid	**(159,419)**	(116,698)
Net cash used in financing activities	**(522,436)**	(211,378)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(83,467)**	(543,911)
Effect of foreign exchange rate changes	**(6,776)**	9,332
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**269,027**	803,606
CASH AND CASH EQUIVALENTS AT END OF YEAR	**178,784**	269,027
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Bank and cash balances	**178,784**	269,027

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 49 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 also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange and with the disclosure requirements of the Hong Kong Companies Ordinance.

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 2015. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies and amounts reported for the current and prior years.

(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 and Clarifications to HKFRS15	Revenue from Contracts with Customers[1]
HKFRS 16	Leases[3]
Amendments to HKAS 1	Disclosure Initiative[2]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012–2014 Cycle[2]

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 2016, with earlier application permitted.

3 Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted.

3. Adoption of New and Revised Hong Kong Financial Reporting Standards *(Continued)*

(c) Amendments to the Rules Governing the Listing of Securities on the Stock Exchange

The Stock Exchange in April 2015 released revised Appendix 16 of the Rules Governing the Listing of Securities in relation to disclosure of financial information in annual reports that are applicable for accounting periods ending on or after 31 December 2015, with earlier application permitted. The Company has adopted the amendments resulting in changes to the presentation and disclosures of certain information in the consolidated financial statements.

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, financial assets at fair value through profit or loss, 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.

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 and any accumulated foreign currency translation reserve relating to that subsidiary.

4. Significant Accounting Policies *(Continued)*

(a) Consolidation *(Continued)*

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.

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Company. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Non-controlling interests 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 non-controlling interests 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 non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to 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 consideration transferred in a business combination is measured at the acquisition-date fair value of the assets given, equity instruments issued, liabilities incurred and any 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 sum of the consideration transferred over the Group's share of the net fair value of the subsidiary's identifiable assets and liabilities is recorded as goodwill. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the sum of the consideration transferred is recognised in consolidated profit or loss as a gain on bargain purchase which is attributed to the Group.

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 non-controlling interests 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.

4. Significant Accounting Policies *(Continued)*

(b) Business combination and goodwill *(Continued)*

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 Group 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.

(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 decisions 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 the investment 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 and other comprehensive income is recognised in consolidated statement of profit or loss and other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), 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 entire carrying amount of that associate (including goodwill) 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.

4. Significant Accounting Policies *(Continued)*

(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. 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.

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 the investment 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 and other comprehensive income is recognised in consolidated statement of profit or loss, and other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture (which include any long-term interests that, in substance, form part of the Group's net investment in the joint venture), 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 entire carrying amount of that joint venture (including goodwill) 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.

4. Significant Accounting Policies *(Continued)*

(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.

(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 monetary items that form part of the net investment in foreign entities 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.

4. Significant Accounting Policies *(Continued)*

(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	10% 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.

(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. 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.

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.

4. Significant Accounting Policies *(Continued)*

(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 payable. 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.

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.

4. Significant Accounting Policies *(Continued)*

(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 in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. 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 consolidated 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.

(m) Financial assets

Financial assets are recognised and derecognised on a trade date basis where the purchase or sale of an financial asset is under a contract whose terms require delivery of the financial assets 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.

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

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

Financial assets at fair value through profit or loss are either financial assets classified as held for trading or designated as at fair value through profit or loss upon initial recognition. These financial assets are subsequently measured at fair value. Gains or losses arising from changes in fair value of these financial assets are recognised in profit or loss.

4. Significant Accounting Policies *(Continued)*

(m) Financial assets *(Continued)*

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These assets are carried at amortised cost using the effective interest method (except for short-term receivables where interest is immaterial) minus any reduction for impairment or uncollectibility. Typically trade and other receivables, bank balances and cash are classified in this category.

(iii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are not classified as loans and 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 and accumulated in the investment reserve, 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 reclassified from equity to profit or loss. Interest calculated using the effective interest method and dividends on available-for-sale equity investments are 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.

4. Significant Accounting Policies *(Continued)*

(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.

(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 consisting 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 that are subsequently measured at fair value through profit or loss 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.

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. The portion related to the derivative component is expensed immediately.

(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 "Provisions, 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 recognised 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.

4. Significant Accounting Policies *(Continued)*

(w) Derivative financial instruments

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

Derivatives embedded in other financial instruments or 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 combined instrument is not carried at fair value with changes in fair value recognised in profit or loss.

(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 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 of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary 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 affects 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 arrangements, 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) 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 cash-generating unit 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 CGU.

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/cash-generating unit whose impairment is being measured.

Impairment losses for CGUs are allocated first against the goodwill of the unit and then pro rata amongst the other assets of the cash-generating unit. 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.

4. Significant Accounting Policies *(Continued)*

(ee) 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 investment reserve; impairment losses are not reversed through profit or loss.

(ff) 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.

(gg) 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.

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(dd), 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 ended 31 March 2016, impairment losses of approximately HK$102,410,000, HK$326,909,000 and HK$Nil (2015: HK$165,166,000, HK$627,175,000 and HK$162,726,000) were recognised for the property, plant and equipment, other intangible assets and interests in a joint venture, respectively. Details of the impairment loss calculation are set out in notes 18, 21 and 22.

(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$15,105,000 (2015: HK$38,105,000) after an impairment loss of HK$23,000,000 (2015: 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.

5. Critical Judgement and Key Estimates *(Continued)*

Key sources of estimation uncertainty *(Continued)*

(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 2016 is HK$1,533,481,000 (2015: HK$2,272,965,000).

(d) Fair values of investment properties

The Group appointed an independent professional valuer to assess the fair values of the investment properties. 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 as at 31 March 2016 is HK$2,280,535,000 (2015: HK$2,359,799,000).

(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$262,000 (2015: HK$122,392,000) 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 2016 (2015: HK$Nil).

5. Critical Judgement and Key Estimates *(Continued)*

Key sources of estimation uncertainty *(Continued)*

(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, 28 and 29 to the consolidated financial statements.

(h) *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.

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.

During the year, allowance for slow-moving inventories of approximately HK$65,376,000 (2015: HK$117,024,000) was made for the year ended 31 March 2016.

(i) *Fair value of investments*

In the absence of quoted market prices in an active market, the fair value of the Group's investments in certain unlisted equity securities, details of which are set out in note 24 to the consolidated financial statements, at the end of the reporting period was determined using residual method and income capitalisation method. Application of these methods requires the Group to estimate the prominent factors affecting the fair value, including but not limited to the market price of properties, the developer's profit, the market rental as well as the yields.

The carrying amount of these investments as at 31 March 2016 was HK$11,071,000 (2015: HK$Nil).

(j) *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.

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$'000**
Year ended 31 March 2016		
US$	**2%/(2%)**	**7,279/(7,279)[(i)]**
RMB	**2%/(2%)**	**301/(301)[(ii)]**

	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)]

(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 is exposed to equity price risk mainly through its investment in equity securities. The management manages this exposure by maintaining a portfolio of investments with different risk and return profiles. The Group's equity price risk is mainly concentrated on equity securities quoted on the Stock Exchange.

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

If equity prices had increased/decreased by 10% with all other variables held constant:

- consolidated loss after tax for the year ended 31 March 2016 would be HK$2,580,000 (2015: HK$Nil) lower/higher respectively, arising as a result of the net gain/loss on the held-for-trading investments; and
- other comprehensive income for the year ended 31 March 2016 would be HK$38,691,000 (2015: HK$13,924,000) higher/lower respectively, arising as a result of the fair value gain/loss of available-for-sale investments.

(c) Credit risk

The Group's credit risk is primarily attributable to its trade receivables, loan receivables and finance lease receivable.

As at 31 March 2016, the three largest trade and bills receivables represent approximately 66% (2015: 76%) 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 directors review the recoverable amount of each individual loan receivables and finance lease receivable regularly to ensure that adequate impairment losses are recognised for irrecoverable debts.

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 2016			
Bank borrowings subject to a repayment on demand clause	**313,875**	**–**	**–**
Other bank borrowings	**983,460**	**191,637**	**591,721**
Other borrowings	**313,300**	**–**	**–**
Trade and bills payables	**253,182**	**–**	**–**
Other payables	**574,928**	**–**	**–**
Financial guarantees	**852,223**	**–**	**–**
Other loans and payables	**–**	**318,094**	**–**
Finance lease payables	**2,082**	**639**	**546**
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	–

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 2016	**213,702**	**98,886**	**13,886**	**–**
At 31 March 2015	991,926	38,716	113,314	718

6. Financial Risk Management (Continued)

(d) Liquidity risk (Continued)

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	–	–

(e) Interest rate risk

The Group's exposure to interest rate risk mainly arises from its bank deposits, bank borrowings and other borrowings. The bank deposits and borrowings of approximately HK$244,774,000 (2015: HK$345,421,000) and HK$1,819,483,000 (2015: HK$2,675,310,000) respectively bear interests at variable rates varied with the then prevailing market condition and therefore are subject to cash flow interest rate risk.

	Increase/ (decrease) in basis point	**(Increase)/ decrease in consolidated loss after tax HK$'000**
Year ended 31 March 2016		
Bank deposits	**10/(10)**	**245/(245)**[(i)]
Bank borrowings	**100/(100)**	**(18,071)/18,071**[(ii)]

	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)]

(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.

6. Financial Risk Management *(Continued)*

(f) Categories of financial instruments as at 31 March

	2016 HK$'000	2015 HK$'000
Financial assets:		
Available-for-sale financial assets	**483,482**	139,236
Financial assets at fair value through profit or loss		
— derivative financial assets	**274**	11,973
— held for trading	**25,796**	–
Loans and receivables (including cash and cash equivalents)	**1,072,226**	1,565,776
Financial liabilities:		
Financial liabilities at fair value through profit or loss		
— derivative financial liabilities	**–**	14,799
Financial liabilities measured at amortised cost	**3,393,134**	4,752,499

(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.

7. Fair Value Measurements (Continued)

(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$'000	Total 2016 HK$'000
Recurring fair value measurements:				
Financial assets				
Financial assets at fair value through profit or loss				
Derivative financial assets	–	274	–	274
Held for trading	25,796	–	–	25,796
	25,796	274	–	26,070
Available-for-sale financial assets				
Equity securities listed in Hong Kong	372,174	–	–	372,174
Equity securities listed outside Hong Kong	8,363	–	–	8,363
Unlisted equity securities	–	6,371	96,574	102,945
	380,537	6,371	96,574	483,482
Investment properties				
Commercial — Hong Kong	–	–	17,570	17,570
Commercial — PRC	–	–	2,262,965	2,262,965
	–	–	2,280,535	2,280,535
	406,333	6,645	2,377,109	2,790,087

7. Fair Value Measurements *(Continued)*

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

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:				
Financial 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:				
Financial liabilities				
Financial liabilities at fair value through profit or loss				
Derivative financial liabilities	–	14,799	–	14,799

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

Description	Available-for-sale financial assets unlisted equity securities HK$'000
Purchases	100,369
Total losses recognised in other comprehensive income	(3,783)
Exchange differences	(12)
At end of year	96,574

The total losses recognised in other comprehensive income are presented in fair value gains on available-for-sale financial assets in the consolidated statement of profit or loss and other comprehensive income.

The movements in the investment properties 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 2016 HK$'000
Derivative financial assets	Black — Scholes Model with Binomial Tree method	Share price Expected volatility	**274**
Unlisted equity securities	Fund's net asset value	N/A	**6,371**

Description	Valuation technique	Inputs	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

Level 3 fair value measurements

Description	Valuation technique	Unobservable inputs	Range	Effect on fair value for increase of inputs	Fair value 2016 HK$'000
Investment properties					
Commercial — Hong Kong	Direct comparison	Adjusted market price (HK$/square feet)	11,163	Increase	**17,570**
Commercial — PRC	Direct comparison	Adjusted market price (RMB/square metre)	22,000–95,000	Increase	**2,048,710**
		Adjusted market price (RMB/car parking space)	622,000	Increase	
	Income capitalisation	Terminal yield	6%–6.5%	Decrease	**214,255**
		Reversionary yield	6.5%–7%	Decrease	
		Monthly rental (RMB/square metre)	96–112	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 (Continued)

Description	Valuation technique	Unobservable inputs	Range	Effect on fair value for increase of inputs	Fair value 2016 HK$'000
Unlisted equity securities	Residual method	Adjusted market price (RMB/square metre)	23,600–49,500	Increase	**11,071**
		Adjusted market price (RMB/car parking space)	130,000	Increase	
		Developer's profit	15%	Decrease	
	Income capitalisation	Reversionary yield	5%	Decrease	
Unlisted equity securities	Market comparable approach	Average price book multiple	1.00	Increase	**85,503**
		Book value	HK$1,278,027,000	Increase	
		Discount for lack of marketability	25%	Decrease	

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 metre)	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 metre)	95–98	Increase	

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

8. Turnover

	2016 HK$'000	2015 HK$'000
Mining and trading of iron ore and raw materials	**1,171,941**	1,728,294
Sales of properties	**119,463**	917,872
Trading of clinker, cement and other building materials	**680,365**	819,725
Trading of equipment	**–**	99,509
Rental income	**36,740**	13,300
	2,008,509	3,578,700

9. Other Income

	2016 HK$'000	2015 HK$'000
Commission received	**11,498**	6,051
Despatch income	**5,504**	5,275
Exchange difference, net	**1,117**	–
Interest income	**24,397**	18,392
Interest income from finance lease receivable	**30,611**	32,842
Reversal of provision for direct costs related to disposal of subsidiaries in prior years	**–**	109,755
Gain on bargain purchase in respect of business combination (note 44(c)&(e))	**–**	10,801
Others	**13,373**	11,896
	86,500	195,012

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 and other receivables and uncollectible minimum lease payments receivable, impairment loss on other intangible assets, property, plant and equipment, goodwill, interests in a joint venture and available-for-sale financial assets, fair value gains on derivative financial instruments, investment properties and investment properties under development, fair value losses on financial assets at fair value through profit or loss, net gains/losses on disposal of available-for-sale financial assets and financial assets at fair value through profit or loss, gains/losses on disposal of a subsidiary, 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.

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 2016						
Revenue from external customers	**1,171,941**	**156,203**	**677,442**	**2,937**	**(14)**	**2,008,509**
Intersegment revenue	**–**	**600**	**–**	**–**	**–**	**600**
Segment profit/(loss)	**(166,072)**	**(46,240)**	**18,284**	**(6,793)**	**(64,310)**	**(265,131)**
Other information:						
Interest revenue	**31,806**	**4,372**	**2**	**2**	**3,286**	**39,468**
Interest expense	**102,048**	**10,229**	**1,125**	**–**	**8,594**	**121,996**
Depreciation	**50,205**	**4,065**	**208**	**1,340**	**1,129**	**56,947**
Amortisation	**766**	**–**	**–**	**–**	**–**	**766**
Income tax expense/(credit)	**(107,935)**	**21,919**	**2,490**	**–**	**83,788**	**262**
Other material non-cash item:						
Allowance for inventories	**65,376**	**–**	**–**	**–**	**–**	**65,376**

	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 item:						
Allowance for inventories	109,538	–	–	3,625	–	113,163

10. Segment Information *(Continued)*

Reconciliations of reportable segment revenue and profit or loss:

	2016 HK$'000	2015 HK$'000
Revenue		
Total revenue from reportable segments	**2,009,109**	3,579,300
Elimination of intersegment revenue	**(600)**	(600)
Consolidated revenue	**2,008,509**	3,578,700
Profit or loss		
Total profit or loss of reportable segments	**(265,131)**	(110,137)
Other profit or loss	**57,185**	156,796
Share of profits less losses of associates	**–**	47,484
Share of profits less losses of joint ventures	**(3,380)**	(25,304)
Allowance for loan and other receivables	**(153,566)**	(15,600)
Allowance for uncollectible minimum lease payments receivable	**(39,126)**	(90,347)
Impairment loss on other intangible assets	**(326,909)**	(627,175)
Impairment loss on property, plant and equipment	**(102,410)**	(165,166)
Impairment loss on goodwill	**(23,000)**	(35,506)
Impairment loss on interests in a joint venture	**–**	(162,726)
Impairment loss on available-for-sale financial assets	**(16,646)**	(2,834)
Net gains/(losses) on disposals of available-for-sale financial assets	**5,378**	(29,742)
Gains on disposal of associates	**606,097**	469,186
Losses on disposal of joint ventures	**–**	(12,174)
Gains on disposal of a subsidiary	**189,652**	–
Fair value gains on derivative financial instruments	**3,099**	41,055
Fair value gains on investment properties and investment properties under development	**7,699**	278,316
Net gains on disposals of financial assets at fair value through profit or loss	**7,796**	–
Fair value losses on financial assets at fair value through profit or loss	**(1,976)**	–
Finance costs	**(200,667)**	(248,068)
Unallocated amounts	**(50,582)**	(103,567)
Consolidated loss before tax	**(306,487)**	(635,509)

10. Segment Information *(Continued)*

Geographical information:

	Revenue		Non-current assets	
	2016	2015	**2016**	2015
	HK$'000	HK$'000	**HK$'000**	HK$'000
PRC	**1,331,667**	2,671,526	**2,461,421**	2,651,980
Macau	**–**	–	**312,002**	312,002
Malaysia	**63,833**	208,148	**1,701,035**	2,438,213
Taiwan	**283,801**	351,300	**–**	–
Others	**329,208**	347,726	**185,259**	330,045
	2,008,509	3,578,700	**4,659,717**	5,732,240

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

Revenue from major customers:

Mining and trading of iron ore and raw materials segment	**2016 HK$'000**	2015 HK$'000
Customer a	**299,587**	288,859
Customer b	**240,296**	376,874

Trading of clinker, cement and other building materials segment	**2016 HK$'000**	2015 HK$'000
Customer c	**263,149**	306,169

11. Finance Costs

	2016	2015
	HK$'000	HK$'000
Finance lease charges	**122**	413
Interest on bank and other borrowings wholly repayable within 5 years	**167,033**	177,651
Effective interest expense on other loans	**19,075**	9,486
Effective interest expense on convertible loan notes	**25,884**	69,394
Less: Borrowing costs capitalised into properties under development for sale	**(11,447)**	(8,876)
	200,667	248,068

Borrowing costs were capitalised at a rate of 6.9%–12% (2015: 10%–12%) per annum for the year ended 31 March 2016.

12. Income Tax Expense

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

	2016 **HK$'000**	2015 HK$'000
Hong Kong Profits Tax		
Provision for the year	**1,054**	70
Under-provision in prior year	**1,436**	4,026
	2,490	4,096
Overseas Profits Tax		
Provision for the year	**2,731**	945
Under/(over)-provision in prior year	**3,684**	(1,663)
	6,415	(718)
PRC corporate income tax		
Provision for the year	**86,859**	163,702
Under-provision in prior year	**3,599**	64
	90,458	163,766
LAT		
Provision for the year	**5,186**	112,791
Deferred tax (note 38)	**(104,287)**	(157,543)
	262	122,392

Hong Kong Profits Tax is provided at 16.5% (2015: 16.5%) on the estimated assessable profit for the year ended 31 March 2016.

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% (2015: 25%) during the year ended 31 March 2016.

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 before tax multiplied by the applicable tax rates in the jurisdictions concerned is as follows:

	2016 HK$'000	2015 HK$'000
Loss before tax	(306,487)	(635,509)
Tax at the applicable rates in the jurisdictions concerned	(149,236)	(175,066)
Tax effect of income that are not taxable	(81,315)	(41,586)
Tax effect of expenses that are not deductible	191,607	173,276
Tax effect of unrecognised temporary differences	1,420	7,605
Tax effect of tax loss not recognised	36,280	72,886
Tax effect of utilisation of tax losses not previously recognised	(618)	(1,743)
LAT	5,186	112,791
Tax effect on LAT deductible for calculation of income tax purpose	(1,297)	(28,198)
Others	(10,484)	–
Under-provision in prior year	8,719	2,427
Income tax expense	262	122,392

The weighted average applicable tax rate was 49% (2015: 28%). The increase is caused by the losses arose from the Group's subsidiaries partially offset by lower applicable tax rate on gains on disposal of associates.

13. Loss for the Year

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

	2016 HK$'000	2015 HK$'000
Acquisition-related costs (included in administrative expenses)	–	12,476
Amortisation of other intangible assets (included in cost of goods sold)	–	5,965
Allowance for inventories (included in cost of inventories sold)	65,376	117,024
Reversal of allowance for inventories (included in cost of inventories sold)	(616)	–
Allowance for loan receivables#	12,342	15,600
Allowance for other receivables#	141,224	–
Allowance for uncollectible minimum lease payments receivable#	39,126	90,347
Auditor's remuneration	3,250	3,000
Bad debts	–	6,997
Cost of inventories sold	1,823,302	3,074,811
Depreciation	53,331	33,825
Impairment loss on available-for-sale financial assets#	16,646	2,834
Impairment loss on other intangible assets#	326,909	627,175
Impairment loss on property, plant and equipment#	102,410	165,166
Impairment loss on goodwill#	23,000	35,506
Impairment loss on interests in a joint venture#	–	162,726
Direct operating expenses of investment properties that generate rental income	1,679	1,563
Operating lease charges in respect of land and buildings	11,587	9,734

Included in other operating expenses

14. Employee Benefits Expense (Including Directors' Emoluments)

	2016 HK$'000	2015 HK$'000
Employee benefits expense:		
Salaries, bonuses and allowances	**131,964**	159,373
Retirement benefit scheme contributions	**9,264**	5,909
	141,228	165,282

(a) Retirement benefit 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.

(b) Five highest paid individuals

The five highest paid individuals in the Group during the year included two (2015: three) directors whose emoluments are reflected in the analysis presented in note 15 to the consolidated financial statements. The emoluments of the remaining three (2015: two) highest paid individuals are set out below:

	2016 HK$'000	2015 HK$'000
Salaries and allowances	**10,706**	7,036
Discretionary bonus	**1,343**	2,246
Retirement benefit scheme contributions	**422**	521
	12,471	9,803

The emoluments fell within the following bands:

	Number of individuals	
	2016	2015
HK$2,500,001 to HK$3,000,000	**1**	–
HK$3,500,001 to HK$4,000,000	**–**	1
HK$4,500,001 to HK$5,000,000	**1**	–
HK$5,000,001 to HK$5,500,000	**1**	–
HK$5,500,001 to HK$6,000,000	**–**	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. Benefits and Interests of Directors

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

	2016 HK$'000	2015 HK$'000
Fees		
Independent non-executive directors	**1,240**	1,559
Other emoluments		
Executive directors		
— Basic salaries, allowances and benefits in kind	**17,138**	25,511
— Retirement benefit scheme contributions	**764**	1,109
Non-executive directors		
— Basic salaries, allowance and benefits in kind	**625**	500
— Retirement benefit scheme contributions	**31**	25
Independent non-executive directors		
— Retirement benefit scheme contributions	**39**	39
	19,837	28,743

The emoluments of each director for the years ended 31 March 2016 and 2015 are set out below:

	Fees HK$'000	**Salaries and allowances HK$'000**	**Retirement benefits scheme contributions HK$'000**	**Total HK$'000**
Name of Director				
Mr. WONG Ben Koon	**–**	**8,472**	**391**	**8,863**
Dr. MAO Shuzhong	**–**	**2,232**	**75**	**2,307**
Ms. Gloria WONG	**–**	**1,730**	**80**	**1,810**
Mr. KONG Siu Keung	**–**	**3,017**	**133**	**3,150**
Mr. LIU Yongshun	**–**	**500**	**25**	**525**
Mr. WU Likang (note (a))	**–**	**1,812**	**91**	**1,903**
Mr. YUEN Kim Hung, Michael	**280**	**–**	**14**	**294**
Mr. YUNG Ho	**280**	**–**	**–**	**280**
Mr. CHAN Kai Nang	**500**	**–**	**25**	**525**
Mr. MA Jianwu	**180**	**–**	**–**	**180**
Total for 2016	**1,240**	**17,763**	**834**	**19,837**

15. Benefits and Interests of Directors *(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	–	12,005	–	571	12,576
Mr. SUN Yong Sen (note (b))	–	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 (c))	–	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:

(a) Re-designated as non-executive director on 18 January 2016

(b) Retired on 15 September 2014

(c) Resigned on 31 January 2015

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

16. Dividends

The Board does not recommend the payment of final dividend for the year ended 31 March 2016 (2015: HK$Nil).

17. Loss Per Share

(a) Basic loss per share

The calculation of basic loss per share is based on (i) the loss for the year attributable to the owners of the Company of approximately HK$263,209,000 (2015: HK$839,453,000); and (ii) the weighted average number of ordinary shares of 9,617,450,688 (2015: 7,436,456,394) in issue during the year.

(b) Diluted loss per share

The exercise of the Group's outstanding convertible loan notes for the years ended 31 March 2016 and 2015 would be anti-dilutive.

There was no dilutive potential ordinary shares for the Company's share options during the years ended 31 March 2016 and 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 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 44)	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 and 1 April 2015	**5,355**	**544**	**94,975**	**3,441**	**224,905**	**3,031**	**47,848**	**497,451**	**877,550**
Additions	**534**	**733**	**1,016**	**936**	**742**	**797**	**–**	**23,473**	**28,231**
Disposal and write off	**(749)**	**–**	**(218)**	**(374)**	**–**	**–**	**–**	**(1,186)**	**(2,527)**
Exchange differences	**(67)**	**(23)**	**(659)**	**(136)**	**(171)**	**(8)**	**(1,388)**	**(11,185)**	**(13,637)**
At 31 March 2016	**5,073**	**1,254**	**95,114**	**3,867**	**225,476**	**3,820**	**46,460**	**508,553**	**889,617**
Accumulated depreciation and impairment									
At 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 and 1 April 2015	**4,401**	**271**	**30,729**	**2,066**	**59,990**	**1,465**	**3,482**	**120,169**	**222,573**
Charge for the year	**519**	**54**	**9,837**	**730**	**21,704**	**–**	**2,095**	**22,848**	**57,787**
Disposal and write off	**(741)**	**–**	**(179)**	**(367)**	**–**	**–**	**–**	**(491)**	**(1,778)**
Impairment losses (note 21)	**63**	**–**	**7,204**	**–**	**22,919**	**–**	**179**	**72,045**	**102,410**
Exchange differences	**(23)**	**–**	**(435)**	**(78)**	**(12)**	**–**	**(125)**	**(1,622)**	**(2,295)**
At 31 March 2016	**4,219**	**325**	**47,156**	**2,351**	**104,601**	**1,465**	**5,631**	**212,949**	**378,697**
Carrying amount									
At 31 March 2016	**854**	**929**	**47,958**	**1,516**	**120,875**	**2,355**	**40,829**	**295,604**	**510,920**
At 31 March 2015	954	273	64,246	1,375	164,915	1,566	44,366	377,282	654,977

At 31 March 2016, the carrying amount of property, plant and equipment pledged as security for the Group's bank borrowings amounted to approximately HK$38,431,000 (2015: HK$41,532,000) (notes 35 and 46).

At 31 March 2016, the carrying amount of motor vehicles held by the Group under finance leases amounted to approximately HK$4,651,000 (2015: HK$6,173,000).

19. Investment Properties and Investment Properties under Development

	Investment properties		Investment properties under development	
	2016	2015	**2016**	2015
	HK$'000	HK$'000	**HK$'000**	HK$'000
At beginning of year	**2,359,799**	239,653	**–**	1,869,935
Additions	**16,010**	–	**–**	15,562
Transfers	**–**	1,927,445	**–**	(1,927,445)
Fair value gains	**7,699**	199,222	**–**	79,094
Exchange differences	**(102,973)**	(6,521)	**–**	(37,146)
At end of year	**2,280,535**	2,359,799	**–**	–

(a) Majority of the investment properties are rented out under operating leases. The leases typically run for an initial period of one to ten years (2015: 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 2016 and 31 March 2015 have been arrived at on the basis of valuations carried out by Jones Lang LaSalle Corporate Appraisal and Advisory Limited and Roma Appraisals Limited ("Roma"), both are 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.

(b) At 31 March 2016, investment properties with carrying amount of approximately HK$2,226,855,000 (2015: HK$1,743,322,000) were pledged as security for the Group's bank borrowings (notes 35 and 46) and loan facilities granted to a non-controlling shareholder of a subsidiary and its associate companies (note 45(b)).

20. Goodwill

	2016 HK$'000	2015 HK$'000
Cost		
At beginning of year	**73,611**	38,105
Arising on acquisition of subsidiaries (note 44(d))	**–**	35,506
At end of year	**73,611**	73,611
Accumulated impairment		
At beginning of year	**35,506**	–
Impairment losses (note 21)	**23,000**	35,506
At end of year	**58,506**	35,506
Carrying amount		
At 31 March	**15,105**	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:

	At beginning of year HK$'000	Addition HK$'000	Impairment HK$'000	At end of year HK$'000
Mining and trading of iron ore and raw materials segment				
2016				
Prosperity Materials Macao Commercial Offshore Limited ("MCO")	**38,105**	**–**	**(23,000)**	**15,105**
2015				
MCO	38,105	–	–	38,105
United Goalink Limited ("UGL")	–	35,506	(35,506)	–
	38,105	35,506	(35,506)	38,105

At 31 March 2016, before impairment testing, goodwill of HK$38,105,000 was allocated to MCO within the mining and trading of iron ore and raw materials segment. Due to the decline in gross margin from trading of iron ore, the directors have determined to write off the goodwill allocated to MCO amounting to HK$23,000,000 during the year.

The recoverable amount of the CGU has been determined based on value in use, being estimated future cash flows of the trading of iron ore operation of MCO discounted to their present value using a discount rate of 18.0% (2015: 20.9%). 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 CGU. 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. Budgeted 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 forecasts of MCO cover a period of five years and with the residual period using the growth rate of 0% (2015: 0%). This rate does not exceed the average long-term growth rate for the relevant markets.

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 and raw materials segment. Due to the decline in gross profit margin from trading of iron ore, the directors have determined to write off the goodwill allocated to UGL amounting to HK$35,506,000 during the year ended 31 March 2015. The details of the impairment test is stated in note 21 to the consolidated financial statements.

21. Other Intangible Assets

	Mining rights HK$'000
Cost	
At 1 April 2014	192,640
Additions	684
Arising on acquisition of subsidiaries (note 44(c)&(d))	2,757,581
At 31 March 2015	**2,950,905**
Contract renegotiation	**(405,600)**
Exchange differences	**(7,296)**
At 31 March 2016	**2,538,009**
Accumulated amortisation and impairment	
At 1 April 2014	22,901
Amortisation for the year	27,864
Impairment losses	627,175
At 31 March 2015	**677,940**
Amortisation for the year	**766**
Impairment losses	**326,909**
Exchange differences	**(1,087)**
At 31 March 2016	**1,004,528**
Carrying amount	
At 31 March 2016	**1,533,481**
At 31 March 2015	2,272,965

At 31 March 2016, 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$1,287,486,000 (2015: HK$1,928,151,000), HK$111,512,000 (2015: HK$210,331,000) and HK$134,483,000 (2015: HK$134,483,000) 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 market consensus on the forecast price of 62% grade iron ore ("Forecasted Price") for calendar year 2015 was approximately US$99 per tonne. However, due to the oversupply in the iron ore market after the Acquisition Date, the Forecasted Price as at 31 March 2015 experienced a sharp decline to approximately US$69 per tonne.

Having regard to the persistent decline in iron ore Forecasted Price to approximately US$45 per tonne, which caused by oversupply of the commodity and estimated industry trend as mentioned above, at 31 March 2016, 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$234,299,000 (2015: HK$522,000,000) and HK$75,126,000 (2015: 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.

21. Other Intangible Assets *(Continued)*

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

The recoverable amount of the CGU has 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 Mine, discounted to their present value using a discount rate of 12.51% (2015:13.60%).

In addition, the Group carried out impairment review for the iron ore mining and trading operations 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$Nil (2015: HK$35,506,000), HK$92,610,000 (2015: HK$69,919,000) and HK$27,284,000 (2015: 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 has 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 14.98% (2015: 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 Forecasted Price from 2016 to 2018 from Bloomberg, and inflation rate of 3% was applied to selling price thereafter 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 during the two years. 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.

Impairment review of granite mining operation

At 31 March 2016, due to the operating loss from granite mining operation during the year, the Group carried out an impairment review of granite mining operation by reference to the valuation report prepared by Roma. No impairment for other intangible assets and property, plant and equipment are necessary. At 31 March 2015, due to the decline in the selling price of granite products during the year ended 31 March 2015, impairment of approximately HK$35,256,000 and HK$2,744,000 were recognised for other intangible assets and property, plant and equipment respectively.

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 13.32% (2015: 13.64%).

22. Interests in a Joint Venture

	2016 HK$'000	2015 HK$'000
Unlisted investments		
Share of net assets	–	123,113
Goodwill	–	126,679
	–	249,792
Impairment losses (note (b))	–	(162,726)
	–	87,066

Notes:

(a) On 30 September 2015, the Group entered into an equity transfer agreement and a supplemental agreement (the "Agreements") to dispose of its interest in Changtai Jinhongbang Real Estate Development Co., Ltd.* ("Changtai"), through disposal of 100% equity interests ("the Sale Shares") in the immediate holding company, Escrow Limited ("Escrow"), and the loans provided by the Group to Changtai ("the Shareholder's Loan") to Xiamen Dangdai Investment Group Company Limited* (the "Purchaser"). The payment obligation of the Purchaser under the Agreements was secured by 30% equity interests in Xiamen Xindonglian Property Development Company Limited* (the "XDL Equity Pledge") and personal guarantee from Mr. Wang Chunfang, the legal representative of the Purchaser. The aggregate cash consideration is approximately RMB330,541,000 (equivalent to approximately HK$403,300,000) (the "Principal Amount"), with interests accrued on the Principal Amount calculated at a rate of 8% per annum accrued up to the last day by the end of the second anniversary after the date of completion of the registration of the XDL Equity Pledge or after the 26th business days upon the signing of the Agreements, whichever is earlier (the "Second Anniversary").

(b) 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 conditions of the villas market 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 was 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 flows of the sale of villas and apartments and the hotel business, discounted to their present value using a discount rate of 13.39% and 16.29%, 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 prices of villas and apartments was based on management's best estimation of the future average selling prices, 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 were based on the management's best estimation with reference to the market condition and data from comparable hotels and resorts.

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

The valuation 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 the valuations carried out in 2014 and 2015, 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 ended 31 March 2015. In addition, the sales period was extended for one year on average in view of the weakened market demands as compared to year 2014 and the estimated construction costs were increased due to the unexpected higher cost of flattening the land than the management's initial estimation.

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

Name	Place of incorporation/ registration	Particulars of registered capital	Percentage of interest held by a subsidiary	Principal activity
Changtai	The PRC	RMB100,000,000	50%	Property development

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

22. Interests in a Joint Venture *(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
Principal place of business/country of incorporation	The PRC/ The PRC
Effective % of ownership interests/voting rights held by the Group	50%/50%
	HK$'000
At 31 March	
Non-current assets	143,012
Current assets	655,815
Non-current liabilities	(71,483)
Current liabilities	(481,118)
Net assets	246,226
Group's share of net assets	123,113
Goodwill	126,679
Less: Impairment	(162,726)
Group's share of carrying amount of interests	87,066
Cash and cash equivalents included in current assets	2,257
Current financial liabilities (excluding trade and other payables and provisions) included in current liabilities	(213,983)
Non-current financial liabilities (excluding trade and other payables and provisions) included in non-current liabilities	–

22. Interests in a Joint Venture *(Continued)*

	Changtai	
	2016	2015
	HK$'000	HK$'000
Year ended 31 March		
Revenue	**–**	–
Depreciation and amortisation	**2,517**	2,753
Interest income	**10**	10
Interest expense	**–**	–
Income tax credit	**233**	8,800
Loss for the year	**(6,760)**	(87,225)
Total comprehensive income	**(6,760)**	(87,225)

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.

	2016	2015
	HK$'000	HK$'000
At 31 March		
Carrying amounts of interests	**–**	–
Year ended 31 March		
Profit for the year	**–**	18,308
Other comprehensive income	**–**	–
Total comprehensive income	**–**	18,308

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. 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.

23. Finance Lease Receivable

	Minimum lease payments		Present value of minimum lease payments	
	2016	2015	**2016**	2015
	HK$'000	HK$'000	**HK$'000**	HK$'000
Within one year	**257,839**	226,471	**224,464**	193,853
Less: Unearned finance income	**(33,375)**	(32,618)	**N/A**	N/A
Present value of minimum lease payments receivable	**224,464**	193,853	**224,464**	193,853
Less: Allowance for uncollectible minimum lease payments receivable			**(129,473)**	(90,347)
Amount receivable within 12 months (shown under current assets)			**(94,991)**	(103,506)
Amount receivable after 12 months			**–**	–

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 dated 27 February 2013 (the "Put Option Agreement"), which was expired on 17 June 2015. On 31 May 2015, the Group was granted a new put option which is under the same terms and conditions as defined in the Put Option Agreement. The new put option was exercisable on 31 May 2015. The finance lease does not include any contingent rentals.

24. Available-For-Sale Financial Assets

	2016	2015
	HK$'000	HK$'000
Listed equity securities in Hong Kong, at fair value	**372,174**	106,940
Listed equity securities outside Hong Kong, at fair value	**8,363**	8,293
Unlisted equity securities, at fair value (Note)	**102,945**	24,003
	483,482	139,236
Analysed as		
Current assets	**397,979**	139,236
Non-current assets	**85,503**	–
	483,482	139,236

Available-for-sale financial assets are denominated in the following currencies:

	2016	2015
	HK$'000	HK$'000
HK$	**457,677**	106,940
US$	**10,583**	27,243
RMB	**11,071**	–
Canadian dollar ("CAD")	**4,151**	5,053
	483,482	139,236

The fair values of listed equity securities are based on quoted closing price at the end of the reporting period.

24. Available-For-Sale Financial Assets *(Continued)*

Note:

Included in unlisted equity securities are amounts of approximately:

(i) HK$6,371,000 (2015: HK$24,003,000) representing investments in funds of which the investment portfolio mainly comprise of listed equity securities. The fair values of unlised equity securities are based on prices quoted by the financial institutions or fund administrators.

(ii) HK$96,574,000 (2015: HK$Nil) representing investments in unlisted equity securities. The Group establishes fair value by using valuation techniques. These include the use of market comparable approach, residual method and income capitalisation method, making maximum use of market inputs and relying as little as possible on entity-specific inputs.

At 31 March 2016, listed equity securities with an aggregate carrying amount of HK$348,455,000 (2015: HK$Nil) have been pledged as security for the Group's margin loan (note 40(b)(iii)).

25. Financial Assets at Fair Value through Profit or Loss

	2016 HK$'000	2015 HK$'000
Derivative financial instruments	**274**	–
Financial assets held for trading (Note)		
Listed equity securities in Hong Kong, at fair value	**25,796**	–
	26,070	–
Analysed as:		
Current assets	**25,796**	–
Non-current assets	**274**	–
	26,070	–

Note: The investments included above represent investments in listed equity securities that offer the Group the opportunity for return through dividend income and fair value gains. They have no fixed maturity or coupon rate.

The fair values of listed equity securities are based on quoted closing price at the end of the reporting period.

26. Non-Current Prepayments and Other Receivables

	2016 HK$'000	2015 HK$'000
Prepayments		
— purchase of iron ore (note (a))	**312,000**	312,000
— property, plant and equipment	**4,365**	3,671
— leases	**2,227**	1,313
— others	**1,084**	2,344
	319,676	319,328
Consideration receivable (note 29(b))	**273,530**	–
Loan receivables (note (b))	**23,806**	15,600
Less: allowance for loan receivables	**–**	(15,600)
	617,012	319,328

Notes:

(a) As at 31 March 2016, the Group has entered into an off-take agreement with an iron ore supplier with respect to the balance of prepayments, which are expected to be recovered or recognised as expense after one year.

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

(i) HK$23,806,000 (HK$Nil) made to a third party that is unsecured, interest-bearing at 20% per annum and repayable after one year.

(ii) HK$Nil (2015: HK$15,600,000) made to a third party that is unsecured, interest bearing at 8% per annum and repayable after one year. As at 31 March 2015, an allowance was made for estimated irrecoverable loan receivables of HK$15,600,000.

27. Inventories

	2016 HK$'000	2015 HK$'000
Properties under development for sale (note)	**1,157,644**	720,830
Properties held for sale	**773,461**	906,160
Raw iron ore	**6,970**	6,288
Processed iron ore	**69,840**	138,600
Granite products	**3,439**	458
	2,011,354	1,772,336

Note:

On 5 May 2015, the Group entered into a Co-operation Agreement with the non-controlling shareholder of a subsidiary, Dongguan City Danxin Property Company Limited*, and other parties to undertake a property development project in Dongguan City, Guangdong Province, the PRC. At 31 March 2016, the Group settled the demolition and resettlement compensation of approximately HK$95,292,000 to the owners of the properties currently erected on the land.

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

At 31 March 2016, inventories with carrying amount of HK$637,533,000 (2015: HK$492,185,000) were pledged as security for the Group's bank borrowings (Notes 35 and 46) and loan facilities granted to a non-controlling shareholder of a subsidiary and its associate companies (note 45(b)).

The carrying amount of inventories expected to be recovered after more than twelve months from 31 March 2016 amounted to HK$1,157,644,000 (2015: HK$720,830,000).

For the year ended 31 March 2016, amounts of depreciation of property, plant and equipment of approximately HK$4,456,000 (2015: HK$4,159,000) and amortisation of other intangible assets of approximately HK$766,000 (2015: HK$21,899,000) 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 (2015: 0 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:

	2016 **HK$'000**	2015 HK$'000
0 to 90 days	**184,079**	122,266
91 to 180 days	**1,434**	7,357
181 to 365 days	**11,790**	–
Over 1 year	**20,966**	–
	218,269	129,623

As at 31 March 2016, an allowance was made for estimated irrecoverable trade receivables of approximately HK$4,636,000 (2015: HK$4,720,000).

Reconciliation of allowance for trade receivables:

	2016 **HK$'000**	2015 HK$'000
At beginning year	**4,720**	4,720
Exchange differences	**(84)**	–
At end of year	**4,636**	4,720

As at 31 March 2016, trade receivables of HK$94,571,000 (2015: HK$43,650,000) 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:

	2016 **HK$'000**	2015 HK$'000
0 to 90 days	**64,545**	42,424
91 to 180 days	**1,434**	1,226
Over 180 days	**28,592**	–
	94,571	43,650

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

	2016 **HK$'000**	2015 HK$'000
HK$	**2,646**	–
US$	**139,885**	79,457
RMB	**75,738**	50,166
	218,269	129,623

29. Prepayments, Deposits and Other Receivables

	2016 HK$'000	2015 HK$'000
Prepayments		
— other taxes (note (a))	**50,594**	26,187
— iron ore	**27,591**	14,710
— others	**29,038**	23,628
	107,223	64,525
Other deposits	**1,504**	3,359
Consideration receivable (note (b))	**93,789**	722,867
Other receivables (note (c))	**99,406**	101,650
Loan receivables (note (d))	**85,533**	251,713
	387,455	1,144,114

As at 31 March 2016, an allowance was made for estimated irrecoverable loan and other receivables of approximately HK$153,566,000 (2015: HK$Nil).

Reconciliation of allowance for loan and other receivables:

	2016 HK$'000	2015 HK$'000
At beginning of year	**15,600**	–
Allowance for the year	**153,566**	15,600
At end of year	**169,166**	15,600

Notes:

(a) Included in prepaid other taxes are amounts of approximately:

(i) HK$32,259,000 (2015: HK$8,115,000) representing taxes paid in relation to the sales proceeds received from purchasers in connection with the Group's pre-sales of properties.

(ii) HK$15,206,000 (2015: HK$18,072,000) 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) As disclosed in note 22(a), the consideration in relation to the disposal of the Sale Shares and the Shareholder's Loan will be satisfied in cash in the following manner:

(i) 30% of the consideration, being RMB99,162,300 (equivalent to approximately HK$121,000,000) with interests accrued after the date of completion of the registration of the XDL Equity Pledge or after the 26th business days upon the signing of the equity transfer agreement, whichever is earlier (the "First Anniversary"), shall be payable by the Purchaser by the end of the First Anniversary; and

(ii) 70% of the consideration, being RMB231,378,700 (equivalent to approximately HK$282,300,000) with interests, shall be payable by the Purchaser by the end of the Second Anniversary.

The fair value of the consideration receivable is determined by using the discounted cash flow method with a discount rate of 13.28% that reflects the Purchaser's credit rating. The fair value is within level 3 of the fair value hierarchy.

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 Anhui Chaodong Cement Company Limited ("ACC") at the consideration of RMB580,800,000 (equivalent to approximately HK$722,867,000). The consideration receivable was fully settled in April 2015.

29. Prepayments, Deposits and Other Receivables *(Continued)*

Notes: (Continued)

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

(i) HK$17,492,000 (2015: HK$11,294,000) representing the interests accrued in respect of the loan receivables.

(ii) HK$8,424,000 (2015: HK$Nil) representing the commission receivable in connection with the sale of iron ore in accordance with a master agency agreement that is repayable on 10 August 2016.

(iii) HK$Nil (2015: HK$22,092,000) representing the amount due from a joint venture that is unsecured, interest-free and repayable on demand.

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

(i) HK$23,806,000 (2015: HK$41,072,000) made to a non-controlling shareholder of a subsidiary and its associate companies. In which, HK$23,806,000 (2015: HK$28,626,000) is unsecured, interest-bearing at 10% (2015: 7.98% to 10%) per annum and repayable within one year. The balance of HK$Nil (2015: HK$12,446,000) is unsecured, interest-free and repayable on demand.

(ii) HK$46,800,000 (2015: HK$46,800,000) made to a business associate that is secured by all the shares in the business associate, interest-bearing at 7% (2015: 7%) per annum and repayable within one year.

(iii) HK$12,342,000 (2015: HK$54,576,000) made to business associates that are unsecured, interest-free and repayable within one year. As at 31 March 2016, an allowance was made for estimated irrecoverable loan receivable of approximately HK$12,342,000 (2015: HK$Nil).

(iv) HK$14,927,000 (2015: HK$Nil) made to a business associate that is unsecured, interest-bearing at 8% per annum and repayable within one year.

(v) HK$15,600,000 (2015: HK$Nil) made to a third party that is unsecured, interest bearing at 8% per annum and repayable within one year. As at 31 March 2015, the loan receivable was included in non-current assets (note 26) and an allowance was made for estimated irrecoverable loan receivable of HK$15,600,000.

(vi) HK$Nil (2015: HK$24,892,000) made to a third party that is unsecured, interest-bearing at 20% per annum and repayable within one year.

(vii) HK$Nil (2015: HK$84,373,000) made to a joint venture that is unsecured, interest free and repayable within one year.

30. Pledged Deposits, Time Deposits and Bank and Cash Balances

The pledged deposits and time deposits of approximately HK$5,107,000 and HK$1,428,000, respectively (2015: HK$18,267,000 and HK$1,493,000) carry fixed interest rates and therefore are subject to fair value interest rate risk. The bank deposits of approximately HK$244,774,000 (2015: HK$345,421,000) 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 pledged deposits, time deposits and bank and cash balances is an amount of approximately HK$97,338,000 as at 31 March 2016 (2015: HK$93,140,000) 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 31 March 2015, the directors resolved to dispose of the Group's interests 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) At 31 March 2015, the shares in ACC, listed on the Shanghai Stock Exchange, with a carrying amount of approximately HK$312,629,000, were pledged to secure bank borrowings granted to the Group (notes 35 and 46).

(b) Although the Group held less than 20% of the voting power of ACC, the Group exercised 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 2014	10,000,000,000	100,000
Increase	10,000,000,000	100,000
At 31 March 2015 and 31 March 2016	20,000,000,000	200,000
Issue and fully paid:		
Ordinary shares of HK$0.01 each		
At 1 April 2014	6,394,962,539	63,950
Issue of new shares for acquisition of subsidiaries (note a)	2,197,371,428	21,973
At 31 March 2015 and 1 April 2015	8,592,333,967	85,923
Issue of new shares upon share placements (note b)	1,203,280,000	12,033
At 31 March 2016	9,795,613,967	97,956

Notes:

(a) 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.

(b) On 29 April 2015, the Company and SBI China Capital Financial Services Limited entered into a placing agreement in respect of the placement of 714,280,000 ordinary shares of HK$0.01 each to independent investors of HK$0.238 per share. The placement was completed on 13 May 2015 and the premium on the issue of shares of approximately HK$154,356,000, net of share issue expenses of approximately HK$8,500,000, was credited to the Company's share premium accounts.

On 4 June 2015, the Company and CNI Securities Group Limited entered into a placing agreement in respect of the placement of 489,000,000 ordinary shares of HK$0.01 each to independent investors of HK$0.261 per share. The placement was completed on 12 June 2015 and the premium on the issue of shares of approximately HK$120,186,000, net of share issue expenses of approximately HK$2,553,000, 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 2016, the Group's strategy, which was unchanged from 2015, 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 and other borrowings, finance lease payables and convertible loan notes) over shareholders' equity, at 31 March 2016 and at 31 March 2015 were 88% and 119%, 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 2016, 41.0% (2015: 40.8%) of the shares were in public hands.

33. Statement of Financial Position and Reserve Movements of the Company

(a) Statement of financial position of the Company

	2016 HK$'000	2015 HK$'000
Non-current assets		
Property, plant and equipment	**28**	63
Investment in subsidiaries	**1,985,563**	1,681,283
Derivative financial assets	**–**	11,973
	1,985,591	1,693,319
Current assets		
Available-for-sale financial assets	**–**	16,727
Financial assets at fair value through profit or loss	**25,796**	–
Prepayments, deposits and other receivables	**3,312**	109,358
Bank balances	**9,552**	1,508
	38,660	127,593
TOTAL ASSETS	**2,024,251**	1,820,912
Capital and reserves		
Share capital	**97,956**	85,923
Reserves	**1,418,040**	1,448,245
Total equity	**1,515,996**	1,534,168
Current liabilities		
Other payables	**5,835**	9,113
Derivative financial liabilities	**–**	14,799
Other borrowings	**310,000**	–
Convertible loan notes	**–**	200,181
Financial guarantees	**192,420**	62,651
	508,255	286,744
Total liabilities	**508,255**	286,744
TOTAL EQUITY AND LIABILITIES	**2,024,251**	1,820,912
Net current liabilities	**(469,595)**	(159,151)
Total assets less current liabilities	**1,515,996**	1,534,168

Approved by the Board of Directors on 30 June 2016 and signed on its behalf by:

Wong Ben Koon
Chairman and Executive Director

Kong Siu Keung
Executive Director

33. Statement of Financial Position and Reserve Movements of the Company *(Continued)*

(b) Reserve movements of the Company

	Share premium HK$'000	Contributed surplus HK$'000	Share-based payment reserve HK$'000	Investment reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 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 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 and 1 April 2015	1,661,795	872,101	13,523	1,127	(1,100,301)	1,448,245
Total comprehensive income for the year	–	–	–	(1,127)	(303,620)	(304,747)
Issue of shares upon placements	274,542	–	–	–	–	274,542
Transfer of reserve upon lapse of share options	–	–	(513)	–	513	–
Changes in equity for the year	274,542	–	(513)	(1,127)	(303,107)	(30,205)
At 31 March 2016	**1,936,337**	**872,101**	**13,010**	**–**	**(1,403,408)**	**1,418,040**

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) 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.

34. Reserves *(Continued)*

(b) Nature and purpose of reserves *(Continued)*

(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.

35. Bank Borrowings

	2016 **HK$'000**	2015 HK$'000
Secured		
Bank loans	**1,715,676**	2,469,349
Trust receipt loans	**227,644**	191,176
Invoices financing	**3,657**	14,785
Bills negotiation	**3,609**	–
	1,950,586	2,675,310

35. Bank Borrowings *(Continued)*

The borrowings are repayable as follows:

	2016 HK$'000	2015 HK$'000
On demand or within one year	**1,116,201**	1,950,228
In the second year	**257,173**	615,720
In the third to fifth years, inclusive	**577,212**	108,648
After five years	**–**	714
	1,950,586	2,675,310
Less: Amount due for settlement within 12 months	**(1,116,201)**	(1,950,228)
Amount due for settlement after one year which contain a repayment on demand clause	**(108,386)**	(142,383)
Amount due for settlement after 12 months	**725,999**	582,699

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
2016				
Bank loans	**151,771**	**742,263**	**821,642**	**1,715,676**
Trust receipt loans	**–**	**–**	**227,644**	**227,644**
Invoices financing	**–**	**–**	**3,657**	**3,657**
Bills negotiation	**–**	**–**	**3,609**	**3,609**
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

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

	2016	2015
Bank loans	**1.4% to 8.7%**	1.2% to 10.3%
Trust receipt loans	**2.3% to 2.7%**	2.0% to 3.6%
Invoices financing	**2.7%**	2.4%

Bank borrowings of HK$127,494,000 (2015: HK$Nil) are arranged at fixed interest rates and expose the Group to fair value interest rate risk.

Bank borrowings of HK$1,819,483,000 (2015: HK$2,675,310,000) are arranged at floating interest rates, thus exposing 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		Present value of minimum lease payments	
	2016	2015	**2016**	2015
	HK$'000	HK$'000	**HK$'000**	HK$'000
Within one year	**2,082**	1,856	**1,909**	1,703
In the second to fifth years, inclusive	**1,185**	3,007	**1,036**	2,716
	3,267	4,863	**2,945**	4,419
Less: Future finance charges	**(322)**	(444)	**–**	–
Present value of lease obligations	**2,945**	4,419	**2,945**	4,419
Less: Amount due for settlement within 12 months (shown under current liabilities)			**(1,909)**	(1,703)
Amount due for settlement after 12 months			**1,036**	2,716

It is the Group's policy to lease certain of its motor vehicles under finance leases. The lease term is 3–5 years (2015: 3–5 years). At 31 March 2016, the effective borrowing rate was 2.63%–3.71% (2015: 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:

	2016	2015
	HK$'000	HK$'000
HK$	**677**	1,493
US$	**2,268**	2,926
	2,945	4,419

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

37. Other Loans and Payables

	2016	2015
	HK$'000	HK$'000
Consideration payables (note (a))	**–**	557,310
Due to related companies (note (b))	**55,946**	72,412
Term loan from a related company (note (c))	**248,670**	240,170
Other loans (note (c))	**–**	224,888
	304,616	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. During the year ended 31 March 2016, the Group settled consideration payables of HK$555,408,000 (2015:HK$105,690,000) and the remaining balances of HK$1,902,000 (2015: HK$Nil) were shown under current liabilities.

(b) Due to related companies are unsecured, interest-free and repayable on 30 April 2017.

(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 2014	102,505	–	414	250,046	(67,920)	(30,867)	42,435	711	955	298,279
Acquisition of subsidiaries (note 44(c), (d) and (e))	26,371	7,140	20,946	–	–	–	524,717	–	–	579,174
Charged/(credited) to profit or loss for the year (note 12)	(44,472)	(7,140)	401	69,210	(26,387)	–	(150,690)	–	1,535	(157,543)
Payment	–	–	–	–	–	–	–	(711)	–	(711)
Exchange differences	(4,107)	–	–	(3,493)	1,607	595	–	–	(34)	(5,432)
At 31 March 2015 and 1 April 2015	80,297	–	21,761	315,763	(92,700)	(30,272)	416,462	–	2,456	713,767
Charged/(credited) to profit or loss for the year (note 12)	**(6,793)**	**–**	**(27,968)**	**2,210**	**(731)**	**(430)**	**(71,224)**	**–**	**649**	**(104,287)**
Exchange differences	**(8,047)**	**–**	**–**	**(9,085)**	**4,068**	**836**	**–**	**–**	**(128)**	**(12,356)**
At 31 March 2016	**65,457**	**–**	**(6,207)**	**308,888**	**(89,363)**	**(29,866)**	**345,238**	**–**	**2,977**	**597,124**

Note: The tax losses of approximately HK$57,901,000 (2015: HK$121,088,000) will expire within five years. Other tax losses do not expire under the current tax legislation.

The following is the analysis of the deferred tax balances (after offset) for the statement of financial position purposes:

	2016 HK$'000	2015 HK$'000
Deferred tax liabilities	**723,319**	836,739
Deferred tax assets	**(126,195)**	(122,972)
	597,124	713,767

At the end of the reporting period the Group has unused tax losses of approximately HK$421,786,000 (2015: HK$520,741,000) available for offset against future profits. A deferred tax asset has been recognised in respect of approximately HK$119,465,000 (2015: HK$121,088,000) of such losses. No deferred tax asset has been recognised in respect of the remaining HK$302,321,000 (2015: HK$399,653,000) due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of approximately HK$67,616,000 (2015: HK$29,619,000) 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 and the payment due date, is as follows:

	2016 HK$'000	2015 HK$'000
Not yet due	115,022	202,247
Due within 3 months or on demand	96,123	151,159
Due after 3 months	42,037	1,355
	253,182	354,761

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

	2016 HK$'000	2015 HK$'000
US$	77,442	102,212
RMB	159,178	240,291
Brazilian Reais ("R$")	–	12,258
Malaysian Ringgit ("MYR")	16,562	–
	253,182	354,761

40. Other Payables and Deposits Received

	2016 HK$'000	2015 HK$'000
Accrued expenses	50,038	83,117
Due to related companies (note (a))	197,108	–
Other payables (note (b))	319,649	376,421
Receipts in advance (note (c))	444,369	115,232
Rental deposits received	8,772	11,435
	1,019,936	586,205

Notes:

(a) Due to related companies are unsecured, interest-free and repayable on demand.

(b) Included in other payables are amounts of approximately:

(i) HK$Nil (2015: HK$35,458,000) representing taxes and other costs payable in relation to disposal of 15% interests of ACC.

(ii) HK$184,515,000 (2015: HK$202,034,000) representing other loans that are unsecured, interest-bearing at 10%–12% per annum and repayable on demand.

(iii) HK$39,942,000 (2015: HK$Nil) representing margin loan granted by a securities broker.

(c) 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 ("ICBCI") with an nominal value of US$25,000,000 each ("ICBCI Convertible Notes").

The movement of the liability component and derivative components are as follows:

	2016 HK$'000	2015 HK$'000
Liability component:		
Convertible loan notes		
At beginning of year	**200,181**	617,923
Interest charged	**14,805**	69,394
Interest on early redemption of convertible loan notes	**11,079**	–
Redemption during the year	**(226,065)**	(487,136)
At end of year	**–**	200,181
Derivative financial assets:		
Derivative assets embedded in convertible loan notes		
At beginning of year	**11,973**	20,107
Fair value loss	**(11,973)**	(8,134)
At end of year	**–**	11,973
Derivative financial liabilities:		
Derivative liabilities embedded in convertible loan notes		
At beginning of year	**14,799**	63,988
Fair value gain	**(14,799)**	(49,189)
At end of year	**–**	14,799

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. 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 20.0% to the liability components of ICBCI Convertible Notes 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	Date of issue
Share price — The Company	HK$0.224	HK$0.26
Expected volatility	53.14%	47.28%
Expected life (years)	0.73	1.75
Risk free rate	0.54%	0.56%
Expected dividend yield	0%	0%

2017 Convertible Notes

	31 March 2015	Date of issue
Share price — The Company	HK$0.224	HK$0.26
Expected volatility	42.58%	46.85%
Expected life (years)	1.98	3.00
Risk free rate	0.82%	1.01%
Expected dividend yield	0%	0%

Before the acquisition of Billion Win, 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 acquisition of Billion Win, 30% interests in Billion Win were pledged by Million Sea as the security to the convertible loan notes.

The 2015 Convertible Notes, at the option of ICBCI, are convertible in whole or in part of the outstanding principal amount of the ICBCI 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 ICBCI, are convertible in whole or in part of the outstanding principal amount of the ICBCI Convertible Notes at any time before the maturity date falling on the third anniversary of the date of issue of the ICBCI Convertible Notes. The initial conversion price will be HK$0.315 per share.

The ICBCI Convertible Notes will bear interest at the rate of 8.25% per annum on the outstanding principal amount of the ICBCI Convertible Notes which will be paid semi-annually.

41. Convertible Loan Notes *(Continued)*

On 19 September 2014, the Company entered into the amendment deeds with ICBCI, 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 Notes and 2017 Convertible Notes on 19 September 2014 and 31 December 2014 respectively.

Provided that no event of default as set out under the ICBCI Convertible Notes has occurred and is continuing, the Company may repay all or any part of the ICBCI Convertible Notes at any time after 1 July 2015 (the "ICBCI Prepayment Date") by paying ICBCI the relevant principal amounts plus interests on the ICBCI Prepayment Date, provided that the relevant repayment amount shall not be less than the lower of (i) US$5,000,000 (equivalent to approximately HK$39,000,000) and (ii) the remaining outstanding principal amount of the ICBCI Convertible Notes.

The ICBCI Convertible Notes are not transferable or assignable without the prior written consent of the Company.

On 14 August 2015, the Company had fully redeemed a total principal amount of US$12,500,000 of each of the 2015 Convertible Notes and 2017 Convertible Notes at the principal amounts plus interests.

42. Other Borrowings

	2016 **HK$'000**	2015 HK$'000
Secured	**300,000**	–
Unsecured	**10,000**	–
	310,000	–

Other borrowings are repayable on demand or within one year.

The carrying amounts of other borrowings are denominated in HK$.

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

	2016	2015
Other borrowings	**12%–16%**	–

Other borrowings are arranged at fixed interest rates, thus exposing the Group to fair value interest rate risk.

Other borrowings of HK$300,000,000 (2015: HK$Nil) are secured by equity interests in certain subsidiaries of the Group and personal guarantee executed by Mr. Wong Ben Koon.

43. 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.

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.

43. Share-Based Payments *(Continued)*

Equity-settled share option schemes *(Continued)*

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 2015	Lapsed during the year	Number of options outstanding as at 31 March 2016	Date of grant of share options	Exercisable Period	Exercise price of share options HK$	Closing price of the shares immediately before date of grant of share options 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	(5,000,000)	30,000,000	6 April 2011	6 April 2012 to 5 April 2021	0.41	0.41
	131,800,000	(5,000,000)	126,800,000				

43. Share-Based Payments *(Continued)*

Equity-settled share option schemes *(Continued)*

The number and weighted average exercise prices of the share options are as follows:

	2016		2015	
	Number of share options	**Weighted average exercise price HK$**	Number of share options	Weighted average exercise price HK$
Outstanding at the beginning of year	**131,800,000**	**0.41**	131,800,000	0.41
Lapsed during the year	**(5,000,000)**	**0.41**	–	–
Outstanding at the end of year	**126,800,000**	**0.41**	131,800,000	0.41
Exercisable at the end of year	**126,800,000**	**0.41**	131,800,000	0.41

At 31 March 2016, the options outstanding have a weighted average remaining contractual life of 5 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 or cancelled under the Company's Scheme during the year.

44. Notes to the Consolidated Statement of Cash Flows

(a) Acquisition of Verton Ventures Limited ("Verton")

On 22 September 2015, the Group acquired 100% of the issued share capital of Verton, which holds 75% interests in PT. Tritama Barata Makmur ("PT. TBM"), for a consideration of Indonesian Rupiah ("Rp") 109,953,750,000 (equivalent to approximately HK$61,177,000). PT. TBM did not generate any revenue since its date of incorporation on 1 March 2013. The acquisition of Verton did not constitute a business combination. The acquisition is for the purpose of acquiring the prepaid land leases in relation to the Group's property development in Indonesia.

The purchase consideration was allocated to the identifiable assets of Verton acquired as at its date of acquisition as follows:

	HK$'000
Net assets acquired:	
Properties under development for sale	81,569
Non-controlling interests	(20,392)
	61,177
Satisfied by:	
Cash	61,177
Net cash outflow arising on acquisition:	
Cash consideration paid	(61,177)

44. Notes to the Consolidated Statement of Cash Flows *(Continued)*

(b) Disposal of Escrow

As referred to in note 22(a) to the consolidated financial statements, on 30 September 2015, the Group entered into the Agreements to dispose of its interests in Changtai, through disposal of the Sale Shares in Escrow and the Shareholder's Loan, to the Purchaser. The consideration will be fully settled by the Purchaser by the end of the Second Anniversary and the legal transfer of the equity interests in Escrow will be transferred to the Purchaser at the same time.

The payment obligation of the Purchaser under the Agreements was secured by the XDL Equity Pledge and personal guarantee from Mr. Wang Chunfang, the legal representative of the Purchaser. Once the registration of the XDL Equity Pledge has been completed, the Group no longer directs the relevant activities of Changtai through Escrow. On 12 November 2015, the XDL Equity Pledge has been registered and Escrow and the Shareholder's Loan have been disposed of.

Net assets at the date of disposal were as follows:

	HK$'000
Interests in a joint venture	79,997
Amount due from a joint venture	21,128
Loan to a joint venture	80,692
Bank balances	9
Accruals	(33)
Net assets disposed of	181,793
Release of exchange fluctuation reserve	(7,749)
Gains on disposal of a subsidiary	189,652
Total consideration	363,696
Consideration satisfied by:	
Cash	363,696
Net cash inflow arising on disposal:	
Cash consideration received	11,903
Cash and cash equivalents disposed of	(9)
	11,894

44. Notes to the Consolidated Statement of Cash Flows *(Continued)*

(c) 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.

The fair value of the identifiable assets and liabilities of Billion Win Group acquired as at the date of acquisition are as follows:

	HK$'000
Net assets acquired:	
Property, plant and equipment	665,127
Other intangible assets	2,457,000
Inventories	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

During the year ended 31 March 2015, 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 was included in net losses on disposal of available-for-sale financial assets.

44. Notes to the Consolidated Statement of Cash Flows *(Continued)*

(c) Acquisition of Billion Win *(Continued)*

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 for the year ended 31 March 2015. 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 ended 31 March 2015 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 ended 31 March 2015 would have been HK$3,674,413,000, and loss for the year ended 31 March 2015 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.

(d) 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.

44. Notes to the Consolidated Statement of Cash Flows *(Continued)*

(d) Further acquisition of 50% interests in UGL *(Continued)*

The fair value of the identifiable assets and liabilities of UGL acquired as at the date of acquisition are as follows:

	HK$'000
Net assets acquired:	
Property, plant and equipment	148,623
Other intangible assets	300,581
Inventories	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
Non-controlling interests	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

During the year ended 31 March 2015, 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 was 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 ended 31 March 2015 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 ended 31 March 2015 would have been HK$3,578,700,000, and loss for the year ended 31 March 2015 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.

44. Notes to the Consolidated Statement of Cash Flows *(Continued)*

(e) Acquisition of Suzhou Jiaxin Real Estate Development Company Limited* ("Suzhou Jiaxin")

On 24 June 2014, the Group acquired 55% interest in 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:

	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
Non-controlling interests	(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

During the year ended 31 March 2015, the Group recognised a gain on bargain purchase of HK$8,687,000 in the business combination. The gain was 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 ended 31 March 2015 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 ended 31 March 2015 would have been HK$3,578,700,000, and loss for the year ended 31 March 2015 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.

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

44. Notes to the Consolidated Statement of Cash Flows *(Continued)*

(f) 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$Nil (2015: HK$2,132,000) were financed by finance leases.

45. 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:

	2016 **HK$'000**	2015 HK$'000
Guarantees given to banks for mortgage facilities utilised by purchasers	**104,710**	459,795

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.

45. 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:

	2016 HK$'000	2015 HK$'000
Security given to banks for loan facilities utilised by a non-controlling shareholder and its associate companies	**747,513**	413,829

Pursuant to the terms of the guarantees, if there are any defaults on the loans, the Group shall have the right to repay the outstanding loan principals together with accrued interests and penalties owed by the non-controlling associate 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.

Save for the above, the Group and the Company did not have other significant contingent liabilities.

46. Banking Facilities

As at 31 March 2016, the Group's banking facilities were secured by:

(a) the charge over property, plant and equipment (note 18), investment properties (note 19), available-for-sale financial assets (note 24), inventories (note 27) and certain bank deposits (note 30) of the Group;

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

(c) corporate guarantee of the Company;

(d) corporate guarantees of subsidiaries;

(e) personal guarantee executed by Mr. Wong Ben Koon and directors of subsidiaries;

(f) deeds of subordination of term loan by a related company;

(g) certain rights of mining, processing and selling raw iron ore owned by a subsidiary.

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

(a) the charge over property, plant and equipment (note 18), investment properties (note 19), inventories (note 27) and certain bank deposits (note 30) 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.

47. Commitments

As at 31 March 2016, 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:

	2016 HK$'000	2015 HK$'000
Within one year	**251,456**	324,454
In the second to fifth years, inclusive	**14,480**	884
	265,936	325,338

Operating lease payments represent land costs payable by the Group for the properties under development for sale of approximately HK$242,881,000 (2015: HK$317,437,000) and rentals payable by the Group for the office premises and staff quarters of approximately HK$23,055,000 (2015: HK$7,901,000). 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 (2015: 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 2016, the Group's total future minimum lease payments under non-cancellable operating leases are receivable as follows:

	2016 HK$'000	2015 HK$'000
Within one year	**34,395**	6,552
In the second to fifth years, inclusive	**81,567**	6,484
After five years	**15,257**	1,093
	131,219	14,129

(c) Capital and other commitments

In respect of its interests in a joint venture (note 22) at 31 March 2015, the joint venture is committed to incur capital expenditure of approximately HK$383,965,000, of which the Group's share of this commitment is approximately HK$191,982,000.

48. 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

	2016 HK$'000	2015 HK$'000
Directors' fees	**1,240**	1,559
Basic salaries, allowances and benefits in kind	**27,260**	29,275
Retirement benefits scheme contributions	**1,238**	1,314
	29,738	32,148

(b) Sales of iron ore during the year

	2016 HK$'000	2015 HK$'000
Related companies[(i)]	**–**	51,566

(c) Sales of iron ore equipment during the year

	2016 HK$'000	2015 HK$'000
A related company[(i)]	**–**	85,606

(d) Purchase of iron ore during the year

	2016 HK$'000	2015 HK$'000
A related company[(i)&(ii)]	**–**	100,846
A joint venture	**–**	47,354
	–	148,200

(e) Donations for the year

	2016 HK$'000	2015 HK$'000
A related party[(iii)]	**–**	26,800

(f) Interest expense/(interest expense waived) during the year

	2016 HK$'000	2015 HK$'000
Related companies[(i)]	**16,717**	–
Related companies[(i)]	**(16,717)**	–

48. Related Party Transactions *(Continued)*

(g) Loan to and amount due from a joint venture as at 31 March

	2016 HK$'000	2015 HK$'000
Loan to a joint venture	–	84,373
Amount due from a joint venture	–	22,092
	–	106,465

(h) Other receivable as at 31 March

	2016 HK$'000	2015 HK$'000
Related companies[i]	**1,112**	6,349

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.

49. Principal Subsidiaries

Particulars of the principal subsidiaries as at 31 March 2016 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
Δ Binhai Qiaohong Zhiye Limited	The PRC	Registered capital of RMB300,000,000	–	100%	Property development
Δ Dongguan Honwill Limited	The PRC	Registered capital of RMB428,571,429	–	70%	Property development
First World Venture Resources Sdn. Bhd.	Malaysia	100 ordinary shares of MYR1 each	–	70%	Trading of bauxite
Globest Participações Ltda	Federative Republic of Brazil	58,855,743 ordinary shares of R$1 each	–	85%	Mining and processing of iron ore

49. Principal Subsidiaries *(Continued)*

Name	Place of incorporation/ registration and operation	Issued and fully paid-up capital	Equity interest Direct	Equity interest Indirect	Principal activities
Grace Wise Pte. Ltd.	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
* 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$9,800,000	–	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 Hangzhou Gangchang Technology & Trade Company Limited	The PRC	Registered capital of RMB35,000,000	–	100%	Trading of iron ore equipment
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 MYR1 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

49. 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 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
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
PT. TBM	Indonesia	45,000 ordinary share of Rp1,000,000 each	–	75%	Property development
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
* Suzhou Jiaxin	The PRC	Registered capital of RMB100,000,000	–	55%	Property development
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
UGL	BVI	2 ordinary shares of US$1 each	–	85%	Investment holding

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

49. Principal Subsidiaries *(Continued)*

The following table shows information of a subsidiary that has non-controlling interests material to the Group. The summarised financial information represents amounts before inter-company eliminations.

	Fuchun Dongfang	
	2016	2015
Principal place of business and country of incorporation	**The PRC**	The PRC
% of ownership interests and voting rights held by non-controlling interests	**45%**	45%
	HK$'000	HK$'000
At 31 March		
Non-current assets	**2,174,995**	2,266,839
Current assets	**888,749**	1,058,452
Non-current liabilities	**(388,194)**	(349,837)
Current liabilities	**(770,213)**	(954,068)
Net assets	**1,905,337**	2,021,386
Accumulated non-controlling interests	**857,402**	909,624
Year ended 31 March		
Revenue	**143,327**	917,872
(Loss)/profit for the year	**(28,789)**	295,257
Total comprehensive income	**(28,789)**	295,257
(Loss)/profit allocated to non-controlling interests	**(12,955)**	132,866
Net cash used in operating activities	**(106,448)**	(20,713)
Net cash used in investing activities	**(412)**	(28,203)
Net cash generated from financing activities	**76,411**	–
Net decrease in cash and cash equivalents	**(30,449)**	(48,916)

50. Events after the Reporting Period

(a) On 8 June 2016, Fuchun Dongfang as security provider, agreed to provide the security for the loan taken by the non-controlling shareholder of Fuchun Dongfang and its associate company, in the principal amount up to RMB39,700,000 (equivalent to approximately HK$47,300,000).

(b) On 16 March 2016, the Company announced that it had entered into a subscription agreement with Cheer Hope Holdings Limited ("Cheer Hope") which was a subscriber, and Mr. Wong Ben Koon who was the guarantor, pursuant to which the Company conditionally agreed to issue the US$20,000,000, 5% per annum guaranteed convertible bonds (equivalent to approximately HK$156,000,000) and US$20,000,000, 5% per annum guaranteed notes (equivalent to approximately HK$156,000,000). Both the convertible bonds and guaranteed notes will be due in 2018. The initial conversion price of the convertible bonds is HK$0.27 per share, upon full exercise of the conversion rights attaching to the convertible bonds, Cheer Hope will receive approximately 577,777,778 shares, representing approximately 5.90% of the existing issued share capital of the Company. Thereafter, the Company issued the convertible bonds and guaranteed notes in several lots. The Company issued the first lot of convertible bonds and guaranteed notes on 15 April 2016, followed by four more lots in April and May 2016. On 9 May 2016, the convertible bonds and the guaranteed notes, each in the aggregate principal amount of US$20,000,000 (equivalent to approximately HK$156,000,000), were fully issued to Cheer Hope pursuant to the subscription agreement. The net proceeds from the issue of the bonds and notes will be used to refinance some of the Group's existing loans, to fund the development, improvement or expansion of the Group's business and the balance will be used as its working capital.

    On 29 June 2016, the Company, Cheer Hope and Mr. Wong Ben Koon entered into the deed of amendment, to amend certain terms and conditions of the subscription agreement, the convertible bonds and guaranteed notes. The amendment process has been completed on 19 July 2016 and the conversion price has been adjusted to HK$0.1862 per share (in accordance to the terms of the deed of amendment), upon full exercise of the conversion rights attaching to the convertible bonds at the adjusted conversion price, Cheer Hope will receive approximately 837,808,807 shares, representing approximately 8.55% of the existing issued share capital of the Company.

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				
	2016	2015	2014	2013	2012
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
RESULTS					
Turnover	**2,008,509**	3,578,700	5,451,942	3,512,306	6,190,034
(Loss)/profit before tax	**(306,487)**	(635,509)	729,353	(309,758)	(19,956)
Income tax expense	**(262)**	(122,392)	(442,177)	(8,737)	(15,956)
(Loss)/profit for the year	**(306,749)**	(757,901)	287,176	(318,495)	(35,912)
Attributable to:					
Owners of the Company	**(263,209)**	(839,453)	130,717	(205,841)	(49,387)
Non-controlling interests	**(43,540)**	81,552	156,459	(112,654)	13,475
	(306,749)	(757,901)	287,176	(318,495)	(35,912)

	As at 31 March				
	2016	2015	2014	2013	2012
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
ASSETS AND LIABILITIES					
Non-current assets	**5,169,025**	5,867,185	4,790,208	3,940,413	3,865,528
Current assets	**3,418,943**	3,971,705	3,599,193	5,011,971	3,613,165
Current liabilities	**(3,374,561)**	(3,960,222)	(3,454,851)	(3,783,025)	(2,230,396)
Non-current liabilities	**(1,754,970)**	(2,516,934)	(1,221,863)	(1,078,284)	(841,541)
Total equity	**3,458,437**	3,361,734	3,712,687	4,091,075	4,406,756
Attributable to:					
Owners of the Company	**2,569,632**	2,408,560	2,874,969	2,211,320	2,396,957
Non-controlling interests	**888,805**	953,174	837,718	1,879,755	2,009,799
	3,458,437	3,361,734	3,712,687	4,091,075	4,406,756

Note: Amounts disclosed in the summary financial information for prior years were extracted from the annual report for the year ended 31 March 2015.