Embrace Diversity Better Opportunity

ANNUAL REPORT **2017**

NetMind Financial Holdings Limited

網 智 金 控 集 團 有 限 公 司

Contents

NetMind at a Glance

Chairman's Statement

Dear Shareholders,

On behalf of the Board of directors of NetMind Financial Holdings Limited and its subsidiaries (collectively referred to as the "Group"), I hereby report to our shareholders the annual results of the Group for the year ended 31 March 2017 (the "Year").

During the Year, the Group recorded a loss of approximately US$305.27 million, primarily due to (i) investment loss of financial assets resulting from volatility and instability in the financial market; (ii) significant decrease of revenue derived from copper mining business due to persistently low copper prices, alongside decreasing copper output; (iii) goodwill impairment associated with shrinking scale of s platform and substantial reduction in resource allocation to the e-logistics platform.

During the Year, the Group continued to explore market opportunities and expand its revenue streams. The Group mainly engages in (i) exploration, development and mining of copper and other mineral resources, (ii) investment in financial instruments, (iii) property investments, (iv) money lending and (v) operation of its e-logistics platform.

During the Year, confronted with the challenge of low copper prices and diminishing copper reserves, the Group continued to maintain its low operating costs via effective expense controls. Looking forward, the Group will closely monitor the market dynamic, production and reserves, and take appropriate measures for the Group's copper mining and operations.

During the Year, a large number of new e-logistics platforms arose in the People's Republic of China, which intensified competition and rapidly slowed down the industry growth rate. Considering the changing circumstances in the industry, the Group has decided to downscale the operation of its e-logistics platform and to substantially diminish the resources allocated to the business, including cash investments.

As the financial market continues to fluctuate and uncertainties loom ahead, the Group will prudently invest in financial instruments. Since the kick-off of the money lending business in the fourth quarter of the previous financial year, the Group has entered loan agreements with a number of companies and achieved significant growth. The Group will further expand its money lending business in the future.

For the Group's property investments, we successfully acquired a Scottish property management company jointly with a number of third parties in March 2017. The property management company will generate a stable rental income for the Group in the future.

I would like to thank our staff for their vital contributions and dedication to the growth of NetMind Financial Holdings Limited, as well as our shareholders for their continued support. Looking forward, the Group will actively seek and explore business opportunities to establish a solid foundation for our long term development. As we have an experienced management team, the Group will enhance corporate value and look to create accretive returns for shareholders. I look forward to announcing more developments and achievements in the years to come.

Chiu Tao
Chairman

29 June 2017

PROJECT **OVERVIEW**

Project Overview

The Lady Annie Operations

Project Description and Location

CST Minerals Lady Annie Pty Limited ("Lady Annie Operations/Lady Annie") comprises a copper mine and processing facility in North West Queensland, Australia. The mine is situated approximately 120km north-west of Mount Isa, the regional mining centre.

Lady Annie Operations is owned 100% by NetMind Financial Holdings Limited (the "Company"). The mining operation consists of a number of open-pit deposits that feed ore into a heap leach facility. The resulting solution then undergoes solvent extraction and electrowinning in the adjacent processing plant to produce London Metal Exchange Grade A equivalent copper cathode.

Lady Annie Operations also controls approximately 2,300km^2 of highly prospective exploration tenements that are located around the Lady Annie mine and across the three geological provinces of the world renowned Mount Isa Inlier. North West Queensland is a major base metals province and contains most of the state's giant orebodies, including Mount Isa, Century, Cannington, Ernest Henry, Osborne and Dugald River. The region produces approximately 75% of the value of metallic minerals recovered in Queensland and is Australia's largest source of copper. *(Queensland Department of Natural Resources and Mines 2014)*

1. Operating Results

The table below provides certain key operation information for Lady Annie Operations for the year ended 31 March 2017 (the "Year") and 31 March 2016 respectively.

Key operational information		**2017**	2016
Mined	Total material (tonnes)	–	2,433,227
	Ore (tonnes)	–	369,453
	Ore grade (copper %)	–	0.73%
	Contained copper (tonnes)	–	2,683
Stacked	Ore (tonnes)	–	1,290,053
	Ore grade (copper %)	–	0.57%
	Contained copper (tonnes)	–	7,324
Production	Copper cathode (tonnes)	**2,379**	7,589
Sales	Copper cathode (tonnes)	**2,542**	8,489
	Average price (US$/tonne)	**5,398**	5,355
	Revenue (US$'000)	**13,468**	45,461

Project Overview

The table below provides the expenditure of Lady Annie Operations on exploration, mining and development activities for the Year:

	US$'000
Administration	4
Camp expense	25
Consultancy and contractor expense	167
Consumables	59
Drilling and assays expenses	387
Machinery and equipment	32
Staff cost	353
Tenement and mining leases fee	85
Others	93
Total	1,205

2. Operations Update

Mining, ore crushing and stacking still remained being suspended for the Year, due to unfavorable market conditions.

Small scale leaching from existing heap leach pads continued and Lady Annie Operations produced 2,379 tonnes of copper cathode during the twelve month period up to the end of March 2017.

Options have been reviewed in extending the life of the heap leach drawdown, by engaging a service partner to assist with proven heap leach recovery extension options focusing on the heap leach residue material. These activities were commenced at the beginning of October 2016.

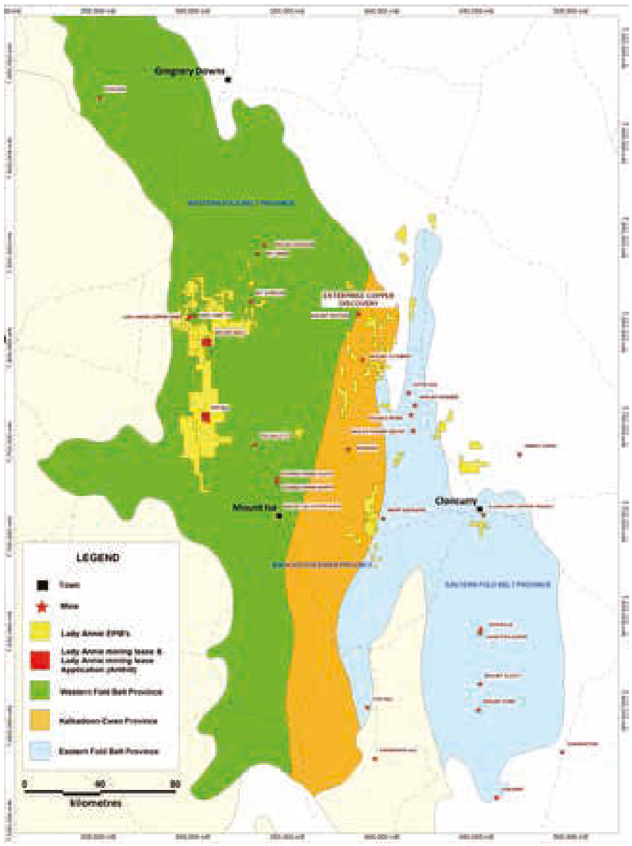

Figure 1: Location of Lady Annie Copper Mines (Lady Annie and Mount Kelly) and Lady Annie Tenements with Major Deposits and Towns – Mount Isa Inlier.

Project Overview

3. Exploration

3.1 Competent Person Statement

The following information that relates to exploration results for the period 1 April 2016 to 31 March 2017 is based on information compiled by, or overseen by Mr Alasdair Smith ("Mr Smith") BSc Geology, who is a member of the Australasian Institute of Mining and Metallurgy ("AusIMM"). Mr Smith is a full time employee of Lady Annie Operations and has sufficient experience which is relevant to the style of mineralisation under consideration to qualify as a competent person, as defined in the "Australasian Code for the Reporting of Exploration Results, Mineral Resources or Ore Reserves" (JORC Code 2012 Edition). Mr Smith consents to the inclusion in this section of the matters based on his information in the form and context in which it appears.

3.2 Overview of Exploration Activities

In order to bring a strong scientific discipline, analysis and innovation to their exploration programmes, Lady Annie Operations has engaged the services and collaborated with the Commonwealth Scientific & Industrial Research Organisation ("CSIRO") in 2014, 2015 and 2016. From 1 July 2015 to 30 June 2016, Lady Annie Operations maintained this collaboration through participation in the Industry/CSIRO Study ("Uncover Cloncurry") in the Eastern Fold Belt of the Mount Isa Inlier:

- Lady Annie believes the results of this study will greatly enhance their geological understanding and therefore significantly increase the possibilities for exploration success going forward in the region, through consideration of the most appropriate genesis models for mineralisation and application of the most appropriate associated exploration techniques for the mineralisation.

  The Lady Annie exploration programmes for the reporting period were focused on 'scoping out' the size, geometry, grade and geological setting for the Enterprise Copper Discovery (identified in October 2015), to determine if there was any economic potential. To achieve these goals, Lady Annie executed the following programmes:

  - The multi-disciplinary datasets (Induced polarization/resistivity/magnetics) generated over the Enterprise discovery area in December 2015, were delivered to Southern Geoscience Consultants (Perth) to interpret. Their conclusions and recommendations (received in a report on the 21 January 2016) were used to guide the Stage 1 scoping drill programme that commenced on the 25 February 2016.

  - Secured the 'open ground' immediately on strike (1.5kms to the northwest of the Enterprise 'discovery zone') through application for the exploration permits for mining ("EPM") over the area. EPM26068 (covering this area) was granted to Lady Annie on 17 October 2016 for 3 years term.

  - Developed a prospect scale geological map to better understand the genesis model for mineralisation and to help focus on future resource development programmes.

  - Carried out a termite mound sampling programme (Enterprise is overlain with a shallow layer of sheet-wash cover material that makes soil sampling ineffective) that helped to guide drilling around the discovery zone and identified new satellite areas of mineralisation that were drill tested as part of the Stage 2 scoping drill programme in 2016.

Project Overview

- Carried out a petrographic study of drill chip samples from the Enterprise discovery zone, to better understand the genesis and style of mineralisation.

- Established a local survey grid over the scoping drill programme area that was linked to the Map Grid of Australia ("MGA"). This allowed for ease of operations in the field and a strong survey control at all times. Lady Annie also carried out a Photo-Imagery & Digital Elevation Model ("DEM") survey by Drone over the Enterprise area. The resulting composite, high resolution digital image will be invaluable for future resource development planning, geological/infrastructure mapping and surface sampling.

- Completed a drill programme on the 30 April 2016 that commenced on the 25 February 2016. The programme was designed to scope out the strike, width and dip of mineralisation. Although this entire programme was reported in the 2016 Interim report, the holes completed in the reporting period totalled 33 Reverse Circulation ("RC") holes for 4,947m and 2 Diamond Drill ("DD") holes for 216.3m.

Table 1: Summary of Drilling Metres for the Year

	DD		RC		RAB		AC		Total	
Drill Target	**Metres**	**Holes**	**Metres**	**Holes**	**Metres**	**Holes**	**Metres**	**Holes**	**Metres**	**Holes**
Enterprise	216.3	2	4,947	33	0	0	0	0	5,163.3	35
Total	**216.3**	**2**	**4,947**	**33**	**0**	**0**	**0**	**0**	**5,163.3**	**35**

3.3 Lady Annie and CSIRO Collaboration

In order to bring a strong scientific discipline, analysis and innovation to their exploration programmes, Lady Annie has engaged the services and collaborated with CSIRO in 2014, 2015 and 2016. The development of the Max-Ent mineral targeting software programme by CSIRO (for Lady Annie) during 2014 and the regolith profile study over Anthill deposit and Lady Annie, Mount Clarke and Flying Horse open pits in 2015, demonstrate the past success of the collaboration.

From 1 July 2015 to 30 June 2016, Lady Annie participated in the Industry/CSIRO collaboration ('Uncover Cloncurry') in the Eastern Fold Belt of the Mount Isa Inlier. The aim of the study was to undertake integrated petro-physical and geochemical/mineralogical micro-characterisation of deposits across the Cloncurry district and use those data to better understand the processes that led to formation of the diverse styles of mineralisation of the Cloncurry district within the architectural and geodynamic framework of the Mount Isa Eastern Succession.

Lady Annie believes the results of this study will greatly enhance their geological understanding and therefore significantly increase the possibilities for exploration success going forward in the region through consideration of the most appropriate genesis models for mineralisation and application of the most appropriate associated exploration techniques for the mineralisation.

3.4 Multi-Disciplinary Ground Geophysical Surveys at Enterprise

From the 4 to 17 December 2015, Zonge Engineering & Research Organisation Pty Ltd ("Zonge") carried out multi-disciplinary (magnetic/Induced polarization/resistivity) ground geophysical surveys (on behalf of Lady Annie) over and along strike of the Enterprise Copper discovery. On the 21 January 2016, Lady Annie received a report from Southern Geoscience Consultants ("SGC") on their interpretation of the Zonge's survey. The SGC's conclusions and recommendations were used in the design of the Stage 1 scoping drill programme.

Project Overview

3.5 Secured Open Ground 1.5kms to the North-west of Enterprise

With the discovery of the Enterprise copper mineralisation, it was important to secure any open ground around and along strike of the discovery. Lady Annie had already secured several kilometres of the trend to the south-east, south-west and north-east with EPM17527 however, there were 2 sub-blocks of open ground 1.5km to the north-west. EPM26068 (covering this area) was granted to Lady Annie on 17 October 2016 for 3 years term.

3.6 Prospect Scale Geological Map of Enterprise

During July to August 2016, Lady Annie developed a prospect scale geological map to better understand the genesis model for mineralisation and to help focus future resource development programmes.

3.7 Termite Mound Geochemical Sampling Programme at Enterprise

The Enterprise copper discovery is overlain with a shallow layer of sheet-wash (cover) material that makes soil sampling ineffective. During March 2016, an orientation traverse of termite mound sampling was carried out over the core of the Enterprise copper mineralisation to determine if this method of sampling would prove successful at identifying the mineralised zones beneath the cover, that had already been identified from drilling. If successful termite mound sampling could be used to quickly identify new zones for follow-up drill testing. The survey proved successful and sampling was progressively extended, first north-west along the main mineralised zone and then, south-west of the main zone across areas where surface mapping had identified copper mineralisation in quartz and quartz-carbonate vein arrays. In addition, sampling (at 240m line spacing) was completed across the south-east extension of the main zone. A total of 861 termite samples were collected (636 of these were collected during April 2016) and analysed on site with portable XRF.

The termite mound identified several new satellite areas west (TMA-3) and north-west (TMA-1 & 2) of the main zone of mineralisation that became part of the Stage 2 scoping drill programme during 2016.

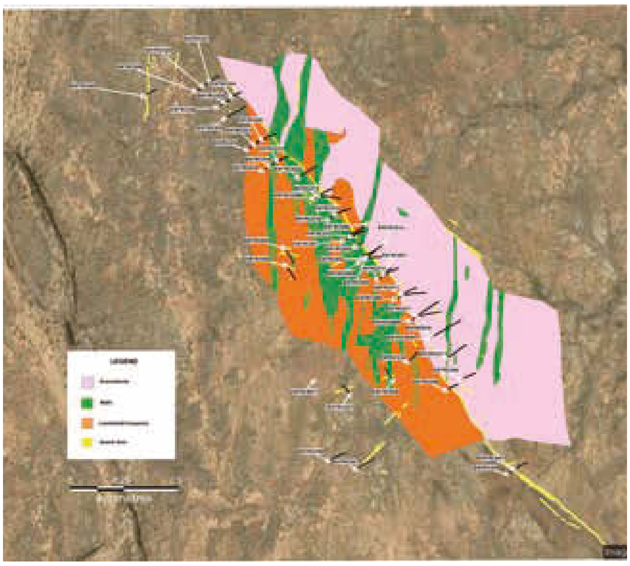

Figure 2: Drill Hole Location Plan with Drill Traces and Prospect Geology on Google Image – Enterprise

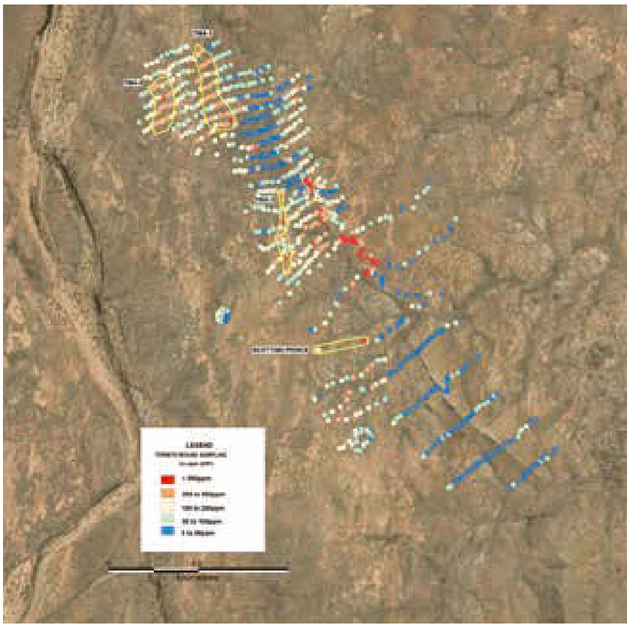

Figure 3: Termite Mound Sampling Assay Results for Copper on Google Image – Enterprise

Project Overview

3.8 Petrographic Study of Drill Chips from Enterprise

Petrographic studies of RC and DD samples from Enterprise during April 2016, confirmed that the lithologies south-west of the main mineralised zone are dominated by clastic/volcaniclastic (gritty sandstone) rock derived from a granitoid source, whereas lithologies north-east of the main mineralised zone are predominantly monzonites. The paragenetic sequence of minerals is interpreted to be as follows:

Early

- Quartz (finer grained) – early veining – Minor
- Albite (infill and alteration) – Minor
- Biotite ± magnetite, quartz, titanite – infill veins and alteration – Major
- Quartz ± amphibole (trace), pyrite ± sphalerite ± galena, chlorite, chalcopyrite veins – infill – Major. Chalcopyrite is late (but linked temporally) & sphalerite ± galena seems to pre-date chalcopyrite
- Chlorite – vein (infill) and major alteration – Major

Late

- Quartz – chlorite
- Carbonate – veins (infill). Fluorite – timing unclear but post quartz – Minor

The early albite stage is ubiquitous in the region and not related to mineralisation. The remainder is interpreted as an evolving down temperature (probably magmatic) system introduced via focused fracturing and re-fracturing along a major shear zone. The magnetite/biotite early component suggests saline, high temperature fluids (400-600°C). The following extended quartz-sulphide stage contains rare early amphibole (actinolite?) suggesting decreasing temperature with the later precipitating chlorite-chalcopyrite indicating 350-400°C accompanied by declining salinity. The late chlorite overprint (sub 350°C) completes a common sequence in the region. High temperature magnetite involvement is also common in the district. The sequence indicates that the Enterprise system is of Iron Oxide Copper Gold type.

3.9 Establishment of Survey Control at Enterprise

Prior to the commencement of the Stage 1 scoping drill programme, Lady Annie established a local survey grid over the drill programme area that was linked to the MGA. This was done to maintain strong survey control of the drilling and for ease of operations in the field. Prior to the commencement of the Stage 2 scoping drill programme, the grid was expanded to cover this area also. In addition, Lady Annie carried out the DEM survey by Drone over the Enterprise area. The composite, high resolution digital image will be invaluable for future resource development planning, geological/infrastructure mapping and surface sampling.

Project Overview

3.10 Scoping Drill Programme with RC and DD Drilling at Enterprise

The Stage 1 scoping drill programme comprising 7 holes (ENTRCD 5, 8, 9 and ENTRC 6, 7, 10, 11), commenced on the 25 February 2016 and was complete by the 14 March 2016. Holes were completed into the strongest chargeability anomalies and beneath the existing drilling, to test the mineralisation to depth. Significant assay results from these holes did not correspond to the promising chargeability anomalies interpreted from the ground geophysical survey however, results were positive for copper mineralisation, increasing the strike of ore grade mineralised intercepts from ~180m to 360m, with the strike remaining open to the north-west, south-east and down dip. The results were sufficiently encouraging to progress to Stage 2 of the scoping drill programme.

The Stage 2 scoping drill programme comprising 37 holes (Holes ENTRC 12, 14 – 17, ENTRCD 18 – 43, 45 – 48 and ENTRCB 13, 44), commenced on the 14 March 2016 and was complete by 30 April 2016. Holes were located 40m apart along lines, on lines 120m apart, over a distance of 2.44kms. Although a total of 18 holes were budgeted for Stage 2, surface mapping and follow up geochemical (termite mound) sampling delineated several additional anomalous zones for copper mineralisation that were considered worthy of drill testing and therefore, the Stage 2 programme was expanded with an additional 19 holes. Completion of Stage 2 on the 30 April 2016, brought the total number of holes drilled at Enterprise (including the 4 discovery holes completed in October 2015) to 48, for a total of 7,096.8m. Drilling along strike to the north-west and south-east of the main mineralised zone did not intersect any mineralised bodies with economic grades and/or widths however, the main mineralised zone remains open at depth. Although mineralised intersections were achieved from drilling in several of the satellite zones, none of these proved to be of sufficient size to warrant any further detailed drilling.

Following discussions with Lady Annie Management in late April 2016, it was decided not to continue to Stage 3 of the original scoping drill programme.

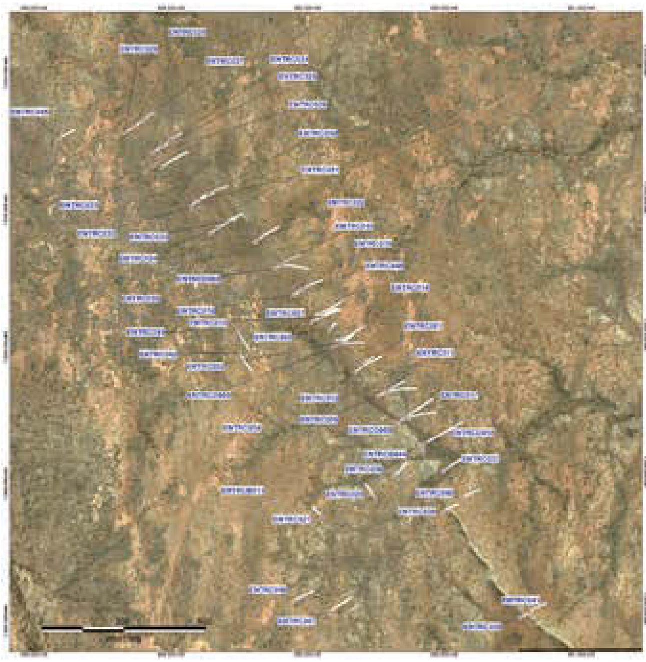

Figure 4: Drill hole location plan with drill traces (white lines) projected to surface on Google image – Enterprise

Project Overview

Table 2: Scoping Drill Programme Summary – Enterprise

Hole	Max Depth (m)	RC (m)	DD (m)	MGA94 East (m)	MGA94 North (m)	Relative Level (m)	Azi (TN)	Dip (°)	Date Started	Date Completed	Comment
ENTRC001	84	84		390180	7809413	161	51	-50	25-Oct-15	25-Oct-15	Formerly hole CMRC007
ENTRC002	78	78		390102	7809492	164	51	-50	26-Oct-15	26-Oct-15	Formerly hole CMRC008
ENTRC003	54	54		390058	7809542	164	51	-50	26-Oct-15	27-Oct-15	Formerly hole CMRC009
ENTRC004	114	114		390097	7809487	164	51	-60	28-Oct-15	29-Oct-15	Formerly hole CMRC010
ENTRCD005	240.9	152	88.9	390072	7809473	167	55	-60	25-Feb-16	8-Mar-16	
ENTRC006	222	222		390237	7809296	163	55	-60	2-Mar-16	4-Mar-16	
ENTRC007	222	222		389997	7809567	169	55	-60	5-Mar-16	7-Mar-16	
ENTRCD008	210.6	161	49.6	389859	7809763	177	55	-60	7-Mar-16	9-Mar-16	
ENTRCD009	291	222	69.0	390306	7809198	161	55	-60	9-Mar-16	6-Apr-16	
ENTRC010	132	132		389961	7809688	171	55	-60	11-Mar-16	12-Mar-16	
ENTRC011	144	144		390270	7809319	166	55	-60	12-Mar-16	14-Mar-16	
ENTRC012	216	216		390154	7809385	163	55	-60	14-Mar-16	27-Mar-16	
ENTRCB013	36	36		389863	7808922	172	0	-90	29-Mar-16	29-Mar-16	Water Bore
ENTRC014	180	180		390187	7809553	167	235	-55	29-Mar-16	31-Mar-16	
ENTRC015	138	138		390031	7809589	170	55	-60	31-Mar-16	2-Apr-16	
ENTRC016	168	168		389928	7809666	171	55	-60	1-Apr-16	2-Apr-16	
ENTRC017	216	216		390339	7809221	160	55	-60	31-Mar-16	2-Apr-16	
ENTRCD018	273.3	126	147.3	390408	7809123	159	55	-60	3-Apr-16	27-Apr-16	
ENTRC019	138	138		389881	7809777	176	55	-60	3-Apr-16	4-Apr-16	
ENTRC020	96	96		390228	7808925	165	325	-50	4-Apr-16	6-Apr-16	
ENTRC021	72	72		390031	7808858	169	325	-50	6-Apr-16	7-Apr-16	
ENTRC022	174	174		389789	7809861	173	55	-60	5-Apr-16	7-Apr-16	
ENTRC023	222	222		389449	7810136	166	55	-60	8-Apr-16	10-Apr-16	
ENTRC024	100	100		389479	7810231	169	55	-60	7-Apr-16	7-Apr-16	
ENTRC025	112	112		389446	7810209	168	55	-60	8-Apr-16	9-Apr-16	
ENTRC026	132	132		389414	7810186	166	55	-60	9-Apr-16	10-Apr-16	
ENTRC027	100	100		389377	7810306	168	55	-60	11-Apr-16	12-Apr-16	
ENTRC028	144	144		389344	7810283	167	55	-60	13-Apr-16	13-Apr-16	
ENTRC029	90	90		389312	7810260	166	55	-60	14-Apr-16	14-Apr-16	
ENTRC030	132	132		389618	7810035	169	55	-60	11-Apr-16	12-Apr-16	
ENTRC031	102	102		389585	7810012	167	55	-60	13-Apr-16	14-Apr-16	
ENTRC032	144	144		389552	7809989	166	55	-60	15-Apr-16	16-Apr-16	
ENTRC033	115	115		389689	7809938	173	55	-60	15-Apr-16	16-Apr-16	
ENTRC034	138	138		389655	7809914	169	55	-60	17-Apr-16	18-Apr-16	
ENTRC035	150	150		389622	7809892	167	55	-60	19-Apr-16	20-Apr-16	
ENTRC036	150	150		390294	7809006	163	55	-60	16-Apr-16	19-Apr-16	
ENTRC037	222	222		390477	7809025	158	55	-60	19-Apr-16	21-Apr-16	
ENTRC038	120	120		390475	7808877	165	55	-60	20-Apr-16	21-Apr-16	
ENTRC039	92	92		390756	7808488	182	55	-60	22-Apr-16	22-Apr-16	
ENTRC040	150	150		390546	7808927	168	55	-60	22-Apr-16	23-Apr-16	
ENTRC041	144	144		390789	7808511	183	55	-60	23-Apr-16	23-Apr-16	

Project Overview

Hole	Max Depth (m)	RC (m)	DD (m)	MGA94 East (m)	MGA94 North (m)	Relative Level (m)	Azi (TN)	Dip (°)	Date Started	Date Completed	Comment
ENTRC042	180	180		389733	7809455	172	145	-60	24-Apr-16	25-Apr-16	
ENTRC043	162	162		389725	7809535	172	145	-60	24-Apr-16	25-Apr-16	
ENTRCB044	36	36		390400	7809111	160	0	-90	25-Apr-16	25-Apr-16	Water Bore
ENTRC045	120	120		389074	7810239	165	55	-60	26-Apr-16	27-Apr-16	
ENTRC046	156	156		389930	7808549	169	55	-60	26-Apr-16	27-Apr-16	
ENTRC047	192	192		390057	7808509	170	55	-60	27-Apr-16	28-Apr-16	
ENTRC048	192	192		390111	7809648	167	55	-60	28-Apr-16	30-Apr-16	
Total	**7,096.80**	**6,742**	**354.8**								

Table 3: Significant RC and DD Sample Assay Results for copper – Enterprise

Hole	From (m)	To (m)	Interval (m)	Cu (ppm)	Cu (%)	Intercept
ENTRC001	24	26	2	4,930	0.49	2m @ 0.49%
ENTRC001	33	42	9	6,856	0.69	9m @ 0.69%
ENTRC001	45	60	15	5,199	0.52	15m @ 0.52%
ENTRC002	31	59	28	13,216	1.32	28m @ 1.32%
ENTRC003	24	43	19	18,507	1.85	19m @ 1.85%
ENTRC004	50	84	34	13,920	1.39	34m @ 1.39%
ENTRC004	87	101	14	5,228	0.52	14m @ 0.52%
ENTRCD005	133	156	23	6,132	0.61	23m @ 0.61%
ENTRCD005	159	160	1	6,940	0.69	1m @ 0.69%
ENTRCD005	163	170	7	4,427	0.44	7m @ 0.44%
ENTRCD005	172.2	174.6	2.4	33,900	3.39	2.4m @ 3.39%
ENTRCD005	177	178.2	1.2	5,710	0.57	1.2m @ 0.57%
ENTRCD005	191	194	3	4,157	0.42	3m @ 0.42%
ENTRCD005	207	209.4	2.4	4,519	0.45	2.4m @ 0.45%
ENTRC006	107	111	4	4,045	0.40	4m @ 0.40%
ENTRC006	120	133	13	6,264	0.63	13m @ 0.63%
ENTRC006	137	149	12	7,207	0.72	12m @ 0.72%
ENTRC006	152	182	30	8,731	0.87	30m @ 0.87%
ENTRC007	94	97	3	4,163	0.42	3m @ 0.42%
ENTRC007	152	166	14	6,618	0.66	14m @ 0.66%
ENTRC007	177	188	11	8,362	0.84	11m @ 0.84%
ENTRCD008	127	129	2	5,185	0.52	2m @ 0.52%
ENTRCD008	134	138	4	5,720	0.57	4m @ 0.57%
ENTRCD008	190	191	1	6,630	0.66	1m @ 0.66%
ENTRCD009	213	216	3	6,147	0.61	3m @ 0.61%
ENTRCD009	224.2	230	5.8	27,332	2.73	5.8m @ 2.73%
ENTRC011	56	60	4	12,928	1.29	4m @ 1.29%
ENTRC011	72	85	13	16,495	1.65	13m @ 1.65%
ENTRC011	109	110	1	8,310	0.83	1m @ 0.83%
ENTRC012	105	106	1	10,050	1.01	1m @ 1.01%

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Hole	From (m)	To (m)	Interval (m)	Cu (ppm)	Cu (%)	Intercept
ENTRC012	116	139	23	7,357	0.74	23m @ 0.74%
ENTRC012	152	153	1	6,590	0.66	1m @ 0.66%
ENTRC014	101	120	19	6,528	0.65	19m @ 0.65%
ENTRC014	124	127	3	4,217	0.42	3m @ 0.42%
ENTRC020	23	33	10	3,599	0.36	10m @ 0.36%
ENTRC023	35	36	1	5,650	0.57	1m @ 0.57%
ENTRC025	9	10	1	6,130	0.61	1m @ 0.61%

At the completion of the Enterprise Stage 2 drill programme, although the strike (480m) and width (23m) of the main mineralised zone has been 'scoped out', the depth extent remains unresolved. Lady Annie should undertake a ground electromagnetic survey over the main zone at Enterprise that searches for conductors to a depth of 500m. If this proves successful, a limited RC/DD drill programme should be carried out to test the mineralisation to a depth of at least 400m. This could significantly increase size of the Enterprise Copper mineralisation and move it toward economic account.

4. Mineral Resources and Reserves

4.1 Competent Person Statement

The Mineral Resource estimate with mining depletion applied to the end of December 2016 was based on data compiled or supervised by Mr Jorge Peres ("Mr Peres"), Senior Resource Geologist, who is a Chartered Professional Member of the Australasian Institute of Mining and Metallurgy (AusIMM (CP)) and a full time employee of Golder Associates Pty Ltd. ("Golder"). Mr Peres has sufficient experience that is relevant to the style of mineralisation and the type of deposit under consideration and to the activity which he has undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves'.

This Ore Reserve estimate was based on data supplied by Lady Annie and compiled or supervised by Mr Glenn Turnbull ("Mr Turnbull"), Principal Mining Engineer, who is a Member of the Australian Institute of Mining (AusIMM) and Metallurgy and an employee of Golder. Mr Turnbull has sufficient experience that is relevant to the style of mineralisation and the type of deposit under consideration and to the activity which he has undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves'.

4.2 Overview of Mineral Resources

In the early part of 2017, Golder delivered to Lady Annie Operations a Mineral Resource Estimate to 31 December 2016. The Mineral Resource (in accordance with the JORC Code, 2012 Edition guidelines) for Lady Annie operations includes the pits Lady Annie, Lady Brenda, Mount Clarke and Flying Horse and the deposits McLeod Hill, Swagman, Anthill and Lady Colleen. The Mineral Resource update was estimated by subtracting the mined-out material from the pits during 2016 (see Table 4 showing a summary of the mining operating statistics provided by Lady Annie) from the Mineral Resource completed in 2015.

Project Overview

Table 4: Mining Operating Statistics Summary Provided by Lady Annie

Pit	Mined Out Tonnes	Cu Grade (%)	Mined out Waste Tonnes
Lady Annie	8,818	1.50	11,879
Lady Brenda	41,864	0.71	315,292
Flying Horse	–	–	9,653

Lady Annie was not able to provide an update of the topography or provide schematic location of the mined areas. Based on the mined-out copper grades, Golder has assumed the ore material was totally mined from the Measured Resource from Transition type material and the resource table has been updated accordingly. The Mineral Resource at a cut-off grade of 0.3% Cu is presented in Table 5.

The oxide mineralisation and parts of the transition (with low calcium and magnesium) are suitable for acid leach recovery using methods currently employed at Lady Annie. The transition and fresh mineralisation contain copper sulfide minerals that would also be suitable for effective recovery using traditional flotation methods. Fresh material is generally not suitable for the existing copper heap leach treatment.

Mineral Resources that have not been converted to Ore Reserves may have potential economic viability, although this has not been presently demonstrated through appropriate mining studies.

The Mineral Resource estimate does not include material currently on ROM stockpiles or on the leach pads.

Table 5: Lady Annie 'In-situ' Mineral Resource Estimate at 0.3% cut-off grade depleted to end of December 2016

Deposit	Material Type	Measured				Indicated				Inferred				Total			
		Mt	Cu%	Ca%*	Mg%*	Mt	Cu%	Ca%*	Mg%*	Mt	Cu%	Ca%*	Mg%*	Mt	Cu%	Ca%*	Mg%*
Anthill	Oxide	2.70	0.77	0.3	0.2	6.10	0.71	0.3	0.3	0.10	0.37	0.3	0.3	8.90	0.73	0.3	0.3
	Transition	0.30	0.90	5.8	3.3	1.80	0.76	5.6	3.2	0.30	0.47	5.5	3.3	2.40	0.74	5.6	3.2
	Sulfide	0.02	0.70	5.9	3.4	0.80	0.61	5.5	3.1	1.70	0.54	6.5	3.9	2.50	0.57	6.2	3.7
	Total**	**3.00**	**0.79**	**0.8**	**0.5**	**8.70**	**0.71**	**1.9**	**1.2**	**2.10**	**0.52**	**6.0**	**3.6**	**13.80**	**0.70**	**2.3**	**1.4**
Flying Horse	Oxide	0.82	0.51	0.7	0.6	0.62	0.44	0.6	0.6	0.01	0.34	0.1	0.1	1.45	0.48	0.6	0.6
	Transition	0.87	0.64	4.9	2.7	1.42	0.61	4.3	2.5	0.06	0.56	2.7	1.5	2.35	0.62	4.5	2.6
	Sulfide	0.95	1.16	5.1	2.9	5.75	0.85	5.9	3.4	4.01	0.77	5.2	3.1	10.71	0.85	5.5	3.2
	Total**	**2.64**	**0.79**	**3.6**	**2.1**	**7.79**	**0.77**	**5.2**	**3.0**	**4.08**	**0.77**	**5.1**	**3.1**	**14.51**	**0.77**	**4.9**	**2.9**
Lady Annie	Oxide	0.51	0.56	1.0	0.6	1.35	0.44	0.5	0.5	0.03	0.40	0.4	0.7	1.89	0.47	0.6	0.5
	Transition	1.94	0.68	8.0	4.7	3.33	0.83	8.1	4.9	0.12	0.57	9.2	5.8	5.39	0.77	8.1	4.8
	Sulfide	0.55	0.91	8.3	4.9	3.84	0.89	9.7	5.9	0.49	0.58	10.4	6.5	4.88	0.86	9.6	5.9
	Total**	**3.00**	**0.70**	**6.9**	**4.0**	**8.52**	**0.80**	**7.6**	**4.6**	**0.64**	**0.57**	**9.7**	**6.1**	**12.16**	**0.76**	**7.5**	**4.6**
Lady Brenda	Oxide	0.66	0.49	1.1	0.7	3.2	0.43	1.1	0.8	0.16	0.35	2.2	1.4	4.02	0.44	1.2	0.8
	Transition	0.35	0.59	8.9	5.2	3.09	0.53	8.8	5.2	0.65	0.46	7.4	4.6	4.09	0.52	8.6	5.1
	Sulfide	0.02	0.42	2.6	1.3	0.45	0.56	10.4	6.2	0.37	0.45	7.1	4.2	0.84	0.51	8.7	5.2
	Total**	**1.03**	**0.52**	**4.0**	**2.3**	**6.74**	**0.48**	**5.2**	**3.2**	**1.18**	**0.44**	**6.6**	**4.0**	**8.95**	**0.48**	**5.3**	**3.2**

Project Overview

Deposit	Material Type	Measured				Indicated				Inferred				Total			
		Mt	Cu%	Ca%*	Mg%*	Mt	Cu%	Ca%*	Mg%*	Mt	Cu%	Ca%*	Mg%*	Mt	Cu%	Ca%*	Mg%*
Lady Colleen	Oxide	–	–	–	–	0.10	0.63	1.0	0.4	0.10	0.52	0.7	0.3	0.20	0.58	0.9	0.4
	Transition	0.10	0.93	5.7	3.2	1.30	0.84	4.5	2.5	0.70	0.55	2.2	1.2	2.10	0.75	3.8	2.1
	Sulfide	0.10	1.08	0.7	0.4	1.90	1.14	6.1	3.3	3.60	0.75	3.5	2.0	5.60	0.89	4.4	2.4
	Total**	**0.10**	**1.00**	**3.3**	**1.9**	**3.30**	**1.01**	**5.3**	**2.9**	**4.40**	**0.72**	**3.2**	**1.8**	**7.90**	**0.84**	**4.1**	**2.3**
Mount Clarke	Oxide	0.15	0.46	0.4	0.6	0.35	0.43	0.2	0.5	0.02	0.48	0.3	0.8	0.52	0.44	0.3	0.5
	Transition	0.41	0.55	1.5	1.0	0.16	0.47	2.2	1.3	0.003	0.46	6.4	2.8	0.57	0.53	1.7	1.1
	Sulfide	0.36	0.61	1.2	0.8	0.69	0.57	1.9	1.2	0.5	0.55	2.4	1.4	1.55	0.57	1.9	1.2
	Total**	**0.92**	**0.56**	**1.2**	**0.8**	**1.20**	**0.52**	**1.5**	**1.0**	**0.52**	**0.55**	**2.4**	**1.4**	**2.64**	**0.54**	**1.6**	**1.0**
McLeod Hill	Oxide	–	–	–	–	–	–	–	–	0.48	0.35	–	–	0.50	0.35	–	–
	Transition	–	–	–	–	–	–	–	–	0.55	0.57	–	–	0.60	0.57	–	–
	Sulfide	–	–	–	–	–	–	–	–	0.39	0.56	–	–	0.40	0.56	–	–
	Total**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**1.42**	**0.49**	**–**	**–**	**1.40**	**0.49**	**–**	**–**
Swagman	Oxide	0.14	0.67	–	–	0.03	0.62	–	–	0.02	0.53	–	–	0.20	0.65	–	–
	Transition	–	–	–	–	0.07	0.60	–	–	0.04	0.45	–	–	0.10	0.55	–	–
	Sulfide	–	–	–	–	–	–	–	–	0.03	0.45	–	–	0.00	0.45	–	–
	Total**	**0.14**	**0.67**	**–**	**–**	**0.10**	**0.61**	**–**	**–**	**0.09**	**0.47**	**–**	**–**	**0.30**	**0.60**	**–**	**–**
Total	Oxide	4.98	0.66	0.5	0.4	11.75	0.58	0.6	0.5	0.92	0.38	0.5	0.4	17.65	0.59	0.5	0.4
	Transition	3.97	0.67	6.5	3.8	11.17	0.70	6.8	4.0	2.42	0.52	3.8	2.3	17.56	0.67	6.4	3.7
	Sulfide	2.00	0.98	5.0	2.9	13.43	0.86	6.9	4.1	11.09	0.69	4.8	2.9	26.52	0.80	5.9	3.5
	Total**	**10.95**	**0.72**	**3.5**	**2.1**	**36.35**	**0.72**	**4.8**	**2.9**	**14.43**	**0.64**	**4.4**	**2.6**	**61.73**	**0.70**	**4.5**	**2.7**

Notes: * Due to the sparseness of calcium and magnesium assays the calcium and magnesium estimates are indicative only

** Totals may not add up due to rounding

4.3 Overview of Mineral Ore Reserves

In the early part of 2017, Golder delivered to Lady Annie Operations a Mineral Ore Reserve Estimate to 31 December 2016. The Ore Reserve estimate for Lady Annie is based on pit designs and includes modifying factors with mining dilution of 5% at an assumed 0.2% Cu average grade and mining losses of 2.5%. Cut-off grades are variable as they are dependent on calcium grade and oxidation type. The Ore Reserve for Lady Annie as at end of December 2016 is provided in Table 6.

The ore within the pit designs is mostly oxide with some transition also encountered as pits get deeper. The proportion of calcium has increased with depth and results in increased acid consumption and processing cost.

The statement of Ore Reserves for transitional material is dependent on the systematic blending of transition and oxide material types for the remaining life of mine. This is required to even out acid consumption.

Project Overview

The Ore Reserve estimate relates specifically to the conversion of Measured and Indicated oxide and transition Mineral Resources within the Lady Annie Project pit designs and current stockpiles. The Ore Reserves are as reported at 31 December 2016.

Table 6: Lady Annie Ore Reserves by Area as at 31 December 2016

Deposit	Material Type	Proven			Probable			Total		
		kt	Cu%	Ca%	kt	Cu%	Ca%	kt	Cu%	Ca%
Lady Annie	Oxide	7	0.66	0.46	13	0.85	0.57	21	0.78	0.53
	Transition	92	0.72	8.74	67	1.16	8.06	159	0.90	8.45
	Total	**99**	**0.71**	**8.12**	**80**	**1.11**	**6.82**	**179**	**0.89**	**7.54**
Lady Brenda	Oxide	341	0.55	0.73	65	0.76	5.09	407	0.59	1.43
	Transition	65	0.76	5.09	145	0.78	5.89	210	0.77	5.64
	Total	**407**	**0.59**	**1.43**	**210**	**0.77**	**5.64**	**617**	**0.65**	**2.86**
Mount Kelly	Oxide	237	0.66	0.32	79	0.50	0.36	315	0.62	0.33
	Transition	365	0.76	3.96	167	0.92	0.56	533	0.81	2.89
	Total	**602**	**0.72**	**2.53**	**246**	**0.78**	**0.50**	**848**	**0.74**	**1.94**
ROM Stockpiles	Oxide	109	0.91	0.29	–	–	–	109	0.91	0.29
	Transition	260	1.00	5.40	–	–	–	260	1.00	5.40
	Total	**369**	**0.97**	**3.89**	–	–	–	**369**	**0.97**	**3.89**
Total	Oxide	695	0.65	0.52	157	0.64	2.34	852	0.65	0.85
	Transition	783	0.83	5.09	379	0.91	3.92	1,161	0.86	4.71
	Total	**1,477**	**0.75**	**2.94**	**536**	**0.83**	**3.46**	**2,013**	**0.77**	**3.08**

Notes: Includes high grade stockpiles at end of December 2016 and excludes material on leach pads being processed.

* Totals may not add up due to rounding

In October 2012 Golder completed a Resource Estimation for the Anthill Deposit. Details of these Resources were announced in the announcement of the Company dated 20 November 2012. In December 2013 pit optimisations were carried out utilising similar economic parameters and modifying factors to those used for the Lady Annie and Mount Kelly deposits, and pit designs based upon these optimisations were completed for the Anthill Project. The resource within these pit designs is considered Potential Mining Inventory. These Resources are inclusive of ore loss and dilution and Lady Annie envisage they should be available for conversion to Reserve upon grant of the Anthill mining lease ML90233 currently in application. This material is additional to Mineral Reserves shown in Table 6 and included in the Mineral Resources in Table 5.

For further details on resources and reserve, a copy of the report "Update of Lady Annie Operations Mineral Resource and Ore Reserve Statement" is posted on the website of the Company.

Project Overview

The Mineral Resource depletions undertaken for this Mineral Resource update were applied to the mined pits Lady Annie and Lady Brenda. Due to the absence of updated topography and the average copper grade of the mine-out material provided by Lady Annie, Golder carried out the depletion based on the following assumptions:

- Ore was mined from Lady Annie and Lady Brenda pits.
- Due to the absence of a location for the mined material, all mined ore is assumed to be from the measured resource category.
- Due to the high copper grade presented in the Lady Annie mining report, it is assumed the ore corresponds to transition material.
- Due to the absence of provided depletion grades for calcium and magnesium, the average grades from the prior mineral resources of 2015 have been assumed unchanged.

CORPORATE **SUSTAINABILITY REPORT**

Corporate Sustainability Report

Health, Safety, Environment & Community

Health and Safety

The Safety Department continued to deliver Nationally Accredited competencies to employees in accordance with legislative requirements and site-based standards. A High Voltage Switching course was delivered by an external provider to ensure the site had the required competency to re-establish electrical supply after power failures.

The mines rescue training continued to be delivered with the adoption of all employees forming the site mines rescue team. This strategy was adopted due to the limited staff numbers and the legislative requirement to ensure adequate response to any emergency is maintained.

The ongoing focus for all employees and contractors is to ensure a high degree of safety focus and that hazard identification is maintained for all tasks. The importance of incident reporting procedures and hazard identification will continue to be highlighted to all employees and visitors. The site employees and contractors continue to expand in job roles and responsibilities and ensuring site policies and established procedures are followed, will be of critical importance.

Environment

The Environment Department has continued with the emphasis of streamlining the collection and collation of environmental data necessary to meet the obligations set through legislative requirements. New technology has been utilised for survey and drainage analysis of process areas resulting in faster, safer and higher quality data gathering, allowing for cheaper and better quality surface water management decisions to be made, as well as having a range of other benefits.

Environmental regulatory reporting obligations for State and Federal Government Agencies have been ongoing with the Plan of Operations, Annual Return for the Environmental Authority, National Pollutant Inventory, National Greenhouse and Energy Reporting, Receiving Environment Monitoring Program and Water Licensing reporting completed within the reporting period.

The Anthill mining lease project has continued to progress with the remaining outstanding agreements underway. It is anticipated that the mining license will be granted once these are completed.

Indigenous and Community Relations

Indigenous Relations

Cultural heritage is a vital component of Lady Annie Operations and Anthill project in which recognition and respect for cultural heritage of the Kalkadoon, Indjalandji-Dhidhanu and Mitakoodi people who have customary connections to country in which we operate on. As part of this, Cultural Heritage Clearances are conducted by traditional owners within the region to ensure a diligent and cooperative approach when conducting exploration activity.

Lady Annie Operations continues to work cooperatively with the Kalkadoon, Indjalandji-Dhidhanu and Mitakoodi traditional owners for current and future project in respect of native title, cultural heritage, and employment and business opportunities. Cultural Awareness training is part of the induction process and is also provided by the relevant traditional owner people when required. This also includes any contractors to site who are working on the country.

Corporate Sustainability Report

The Cultural Awareness training is designed to educate participants in the importance of the recognition, protection and conservation of cultural heritage, and to explain the relationship of the traditional owner people with the project area and the natural environment as a whole. The training promotes an understanding of, and respect for, the traditional owner's culture, knowledge and traditional practices.

Community Relations

Lady Annie Operations relationship with communities of Mount Isa, Camooweal and Cloncurry and the North West Queensland and North Queensland regions has consolidated through its involvement with community events and activities by sponsorship, donations and in-kind support, employment and business opportunities.

The Exploration Department maintains close relations with landholders over the broad area of Lady Annie exploration tenements as well as contributing to ongoing community and stakeholder engagement with other stakeholders such as; Calton Hills Station and Yelvertoft Station, Kalkadoon, Indjalandji-Dhidhanu and Mitakoodi people, business partners and regulators on a regular and needs basis. Lady Annie Operations continues to provide support to the Yelvertoft Camp draft.

MANAGEMENT **REPORT**

Biographical Details of Directors

Executive Directors

Chiu Tao, aged 61
was appointed as Chairman and an executive director of NetMind Financial Holdings Limited (the "Company") on 10 March 2009 and 7 November 2008, respectively. Mr. Chiu is the brother-in-law of Mr. Yeung Kwok Yu.

Mr. Chiu is an experienced executive and merchant. He has extensive experience in the metal business, trading, investment planning, business acquisitions and development, and corporate management.

Mr. Chiu is currently the chairman and acting chief executive officer and an executive director of G-Resources Group Limited ("G-Resources"), the shares of which are listed on the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Hui Richard Rui, aged 49
was appointed as an executive director of the Company on 17 August 2004 and as General Manager of the Company on 11 October 2006. He graduated from University of Technology, Sydney in Australia with a Bachelor's degree in Mechanical Engineering.

Mr. Hui has more than 10 years' experience in management positions with companies in Australia, Hong Kong and the People's Republic of China ("China"). He is a member of The Australasian Institute of Mining and Metallurgy.

Mr. Hui was an executive director of G-Resources and China Strategic Holdings Limited ("China Strategic"). The shares of the two companies are listed on the main board of the Stock Exchange.

Lee Ming Tung, aged 55
was appointed as an executive director of the Company on 28 September 2007. He is also the Chief Financial Officer of the Company. He holds a Bachelor of Science degree in Accounting from Brigham Young University in the U.S.A., a Master of Accountancy degree from Virginia Polytechnic Institute and State University in the U.S.A., a Master of Financial Engineering degree from City University of Hong Kong and a Postgraduate Diploma in Corporate Administration from The Hong Kong Polytechnic University.

Mr. Lee is an associate member of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators in the United Kingdom, a fellow member of The Taxation Institute of Hong Kong, a Certified Tax Adviser of Hong Kong, a Certified Management Accountant of Australia and a member of Institute of Public Accountant of Australia. He has over 20 years' experience in the field of accounting and finance.

Mr. Lee was an independent non-executive director of Lamtex Holdings Limited (formerly known as "China New Energy Power Group Limited")("Lamtex"), the shares of which are listed on the main board of the Stock Exchange.

Kwan Kam Hung, Jimmy, aged 55
was appointed as an executive director of the Company on 11 November 2002.

Mr. Kwan has over 15 years of experience in the fields of finance, accounting and corporate management.

Mr. Kwan was an executive director of Lamtax, the shares of which are listed on the main board of the Stock Exchange.

Biographical Details of Directors

Yeung Kwok Yu, aged 66
was appointed as an executive director of the Company on 26 September 2008. Mr. Yeung is the brother-in-law of Mr. Chiu Tao.

Mr. Yeung had held management positions in trading companies which were based in China and Hong Kong, and was also engaged as senior management in various listed companies in Hong Kong. Mr. Yeung has extensive experience in general trading, strategic investment planning and business development.

Mr. Yeung was an executive director of Lamtex, the shares of which are listed on the main board of the Stock Exchange.

Tsui Ching Hung, aged 64
was appointed as an executive director of the Company on 2 May 2007. He holds a Master of Science degree in Polymer Science and a Master of Business Administration degree from the University of Aston and University of Warwick in the United Kingdom, respectively.

Mr. Tsui has over 10 years of experience in senior management positions with several multinational corporations in Hong Kong.

Mr. Tsui was an independent non-executive director of China Smarter Energy Group Holdings Limited, the shares of which are listed on the main board of the Stock Exchange.

Chen Weixing, aged 34
was appointed as an executive director of the Company on 2 November 2015. He obtained a Bachelor's degree in Civil Engineering from the College of Civil Engineering and Architecture, Zhejiang University.

Mr. Chen was a founder of Hangzhou Kuaizhi Technology Company Limited* (杭州快智科技有限公司), a company established in November 2012 which developed the smartphone taxi app "Kuaide Dache"* (快的打車) and subsequently merged with a company that developed the smartphone taxi app "Didi Dache"* (滴滴打車) to become a company named DiDi Kuaide* (滴滴快的) in February 2015. Mr. Chen was also a founder of Hangzhou Paitao Technology Company Limited, a company established in May 2013 which is principally engaged in the development, distribution and operation of mobile device application software for O2O shopping, delivery and related services. He founded Zhejiang Funcity Asset Management Limited in October 2016, which is a fund management company served for multiple private equity funds with investments in high-tech start-ups.

Wah Wang Kei, Jackie, aged 50

was appointed as an executive director of the Company on 29 December 2016. He is also an in-house legal counsel of the Company. Mr. Wah graduated from The University of Hong Kong in 1990 and was qualified as a solicitor in 1992. Mr. Wah was a partner of a Hong Kong law firm until 1997. Mr. Wah is currently an executive director of G-Resources and an independent non-executive director of Symphony Holdings Limited. The shares of the two companies are listed on the main board of the Stock Exchange.

* *For identification purposes only*

Biographical Details of Directors

Independent Non-executive Directors

Yu Pan, aged 62
was appointed as an independent non-executive director of the Company on 28 September 2004.

Mr. Yu has over 20 years of experience in management positions of multinational trading companies in Hong Kong and China.

He was an independent non-executive director of Lamtex, the shares of which are listed on the main board of the Stock Exchange.

Tong So Yuet, aged 45
was appointed as an independent non-executive director of the Company on 24 February 2005. She graduated from The Hong Kong Polytechnic University with a Bachelor's degree in Accountancy.

Ms Tong is a fellow member of the Association of Chartered Certified Accountants, an associate member of the Hong Kong Institute of Certified Public Accountants, The Hong Kong Institute of Chartered Secretaries, The Institute of Chartered Secretaries and Administrators in the United Kingdom and a Certified Public Accountant (Practising). She has over 18 years of experience in auditing and accounting sector.

Ma Yin Fan, aged 53
was appointed as an independent non-executive director of the Company on 31 December 2012. She obtained a Bachelor's degree with honours in Accountancy at Middlesex University in the United Kingdom. She also holds a Master's degree in Business Administration and a Master in Professional Accounting degree from Heriot-Watt University in the United Kingdom and The Hong Kong Polytechnic University, respectively.

Ms. Ma is a Certified Public Accountant (Practising) in Hong Kong and has been working in auditing, accounting and taxation areas for more than 20 years. She is the principal of Messrs. Ma Yin Fan & Company CPAs. She is a fellow member of the Hong Kong Institute of Certified Public Accountants, The Institute of Chartered Accountants in the England and Wales, The Taxation Institute of Hong Kong, Association of Chartered Certified Accountants, The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators in the United Kingdom. She is also a Certified Tax Adviser in Hong Kong.

Ms. Ma is currently an independent non-executive director of China Strategic and Grand Investment International Ltd. She was an independent non-executive director of Lamtex and G-Resources. The shares of all the aforementioned companies are listed on the main board of the Stock Exchange.

Leung Hoi Ying, aged 66
was appointed as an independent non-executive director of the Company on 29 January 2016. He graduated from the Guangdong Foreign Trade School in China.

Mr. Leung has over 30 years of experience in international trade and business development. He is currently an independent non-executive director of China Strategic. He was an independent non-executive director of Lamtex and G-Resources. The shares of all the aforementioned companies are listed on the main board of the Stock Exchange.

Management Discussion and Analysis

Business Review and Results

The revenue of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2017 (the "Year") was approximately US$26.94 million. This was a decrease of approximately 53.58% compared to last year. Operating revenue generated by Lady Annie Operations fell from approximately US$45.46 million to US$13.47 million, representing a reduction of approximately 70.37% over the Year. Copper production was further scaled down due to stagnant, low market prices for copper and minimal copper reserves. In turn, copper sales decreased significantly during the Year.

Nevertheless, through effective cost control measures and cooperation with an independent company (specifically, for the purpose of reprocessing the existing heap leach pad and producing copper cathodes), the overall costs of operating Lady Annie were kept at a manageable level and the gross profit margin had a little decreased. Compared with the previous year, gross profit of the Group fell by approximately US$12.91 million, a drop of approximately 41.24%. However, the overall gross profit margin increased from approximately 53.94% last year to approximately 68.28% this Year. Dividends from securities trades and interest income from financial assets, rental income and money lending represented approximately 42.15%, 2.96% and 4.89% respectively of total revenue over the Year.

Compared with last year, revenue derived from property investments increased slightly by approximately 1.53%. Rental income provided steady cash flow to the Group over the Year, and this is expected to continue in the future. For the Year, dividends from securities trades and interest income on financial assets decreased slightly by approximately 1.78% year-on-year. Instability in the global economy, the future political and economic relationship between the United Kingdom and the European Union (the "EU") after the former's withdrawal from the EU, slowing growth in the People's Republic of China (the "PRC") and international terrorism have contributed to uncertainty in financial markets. Hence, the overall performance of the Group's investment portfolio during the Year was disappointing. The general securities market in Hong Kong proved vulnerable to fluctuations and instability, so the Group sought to lighten the weight of assets in its securities trading business and free up more available internal resources for better potential investment opportunities. As a result, The Group recorded a loss on fair value changes of financial assets at fair value through profit or loss of approximately US$199.84 million for the Year, while there was a gain on fair value changes of financial assets at fair value through profit or loss of approximately US$66.64 million during last year.

Information concerning the Group's 10 largest financial assets as of 31 March 2017 is detailed below:

Stock Code	Name of Securities	Principal Business	Number of Share/Note/Fund Held	% of Shareholding held by the Group 31.03.2017	Purchase Cost USD	Market Value 31.03.2017 USD	% to the Group's Net Assets 31.03.2017	Realised Gain/(Loss) on change in fair value for the year ended 31.03.2017 USD	Unrealised Gain/ (Loss) on change in fair value for the year ended 31.03.2017 USD
Equity securities listed in Hong Kong									
708	Evergrande Health Industry Group Ltd.	Book and magazine publishing, digital business, copyright holding and licensing business in Hong Kong and providing plastic surgery, anti-aging and health services in the PRC	230,150,000	2.66%	35,024,987.18	43,079,358.97	5.70%	-	2,950,641.03*
1051	G-Resources Group Ltd.	Principal investment business, financial services business, money lending business and real property business	2,207,389,165	8.16%	103,940,461.79	41,600,795.80	5.51%	-	(1,898,871.18)*

Management Discussion and Analysis

Stock Code	Name of Securities	Principal Business	Number of Share/Note/ Fund Held	% of Shareholding held by the Group 31.03.2017	Purchase Cost USD	Market Value 31.03.2017 USD	% to the Group's Net Assets 31.03.2017	Realised Gain/(Loss) on change in fair value for the year ended 31.03.2017 USD	Unrealised Gain/ (Loss) on change in fair value for the year ended 31.03.2017 USD
1031	Kingston Financial Group Ltd.	Provision of securities brokerage, underwriting & placements, margin & IPO financing, corporate finance advisory services, futures brokerage & asset management services; provides gaming & hospitality services in Macau.	75,296,000	0.55%	8,125,735.90	24,422,933.33	3.23%	-	(11,197,866.67)*
1231	Newton Resources Ltd.	Trading business, mining, processing and sale of iron concentrates and gabbro-diabase and stone products and car-park business	186,498,000	4.66%	20,503,228.21	16,019,700.00	2.12%	-	(1,912,800.00)*
329	Dragonite International Ltd.	Production and sales of a series of health care products, pharmaceutical products, securities trading and investments, money lending and trading of wines in Hong Kong	40,668,000	3.84%	3,301,826.92	9,749,892.31	1.29%	-	5,578,815.38*
1618	Metallurgical Corporation of China Ltd.	Engineering and construction, resources development, equipment manufacturing and property development	24,400,000	0.85%	19,864,102.56	9,259,487.18	1.23%	-	2,627,692.31*
32	Cross-Harbour (Holdings) Ltd	Operation of motoring schools, tunnels and an electronic toll system, and investment	6,078,000	1.63%	5,383,685.90	9,054,661.54	1.20%	-	1,028,584.62*
Financial assets other than equity securities listed in Hong Kong									
	9.5% China Evergrande Senior Note	Property (including development, investment, management, constructions and other property related service), hotel and fast consuming industry in PRC	50,000,000	N/A	50,000,000.00	55,312,500.00	7.32%	-	5,312,500.00
	Nexus Emerging Opportunities Fund Alpha SP	Fund with no specific investment objective and restriction on the investment of assets	25,475.7916	N/A	30,282,961.54	50,592,382.18	6.70%	-	(15,897,001.88)*
	Nexus Asian Hybrid Credit Fund	Multi-strategy credit oriented hedge fund within Asia-Pacific region	7,497.6025	N/A	7,585,344.00	8,475,482.55	1.12%	-	374,159.61*
Total					284,012,334.00	267,567,193.86	35.42%	-	(13,034,146.78)

* Purchase costs in these investee companies represented the initial acquisition costs for the respective costs for the respective investee company/ fund. Some of the investments in these investee companies/funds were made by the Group in prior years. For portions of investments in these investee companies/funds which were made in prior years, they were subject to fair value adjustments. Unrealized gains/(losses) on change in fair value were recognized at the financial year end of the respective years. The unrealized gain/(loss) on change in fair value of these investee companies/funds for the year ended 31 March 2017 excluded those amounts being recognized in prior years.

Management Discussion and Analysis

The approximately US$199.84 million loss on fair value changes of financial assets at fair value through profit or loss comprised net unrealized loss and net realized loss on change in fair value for the Year of approximately US$7.55 million and US$192.29 million respectively. The realized loss mainly arose from China Innovative Finance Group Limited (stock code: 412), HengTen Networks Group Limited (stock code: 136) and Shengjing Bank Co., Ltd. (stock code: 2066). The realized loss of these three listed shares recognized in the Year was approximately US$125.74 million, US$20.12 million and US$20.81 million respectively. Such substantial loss from financial assets at fair value through profit or loss was primarily due to the reversal of unrealized gains recognized for certain securities in previous years and the volatile of Hong Kong stock market conditions during the Year.

The Group's overall investment portfolio recorded a total loss of approximately US$208.00 million in profit or loss for the Year, compared to a net gain of approximately US$34.56 million for the previous year. Global economic and political instability will continue to shake investors' confidence and dampen market expectations as conditions remain volatile. The Group is thus seeking opportunities to diversify its revenue.

Interest income from the money lending business increased to 5 times last year's amount as the Group has become more active in this business to generate higher profits. During the Year, approximately US$1.32 million in interest income was generated by the money lending business. The interest income from the money lending business was approximately US$0.22 million in the previous year.

As stated in the interim report of the Group, for the six months ended on 30 September 2016, the e-logistics industry in the PRC saw many new platforms and rising industry competition, causing the growth rate of the internet logistics service of the Company in the PRC (the "E-logistics Platform Business") to slow down. In the second half of the Year, the management had been monitoring the development of the industry as well as the E-logistics Platform Business and noted that the cash flow of the E-logistics Platform Business did not have obvious improvement. Also, the actual growth rate of the platform user appeared a significant difference from the forecast growth rate. After reviewing and considering the business direction of the E-logistics Platform Business, its financial position and the backdrop of intensified competition, the Group decided to scale down the E-logistics Platform Business' operations and reduce the number of resources allocated to this business line until market conditions improve. Due to this decision, an impairment loss totalling approximately US$61.76 million was recognized after being assessed by an independent appraiser. Kuaichi Group Holding Limited, an associate company of the Company which is also operating e-logistics business, has faced the same difficulties. After reviewing its financial information and assessment by independent appraiser, an impairment loss on interest in this associate company in the amount of approximately US$8.21 million was recognized.

Due to persistently low copper prices and minimal copper reserves, copper production was further scaled down. The Group then provided an impairment loss of approximately US$7.51 million and write-off of approximately US$0.14 million with respect to exploration and evaluation assets. The carrying value of inventories was written down by approximately US$9.23 million. In the previous year, the impairment loss and write off with respect to exploration and evaluation assets were approximately US$7.46 million and US$15.78 million respectively, with a write down carrying value of inventories of approximately US$41.80 million. After making cost adjustments to account for power supply expenses during the Year, no provision for an onerous contract regarding committed power supply expenses was made. Provision for an onerous contract was approximately US$29.72 million in the previous year. Due to a decrease in the fair value of the joint venture's investment relative to its value at the end of the last fiscal year, an overall loss was recorded for the Year. The Group shared an approximate US$3.55 million loss from the joint venture. In the last year, the shared loss of the joint venture was approximately US$6.81 million. Overall, the Group recorded an after tax loss of approximately US$305.27 million for the Year. After-tax loss last year was approximately US$68.46 million.

Management Discussion and Analysis

Net Asset Value

As of 31 March 2017, the Group held bank balances and cash totalling approximately US$299.95 million, excluding approximately US$44.84 million held in pledged bank deposits. The pledged deposits are mostly for covering rehabilitation costs for operating the mining business (as mandated by the government of Queensland, Australia), and as a guarantee to the electric power supplier for the Lady Annie mine site. Fair value of available-for-sale investments and financial assets at fair value through profit or loss were approximately US$56.64 million and US$297.45 million, respectively. During the Year, a bank granted a one year HK$150.00 million revolving loan with an interest rate of 1% over HIBOR/LIBOR to a subsidiary of the Company. The Company provided a guarantee to the bank for this facility, but the facility was not utilized during the Year. As of 31 March 2017, the Group had no outstanding loans and borrowings from banks or other financial institutions. As such, based on the balance of all outstanding loans and borrowings from financial institutions and total equity, the gearing ratio was zero. The net asset value of the Group totaled approximately US$755.32 million.

Human Resources

As of 31 March 2017, the Group had 34 staff (including Company directors) in Hong Kong, 6 staff in Australia and 8 staff in the PRC. Staff costs (excluding directors' emoluments) were approximately US$6.39 million for the Year. Staff remuneration packages are normally reviewed annually. The Group also participated in the Mandatory Provident Fund Scheme in Hong Kong, and provided other staff benefits, such as medical benefits.

Foreign Exchange Risk

The Group conducts most of its business in US dollars, Australian dollars, Renminbi and Hong Kong dollars. Foreign currency exposure to US dollars is minimal, as the Hong Kong dollar is pegged to the US dollar. Exposure to the Renminbi is also minimal, as business conducted in Renminbi represents a marginal portion of the Group's total business in terms of revenue. The Group's primary source of foreign exchange risk is derived from the Australian dollar. However, as the Group's mining operations in Australia are scaling down, the foreign exchange risk posed the Australian dollar is reduced. Management will continue to monitor the Group's foreign exchange risk and will consider hedging its exchange rate exposure should the need arise.

Lady Annie

The Lady Annie Operations, located in Mount Isa in north-western Queensland, Australia, is principally comprised of the Lady Annie mining area, the Mount Kelly mining area and the Mount Kelly processing plant and tenements. The Mount Isa Inlier hosts several known copper oxide and sulphide resources, and several notable copper and lead-zinc silver mines. Tenements held by the Lady Annie project cover approximately 2,300 square kilometers, including 14 mining leases and 58 exploration permits for minerals.

Management Discussion and Analysis

A summary of the financial results for the Australian Group over the Year is detailed below:

	2017 US$'000	2016 US$'000
Revenue	13,468	45,461
Cost of sales	(8,545)	(26,731)
Gross profit	4,923	18,730
Other income, expenses, gains and losses	2,105	(25,096)
Distribution and selling expenses	(546)	(2,391)
Administrative expenses	(5,172)	(6,581)
Finance costs*	(625)	(369)
Loss on inventories written down to net realisable value	(9,233)	(41,804)
Written off of exploration and evaluation assets	(139)	(15,778)
Impairment losses on exploration and evaluation assets	(7,508)	(7,460)
Impairment losses on property, plant and equipment	-	(40)
Loss before taxation	(16,195)	(80,789)
Depreciation in administrative expenses	71	357
Depreciation in cost of sales	914	2,005
Total depreciation	985	2,362

* Inter companies financial charges of the Australian Group was not included

Non-HKFRS Financial Measure

The term "C1 operating cost" is a non-HKFRS performance measure included in this "Management Discussion and Analysis" and is prepared on a per-pound of copper basis. The term C1 operating cost does not have any standardized meaning prescribed by HKFRS and therefore may not be comparable to similar measures presented by other issuers. C1 operating cost is a common performance measure in the copper industry and is prepared and presented herein on a basis consistent with industry standard definitions. C1 operating costs include all mining and processing costs, mine site overheads and realization costs through to refined metal.

The table below provides a reconciliation of Lady Annie Operations' C1 operating costs measures to the statement of comprehensive income in the financial statements of Lady Annie Operations for the financial year indicated.

	2017 US$'000	2016 US$'000
Cash costs as reported in the income statement:		
Direct and indirect mining cost	19,049	42,791
Adjustment for change in inventory	(6,065)	(7,607)
Total operating costs	12,984	35,184
Copper sold (tonnes)	2,542	8,489
Copper sold (in thousand pounds)	5,604	18,715
C1 operating cost per pound of copper	US$2.32/lb	US$1.88/lb

Management Discussion and Analysis

The Company believes that in addition to conventional measures prepared in accordance with HKFRS, certain investors will use the above tool and related information to evaluate the Company. It is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with HKFRS.

Significant Events

The Company held an extraordinary general meeting on 16 May 2016 (the "EGM"). During the EGM, a resolution was passed to increase the authorized share capital from HK$5 billion distributed across 50 billion shares to HK$10 billion distributed across 100 billion shares. This was achieved by creating 50 billion new shares at a value of HK$0.10 per share in Company capital. A special resolution was also passed in the EGM to change the English name of the Company from "CST Mining Group Limited" to "NetMind Financial Holdings Limited" and 網智金控集團有限公司 being adopted as the Company's new dual foreign name. The said change of the Company's English name and the said adoption of new dual foreign name became effective on 17 May 2016. Details of the authorized capital increase and the Company's name change were disclosed in the Company's announcements dated 15 March 2016, 20 April 2016 and 31 May 2016 and a circular dated 21 April 2016.

Outlook

As copper reserves in the Lady Annie mine site are mostly depleted after six years of production, the Group will seek to develop its other business lines to compensate. However, the Group will still extend the life of the mine for continued business operations. Lady Annie has been working with an independent company since October 2016 re-process the existing heap leach pads and produce copper cathodes. In conjunction with close monitoring of production costs and market conditions, the Group is carefully considering future action including further reduction of operation scale, increasing outsourcing as a proportion of operation activities, or temporarily halting production.

In recent years, the e-logistics industry has witnessed the emergence of multiple new platforms and entrants into the market, increasing competition and lowering the expectation in this industry. In addition, the cash flow of the E-logistics Platform Business did not have obvious improvement and the growth of platform user had a significant difference from the forecast growth rate. With these changes in mind, the Group has decided to scale down the operation of its e-logistics platform and substantially reduce the resources allocated to this business line, including further cash investment. The Group will continue to adjust its marketing and development strategy for its e-logistics platform in accordance with changes in the market environment as they pertain to the Group's overall growth strategy.

During the Year, the Group's money lending business achieved healthy growth. Looking forward, the Group believes that the demand for loans will remain robust and the money lending business will generate reasonable income as well as improve profitability for the Group. The Group will therefore continue to prudently expand its money lending business.

Against the backdrop of volatile global financial markets, the Group will further diversify its securities trading portfolio. The Group will allocate some of its resources towards relatively stable products which will assure steady income contributions.

Management Discussion and Analysis

During the year, the Group successfully acquired a Scottish property jointly with other parties. The Scottish property is expected to generate stable rental income for the Group with potential appreciation. Looking forward, the Group will seek more opportunities globally to broaden its property investment portfolio to generate rental income and/or capital appreciation as well as produce future economic benefits.

Going forward, the Group will actively seek diversified investment and potential business opportunities to increase its scale and overall revenues as well as grow shareholder value. Internal resources and/or other effective sources of funding may be used to fund investment, if opportunities arise, and depending on the nature of any such investment and market condition.

Directors' Report

The board of directors (the "Board") has pleasure in presenting its report together with the audited consolidated financial statements of the Company and its subsidiaries (collectively the "Group") for the year ended 31 March 2017 (the "Year").

Principal Activities

The principal activity of the Company is investment holding. The principal activities of the Group currently consists of (i) exploration, development and mining of copper and other mineral resources materials; (ii) investment in financial instruments; (iii) property investment; (iv) money lending and (v) e-logistics platform. The particulars of the Company's principal subsidiaries are set out in note 40 to the consolidated financial statements.

Business Review

The business review of the Group for the year ended 31 March 2017 is set out on pages 26 to 31.

Results and Dividend

Results of the Group for the Year are set out in the consolidated statement of profit or loss and other comprehensive income on page 59 of this annual report.

The Board does not recommend the payment of a dividend during the Year.

Property, Plant and Equipment

Details of movements in the property, plant and equipment of the Group during the Year are set out in note 13 to the consolidated financial statements.

Investment Properties

Details of movements in the investment properties of the Group are set out in note 15 to the consolidated financial statements.

Reserves

Details of movements during the Year in the reserves of the Group are set out in the consolidated statement of changes in equity on page 62 of this annual report.

Share Capital

Details of the share capital of the Company set out in note 29 to the consolidated financial statements.

Directors' Report

Directors

The directors of the Company (the "Director(s)") during the Year and up to the date of this report are:

Executive Directors:	Independent Non-executive Directors:
Mr. Chiu Tao *(Chairman)*	Mr. Yu Pan
Mr. Hui Richard Rui *(General Manager)*	Ms. Tong So Yuet
Mr. Lee Ming Tung *(Chief Financial Officer)*	Ms. Ma Yin Fan
Mr. Kwan Kam Hung, Jimmy	Mr. Leung Hoi Ying
Mr. Yeung Kwok Yu	
Mr. Tsui Ching Hung	
Mr. Chen Weixing	
Mr. Wah Wang Kei, Jackie *(appointed on 29 December 2016)*	

In accordance with Article 91 of the Articles of Association, Mr. Wah Wang Kei, Jackie who is appointed as an additional director, will retire at the next following general meeting (i.e. the forthcoming annual general meeting ("AGM")) and, being eligible, offer himself for re-election.

In accordance with Article 99 of the Articles of Association, Mr. Hui Richard Rui, Mr. Kwan Kam Hung, Jimmy, Mr. Yeung Kwok Yu and Ms. Tong So Yuet will retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

Directors' Service Contracts

During the Year up to the date of this annual report, none of the Directors being proposed for re-election at the forthcoming AGM has a service contract with the Company which is not determinable by the Company within one year without payment of compensation other than statutory compensation.

Directors' Report

Directors' and Chief Executives' Interests in Securities

As at 31 March 2017, the interests and short positions of the Directors and chief executives of the Company and their respective associates in the shares, underlying shares, convertible notes or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which were taken or deemed to have under such provisions of the SFO) or pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were disclosed as follows:

Long positions in shares/underlying shares of the Company

	Number of *shares/underlying shares			
Name of Director	**Personal interests**	**Share options**	**Total**	**Approximate % of the issued share capital of the Company**
Chiu Tao	3,900,000,000	—	3,900,000,000	10.08%

Note:

* Ordinary shares unless otherwise specified

Save as disclosed above, as at 31 March 2017, none of the Directors or the chief executives of the Company or their respective associates had any interests and short positions in the shares, underlying shares, convertible notes or debentures of the Company or any of its associated corporations as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as at 31 March 2017.

Share Option

Particulars of the share option scheme of the Company are set out in note 37 to consolidated financial statements.

Discloseable Interests and Short Positions of Persons other than Directors and Chief Executives

As at 31 March 2017, so far as known to the Directors or the chief executives of the Company, the following persons are the shareholders (other than Directors or chief executives 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 be directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances of general meetings of the Company or who were recorded in the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO or had otherwise notified to the Company and the Stock Exchange.

Directors' Report

Long positions in shares and underlying shares of the Company

Name of Shareholder	Capacity	Number of shares/ underlying Shares	Approximate % of the issued share capital
Wong Howard	Beneficial owner	5,186,920,000	13.40%
Cheung Chung Kiu ("Mr. Cheung")	Beneficial owner/ Interest of a controlled corporation	2,125,861,856	5.49% (Notes)

Notes:

These securities represent relevant interests in respect of:

(a) 1,950,840,000 shares held by Bondic International Holdings Limited, which is directly and solely owned by Mr. Cheung; and

(b) 175,021,856 shares held by Bookman Properties Limited, directly wholly-owned by Ferrex Holdings Limited which is directly wholly-owned by Yugang International (B.V.I.) Limited ("Yugang BVI"). Yugang BVI is directly wholly-owned by Yugang International Limited. Yugang International Limited is directly owned by Chongqing Industrial Limited as to 34.33% of the entire issued share capital. Chongqing Industrial Limited is directly and solely owned by Mr. Cheung.

As such, Mr. Cheung is deemed to be interested in the shares held by Bondic International Holdings Limited and Bookman Properties Limited.

Save as disclosed above, as at 31 March 2017, the Company has not been notified by any person (other than the Directors or the chief executives 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 be directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances of general meetings of the Company or who were recorded in the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO or had otherwise notified to the Company and the Stock Exchange.

Independent Non-executive Directors

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive Directors are independent.

Permitted Indemnity Provisions

A permitted indemnity provision for the benefit of the Directors under the Articles of Association of the Company is currently in force and was in force throughout the Year. The Company has also purchased and maintained directors' liability insurance throughout the Year, which provides appropriate cover for the Directors.

Directors' Report

Directors' Interests in Contracts of Significance

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

Directors' Interests in Competing Business

During the Year up to the date of this annual report, none of the Directors, or any of their respective associates (as defined in the Listing Rules) had any material interest in a business that competes or may compete with the business of the Group.

Sufficiency of Public Float

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

Purchase, Sale or Redemption of Listed Securities

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

Major Customers and Suppliers

For the Year, the five largest customers accounted for approximately 51% of the Group's turnover, and the largest customer included therein amounted to approximately 49%. Purchases from the five largest suppliers accounted for approximately 80% of the total purchase for the Year, and purchase from the largest supplier included therein amounted to approximately 50%.

At no time during the Year, none of the Directors, their associates or the shareholders of the Company, which to the knowledge of the Directors owned more than 5% of the Company's issued share capital, had any interests in the major customers and suppliers.

Emolument Policy

The remuneration policy of the employees of the Group is based on their merit, qualifications and competence.

The emoluments of the Directors are decided by the Board, having regard to the Company's operating results, the prevailing market condition and individual performance.

Pre-emptive Rights

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

Directors' Report

Principal Risk Factors

Market copper price and copper reserve

Fluctuation of market copper price will affect the performance of mining business, cash flow and revenue of the Group. Low market copper price has a negative impact on the business prospect, revenue and profit of mining business, which will lead to impair assets and/or downsize the production as well as the operation scale of the mining business. In addition to market copper price, copper reserve is another factor that will affect the cash flow and revenue generating from the mining business. The Group has been operating its mining business for over five years and most of the copper reserves have been used up. Besides of the project Anthill which is still pending the grant of a mining license, the Group has not discovered much new copper reserves that could be added to the existing reserves. Thus, the existing copper reserve is very limited and could have been used up for not more than a year. If the low market copper price continues, or the mining license for project Anthill cannot not be granted in time, appropriate measures such as maintaining minimal operation size, further outsourcing operational activities or suspending production temporarily will be considered to apply.

Competition of e-logistics market

The e-logistics platform business is a newly emerging industry in People's Republic of China ("PRC") and is growing rapidly. Some companies are optimistic about the huge prospective development potential for consolidating road logistics and enter the market through a variety of business models. Competition in the industry is getting intense. More choices and selections are provided to customers throughout the country. Target customers may switch to our competitors.

Estimation of the number of registered users in e-logistics platform

The Group's online e-logistics platform can offer various functions, such as payment, order management and matching specific customers from different user groups under a number of deal scenarios, to facilitate an interconnected logistic network that allows real-time deployment and monitor of delivery capacity, centralizes trucks management and matches transaction information across the network. For any data arising from those transactions, data-mining and data analysis will be performed to offer online logistic value-added service. If the growth in the number of registered user falls short of our estimate, the future operations, growth and revenue of the e-logistics platform business may be adversely affected to a certain extent.

Credit risk

The Group uses an internal credit assessment process to assess the degree of credibility of potential borrower and define credit limits to be granted to borrowers. The Group may suffer loss on loans receivable if repayment of principal and/or interest is not paid on due date and the realizable value of collaterals is less than the principal of the loans receivable and/or interest receivable.

Financial market risk

The movement of financial market may cause a fall in the value of principal financial investments. In view of the increasing instability of the global financial markets, this may impact the fair value of financial investments and add unpredictability to the Group's overall financial performance.

Directors' Report

Exchange risk

The financial results of the Group are presented in United States dollars ("USD"), but the Company and its various subsidiaries may receive revenue, incur expenses and make investments in other currencies. Any currency fluctuations on translation of the accounts of the Company and those subsidiaries and also the repatriation of earnings and equity investments may have impact on the Group's business. The appreciation and depreciation in USD against other foreign currencies may materially affect the Group's business, financial condition, and results of operation.

Environmental Policies

The Group encourages environmental protection and adopts measures to promote environmental awareness of its employees. The Group implements green office practices by encouraging employees to make use of scanning copies, double-sided printing and copying, promoting using recycled paper and reducing energy consumption by switching off idle lightings and electrical appliances.

In accordance with Rule 13.91 of the Listing Rules, the Company will publish an Environmental, Social and Governance ("ESG") Report within three months after the publication of this annual report in compliance with the provisions set out in the ESG Reporting Guide in Appendix 27 to the Listing Rules.

Compliance with Regulations

The Group is not aware of any instances of material breach of or non-compliance with the applicable laws and regulations such as the Hong Kong Companies Ordinance (Chapter 622 of the Laws of Hong Kong), Listing Rules, and other applicable local laws and regulations in various jurisdictions during the year ended 31 March 2017 and up to the date of this annual report.

Relationships with Employees, Customers and Suppliers

The Group understands the importance of maintaining a good relationship with its employees, customers and suppliers to meet its immediate and long-term business goals. During the year ended 31 March 2017 there were no material and significant dispute between the Group and its employees, customers and suppliers.

Corporate Governance

The information set out in pages 41 to 51 and information incorporated by reference, if any, constitutes the Corporate Governance Report of the Company.

Auditor

The financial statements have been audited by Deloitte Touche Tohmatsu who will retire at the forthcoming AGM and, being eligible, offer themselves for re-appointment.

On behalf of the Board

Chiu Tao
Chairman
Hong Kong, 29 June 2017

CORPORATE GOVERNANCE REPORT

Corporate Governance Report

Corporate Governance Practices

The Company recognised the importance of transparency and accountability, and believes that shareholders can benefit from good corporate governance. The Company aims to achieve sound standards of corporate governance, and has during the year ended 31 March 2017 (the "Year") complied with the code provisions of the Corporate Governance Code (the "Code") and Corporate Governance Report as set out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Any deviation from the Code will be explained in this report.

Board of Directors

The board of directors (the "Board") of the Company comprises 8 executive directors and 4 independent non-executive directors (the "INEDs") (collectively the "Directors") as follows:

Executive Directors:
Mr. Chiu Tao *(Chairman)*
Mr. Hui Richard Rui *(General Manager)*
Mr. Lee Ming Tung *(Chief Financial Officer)*
Mr. Kwan Kam Hung, Jimmy
Mr. Yeung Kwok Yu
Mr. Tsui Ching Hung
Mr. Chen Weixing
Mr. Wah Wang Kei, Jackie (appointed on 29 December 2016)

Independent Non-executive Directors:
Mr. Yu Pan
Ms. Tong So Yuet
Ms. Ma Yin Fan
Mr. Leung Hoi Ying

The Directors are considered to posses a balance of skill and experience appropriate for the requirements of the business of the Company; details related to the Directors are shown on pages 23 to 25 in the section of "Biographical Details of Directors".

Save as disclosed in the headings of the "Directors' Report" and the "Biographical Details of Directors" of this annual report, none of the Directors had any financial, business, family or other material/relevant relationship with any other Director.

Each of our INEDs has presented an annual confirmation of independence to the Company in accordance with the requirement of the Listing Rules. The Company considers all of the INEDs to be independent.

The Board is responsible for the overall operations of the Company. It provides leadership and oversees the Group's strategic decisions, business development and performance, as well as its business affairs. Directors carry out their duties in good faith and in compliance with applicable laws and regulations, taking decisions objectively and acting in the interests of the Company and its shareholders.

Corporate Governance Report

There are four major committees under the Board, namely the audit committee (the "Audit Committee"), the remuneration committee (the "Remuneration Committee"), the nomination committee (the "Nomination Committee") and the investment and management committee (the "IMC"). The responsibilities and the composition of these committees are described below. Matters which the Board considers suitable for delegation are contained in the terms of reference of the committees. The committees' terms of reference may be amended from time to time as necessary, subject to the approval by the Board.

The Board met regularly throughout the Year to discuss overall strategy as well as the operation and financial performance of the Group. The Directors are kept informed on a timely basis of major changes that may affect the Group's business, including relevant rules and regulations. The Directors can, upon reasonable request, seek independent professional advice in appropriate circumstances, at the Company's expenses. The Board shall resolve to provide separate appropriate independent professional advice to the Directors to assist the relevant Directors to discharge their duties.

The Company has renewed its directors and officers liability insurance purchased for Directors together with senior management, in compliance with the Code Provision A.1.8 under the Code that the Company should arrange appropriate insurance cover in respect of potential legal actions against its Directors.

Board Committees

Audit Committee

For the year ended 31 March 2017, the Audit Committee composed 3 INEDs, namely:

Audit Committee Members
Ms. Tong So Yuet *(Chairlady)*
Mr. Yu Pan
Ms. Ma Yin Fan

Ms. Tong So Yuet and Ms. Ma Yin Fan possess an appropriate professional accounting qualification, while Mr. Yu Pan possesses extensive management experience in the commercial sector. The terms of reference of the Audit Committee have been reviewed and revised with reference to the Code of which, among other things, include reviewing the financial statements of the Company. Any findings together with recommendations of the Audit Committee are submitted to the Board for consideration.

The Audit Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee. It is also authorised to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if considered necessary.

The Audit Committee held two meetings during the Year and reviewed reports from external auditors regarding their audit on annual financial statements and review on interim financial results.

Corporate Governance Report

Remuneration Committee

For the year ended 31 March 2017, the Remuneration Committee comprised 2 INEDs, namely:

Remuneration Committee Members
Mr. Yu Pan *(Chairman)*
Ms. Ma Yin Fan

The principal responsibilities of the Remuneration Committee include formulation of the remuneration policy, review and recommendations to the Board on the annual remuneration policy, and determination of the remuneration of the executive Directors and members of senior management. The overriding objective of the remuneration policy is to ensure that the Group is able to attract, retain and motivate a high-calibre team, which is essential to the success of the Group.

During the Year, the Remuneration Committee held a meeting to discuss remuneration matters of the Directors.

Nomination Committee

For the year ended 31 March 2017, the Nomination Committee comprised the Chairman of the Company and 2 INEDs, namely:

Nomination Committee Members
Mr. Chiu Tao *(Chairman)*
Mr. Yu Pan
Ms. Ma Yin Fan

The Nomination Committee is responsible for identifying suitable qualified individuals to the Board and making recommendations for the Board's consideration.

During the Year, the Nomination Committee selected and recommended to the Board the appointment of Mr. Wah Wang Kei, Jackie as Executive Director, on the basis of his qualifications, skill and experience. The Nomination Committee considered that he would make a positive contribution to the performance of the Board.

Corporate Governance Report

Board Diversity Policy

The Board has adopted the a board diversity policy on 29 August 2013 (the "Board Diversity Policy") and delegated the Nomination Committee to review and assess the Board composition and its effectiveness on an annual basis, and to review and monitor the implementation of the Board Diversity Policy.

The Board Diversity Policy is set out below:

1. *Vision*

   The Company sees diversity at Board level as an important element in maintaining a high standard of corporate governance. The Company is committed to a diverse Board, so directors from diverse backgrounds could present the Company effectively to various constituencies, and to bring different and inspiring perspectives into the boardroom.

2. *Policy Statement*

   (i) The Company aspires to maintain an appropriate range and a balance of skills, experience and background on the Board. In determining the optimum composition of the Board, differences in the skills, regional and industry experience, background, ethnicity, gender and other qualities of directors shall be considered. All Board appointments are made on merits, in the context of the skills and experience the Board as a whole requires to be effective, with due regard for the benefits of diversity on the Board.

   (ii) The Nomination Committee will review and assess Board composition and its effectiveness on an annual basis. When there is vacancy on the Board, the Nomination Committee will recommend suitable candidate(s) for appointment to the Board on merits, based on the Terms of Reference of the Nomination Committee, with due regard to the Company's own circumstances.

3. *Monitoring and Reporting*

   The Nomination Committee will report annually in the corporate governance report in the annual report, on the composition of the Board (including gender, age, length of service, education background and working experience), and monitor the implementation of the Board Diversity Policy.

The Nomination Committee has reviewed the existing board structure which is complies with the Board Diversity Policy.

Corporate Governance Report

Investment and Management Committee

The Board has delegated management of daily operations and investment matters of the Group to the IMC. The IMC comprises 3 members of the Board, namely:

IMC Members
Mr. Chiu Tao *(Chairman)*
Mr. Hui Richard Rui
Mr. Lee Ming Tung

Corporate Governance Function

The Board is responsible for determining policy related to corporate governance for the Group and performing the corporate governance duties as below:

- To develop and review the Group's policies and practices on corporate governance and make recommendations;
- To review and monitor the training and continuous professional development of the Directors and the senior management;
- To review and monitor the Group's policies and practices on compliance with all legal and regulatory requirements;
- To develop, review and monitor the code of conduct applicable to the employees and the Directors; and
- To review the Group's compliance with the Code and disclosure requirements in the Corporate Governance Report.

Corporate Governance Report

Attendances of Meetings

The attendance record of each Director at the respective meetings during the year ended 31 March 2017 is set out below:

	Meeting(s) Attended/Held				
Name of Director	**Board of Directors**	**Audit Committee**	**Remuneration Committee**	**Nomination Committee**	**General Meeting[1]**
Executive Directors:					
Mr. Chiu Tao	4/4	–	–	1/1	2/2
Mr. Hui Richard Rui	4/4	–	–	–	2/2
Mr. Lee Ming Tung	4/4	–	–	–	2/2
Mr. Kwan Kam Hung, Jimmy	4/4	–	–	–	2/2
Mr. Yeung Kwok Yu	3/4	–	–	–	1/2
Mr. Tsui Ching Hung	4/4	–	–	–	1/2
Mr. Chan Weixing	3/4	–	–	–	1/2
Mr. Wah Wang Kei, Jackie	1/1[2]	–	–	–	Note[2]
Independent Non-executive Directors:					
Mr. Yu Pan	4/4	2/2	1/1	1/1	2/2
Ms. Tong So Yuet	3/4	1/2	–	–	2/2
Ms. Ma Yin Fan	4/4	2/2	1/1	1/1	2/2
Mr. Leung Hoi Ying	4/4	–	–	–	1/2

Notes:

1. The Company held two shareholders' general meetings during the Year, the extraordinary general meeting held on 16 May 2016 and the annual general meeting for 2016 held on 22 September 2016.

2. Mr. Wah Wang Kei, Jackie was appointed on 29 December 2016. A board meeting was held during the period from that date to 31 March 2017 and there was no general meeting held during the said period.

Corporate Governance Report

Chairman and Chief Executive Officer

Under the Code Provision A.2.1, the roles of chairman and chief executive should be separated and should not be performed by the same individual. The Company did not name any officer with the title of "Chief Executive Officer". Mr. Hui Richard Rui is the general manager of the Group (the "General Manager") and assumed the duty of "Chief Executive Officer" who is responsible for managing and smoothing the business operations of the Group while Mr. Chiu Tao, the Chairman, remains to be responsible for leading the Board in the overall strategic development of the Group. The Board believes that there is an effective and sufficient segregation of duties between the Chairman and the General Manager.

Compliance with the Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the "Model Code") as its own code of conduct regarding directors' securities transactions. In response to specific enquiry, all the directors of the Company confirmed that they have complied with the required standards as set out in the Model Code throughout the Year.

Term of Appointment of Non-executive Directors

The Code stipulates that non-executive directors should be appointed for a specific term and subject to re-election. All INEDs have signed the letters of appointment with the Company for a term of two years but they continue to be subject to retirement and re-election as governed by the Articles of Association of the Company.

Continuous Professional Development

In order to ensure the Directors' contribution to the Board remains informed and relevant and to develop and refresh their knowledge and skills, the Company has regularly provided training information, encouraged and funded suitable trainings/seminars for the Directors to participate in continuous professional development. The Company also updates the Directors on the latest developments regarding the Listing Rules and applicable regulatory requirements from time to time to enhance their awareness of good corporate governance practices and to ensure compliance.

Corporate Governance Report

During the Year, all Directors have participated in continuous professional development by attending training courses and/or referring materials on the topics related to the Group's business, corporate governance and regulations:

Name of Director	Participated in continuous professional development (Note)
Executive Directors:	
Mr. Chiu Tao	√
Mr. Hui Richard Rui	√
Mr. Lee Ming Tung	√
Mr. Kwan Kam Hung, Jimmy	√
Mr. Yeung Kwok Yu	√
Mr. Tsui Ching Hung	√
Mr. Chen Weixing	√
Mr. Wah Wang Kei, Jackie	√
Independent Non-executive Directors:	
Mr. Yu Pan	√
Ms. Tong So Yuet	√
Ms. Ma Yin Fan	√
Mr. Leung Hoi Ying	√

Note: Attended expert briefings/seminars/conferences relevant to the business or directors' duties or read regulatory update.

Company Secretary

Mr. Chow Kim Hang ("Mr. Chow"), has been appointed as the Company Secretary of the Company since 2006. Mr. Chow is a Partner of Ma Tang & Co., Solicitors, a corporate and commercial law firm in Hong Kong. He is a practicing solicitor in Hong Kong and a member of The Law Society of Hong Kong. His primary contact person at the Company is Mr. Lee Ming Tung, the Executive Director.

During the Year, Mr. Chow has taken no less than 15 hours of relevant professional trainings to update his skills and knowledge.

Corporate Governance Report

Auditor's Remuneration

For the Year, the Group engaged Deloitte Touche Tohmatsu, external auditor of the Company, to perform audit service.

During the Year, the fees for non-audit services in relation to taxation services and other professional and advisory services provided by the external auditors were approximately US$306,000. The fees for audit related services provided by the external auditors were approximately US$457,000.

Directors' Responsibility for Financial Statements

The Directors are responsible for the preparation of financial statements which give a true and fair view of the state of affairs of the Group, and ensuring that appropriate accounting policies are selected and applied consistently and that financial statements are prepared in accordance with the relevant statutory requirements and applicable accounting standard. The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern, therefore the Directors continue to adopt the going concern approach in preparing financial statements.

The statement of the external auditor of the Company with regard to their reporting responsibilities on the Company's financial statements for the Year is set out in the "Independent Auditor's Report" of this annual report.

Internal Control and Risk Management

The Board is responsible for maintaining a sound and effective internal control and risk management systems. Such systems are in place and designed to manage risks and provide reasonable assurance against material misstatement or loss in order to safeguard the interests of the shareholders and the assets of the Group against unauthorised use or disposition, ensuring maintenance of proper books and records for the provision of reliable financial information, and ensuring compliance with the relevant rules and regulations.

The Group, during the Year has engaged a professional firm as an independent advisor to hold an annual internal control review and risk management assessment to aid the Group in ensuring the internal controls and risk management systems are functioning adequately.

Corporate Governance Report

Process of Risk Management

The risk assessment has identified key risks, primarily through conducting interviews with senior management and the executives under a Business Risk Model ("Risk Model"), presenting threats to the Group, including strategic risks, operation risks, financial risks as well as information risks. The Risk Model is a framework for identifying and understanding the types of business risks. It is followed by assessing the significance and likelihood of the risks qualitatively and quantitatively and prioritized the risks, subsequently evaluate against the control design indicator to conclude the audit requirement rating. According to the result of the risk assessment, a prioritized group of auditable areas is available for input to the development of the Group's internal audit plan.

Main Feature of Internal Control and Risk Management

The Group's internal control system includes a defined management structure with straightforward and clear lines of reporting, authority limits that are designed to help management to carry out regular management functions for the purpose of achieving the Group's business strategies. The internal controls and risk management functions are there in order to deal with the main features of the Group's risk management and internal control systems. The main features are namely: the maintenance of records, maintaining management integrity, the ensuring of proper segregation of duties, helping of the safeguarding Group assets. These features are in place in order to help to manage the Group's risk management and internal control issues.

Review of Effectiveness of the Internal Control and Risk Management System

The Directors acknowledge their responsibility for reviewing the effectiveness of the Group's internal control and risk management systems and would communicate regularly with the Audit Committee and the independent advisor. The Board has reviewed through the work of its Audit Committee and the internal control review report and the findings performed by independent advisor and was satisfied to the effectiveness of the Group's internal control and risk management systems for the year ended 31 March 2017.

Inside Information

With regard to the internal controls and procedures for the handling and dissemination of inside information, the Group is in compliance with under the Part XIVA and relevant parts of the Securities and Future Ordinances and Listing Rules. To be certain that all the staff members in the Group are aware of the inside information handling, the Group's disclosure policy sets out guidance and procedures to ensure that the inside information of the Group is disseminated to the public completely, accurately and timely. Besides, the Board is responsible to approve the dissemination of the information. The Group also has reasonable measures regarding keeping the sensitive information confidential and ensuring the confidentiality terms are in place in the significant agreements.

Corporate Governance Report

Shareholders' Rights and Communications

The Board recognises the importance of effective communications with all shareholders. The Company's annual general meeting (the "AGM") is a valuable forum for the Board to communicate directly with shareholders. During the Year, the Chairman and the members of the Audit Committee, Remuneration Committee and Nomination Committee together with the external auditors also attended the AGM to answer shareholders' questions.

Pursuant to the Articles of Association of the Company, an extraordinary general meeting shall also be convened on the written requisition of any two or more members holding at the date of the deposit of the requisition in aggregate not less than 25% of such of the paid up capital of the Company as at the date of the deposit carries the right of voting at general meetings of the Company. Such requisition must state the purposes of the meeting and must be signed by the requisitionists and deposited to our office at Rooms 4503-05, 45/F., China Resources Building, 26 Harbour Road, Wanchai, Hong Kong. If the Directors do not within 21 days from the date of the deposit of such requisition proceed duly to convene an extraordinary general meeting, the requisitionists themselves may convene the extraordinary general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Directors, and all reasonable expenses incurred by the requisitionists as a result of the failure of the Directors to convene such a meeting shall be reimbursed to them by the Company.

Shareholders shall make a written requisition to the Board by mail to Rooms 4503-05, 45/F., China Resources Building, 26 Harbour Road, Wanchai, Hong Kong, specifying their shareholding information, their contact details and the proposals they intend to put forward at the general meetings regarding any specified transaction/business, together with supporting documents.

Shareholders may send enquiries and concerns to the Board by mail to Rooms 4503-05, 45/F., China Resources Building, 26 Harbour Road, Wanchai, Hong Kong or by email at info@netmindfh.com. Such communications relating to matters within the Board's direct responsibilities shall be forwarded to the Board and communications relating to ordinary business matters, such as suggestions, inquiries and customer complaints shall be forwarded to the relevant senior management of the Company.

Investor Relations

A consolidated version of the Memorandum and Articles of Association of the Company has been posted on the websites of the Company and the Stock Exchange respectively. There have been no changes in the Company's constitutional documents during the Year.

FINANCIAL **OVERVIEW**

Independent Auditor's Report

TO THE SHAREHOLDERS OF NETMIND FINANCIAL HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of NetMind Financial Holdings Limited (the "Company") and its subsidiaries (collectively referred to as "the Group") set out on pages 59 to 137, which comprise the consolidated statement of financial position as at 31 March 2017, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report

Key Audit Matters (continued)

Key audit matters	How our audit addressed the key audit matters
Valuation of investment properties	
We identified the valuation of investment properties as a key audit matter due to the subjective judgements and estimates made by the management in determining the fair values. As disclosed in notes 4 and 15 to the consolidated financial statements, the Group's investment property portfolio comprises commercial and residential properties located in Hong Kong, the People's Republic of China (the "PRC") and the United Kingdom (the "UK"), which are stated at fair value of US$46,962,000 as at 31 March 2017 with gain on change in fair value recognised of US$2,603,000 in profit or loss. In estimating the fair value of these investment properties, the Group engaged independent professional valuers to carry out the valuation. In determining the fair value of the Group's investment property in the UK, the valuer has adopted income approach which involves certain estimates, including market rent and capitalisation rates of the investment property. In determining the fair value of the Group's investment properties in Hong Kong and the PRC, the valuer has adopted direct comparison approach which involves the use of certain significant inputs including market prices of comparable properties and adjusting factors such as floor and direction of the properties.	Our procedures in relation to management's valuation of investment properties included: • Evaluating the competence, capabilities, and objectivity of the valuers; • Understanding the key assumptions applied to the valuation based on available market data; • For the income approach, assessing the reasonableness of key inputs underpinning the valuation, such as comparing market rents estimated by the valuer against recent lease renewals and evaluating whether capitalisation rates adopted are comparable to the market; and • For the direct comparison approach, assessing the reasonableness of the key inputs underpinning the valuation by comparing to the relevant market information including market unit prices of other similar properties in the neighbourhood.

Independent Auditor's Report

Key Audit Matters (continued)

Key audit matters	How our audit addressed the key audit matters
Impairment assessment of goodwill arising from the e-logistics platform	
We identified the impairment assessment of the goodwill arising from the e-logistics platform as a key audit matter as the amount is quantitatively significant to the Group and the valuation requires involvement of significant judgements and estimates. As set out in notes 4 and 16 to the consolidated financial statements, due to change of business plan of the Group and delay in revenue generating activities of the e-logistics platform, the management carried out an impairment assessment of the e-logistics platform and recognised an impairment loss of US$61,763,000 in profit or loss during the year. The Group's carrying amount of goodwill after impairment amounted to US$19,017,000 as at 31 March 2017. The management assessed the recoverable amount of the e-logistics platform at 31 March 2017 by estimating the value in use of this cash-generating unit. The management engaged an independent professional valuer to perform a valuation. The value in use calculation is based on a discounted cash flow model taking into account of key inputs including the budgeted revenue, growth rate and discount rate.	Our procedures in relation to the impairment assessment of goodwill arising from the e-logistics platform included: • Understanding management's impairment assessment process, including the methodology applied and key assumptions used; • Assessing the competence, capability and objectivity of the valuer; • Evaluating the reasonableness of the budgeted revenue and growth rate for the e-logistics platform, with reference to the financial budgets of the Group approved by management and market data; • Involving our valuation expert to evaluate the appropriateness of the discount rate used; and • Evaluating the accuracy of the management's historical forecast by comparing with the actual performance.

Independent Auditor's Report

Other Information

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by HKICPA 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.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Independent Auditor's Report

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is Chung Chin Cheung.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
29 June 2017

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2017

	NOTES	2017 US$'000	2016 US$'000
Revenue	5	**26,937**	58,032
Cost of sales	6	**(8,545)**	(26,731)
Gross profit		**18,392**	31,301
Other income, expenses, gains and losses	7	**(4,908)**	(30,095)
Distribution and selling expenses		**(1,404)**	(3,055)
Administrative expenses		**(28,092)**	(28,562)
Impairment loss recognised in respect of property, plant and equipment	13	**–**	(40)
Impairment loss recognised in respect of exploration and evaluation assets	14	**(7,508)**	(7,460)
Write-off of exploration and evaluation assets	14	**(139)**	(15,778)
Impairment loss recognised on goodwill	16	**(61,763)**	–
Loss on inventories written down to net realisable value		**(9,233)**	(41,804)
Impairment loss recognised on available-for-sale investments	19	**(8,164)**	(32,073)
(Loss) gain on fair value changes of financial assets at fair value through profit or loss		**(199,836)**	66,635
Gain on fair value changes of investment properties	15	**2,603**	413
Share of result of a joint venture	18	**(3,549)**	(6,809)
Share of result of an associate	17	**(751)**	(461)
Finance costs	9	**(625)**	(369)
Loss before taxation	10	**(304,977)**	(68,157)
Taxation	11	**(291)**	(305)
Loss for the year		**(305,268)**	(68,462)
Loss for the year attributable to:			
Owners of the Company		**(304,977)**	(68,320)
Non-controlling interests		**(291)**	(142)
		(305,268)	(68,462)
Other comprehensive (expense) income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(8,088)**	(2,965)
Loss arising from fair value changes of an available-for-sale investment		**(2,080)**	(22,306)
Reclassification adjustment upon impairment on an available-for-sale investment		**3,322**	13,420
Share of other comprehensive expense of an associate	17	**(40)**	(12)
		(6,886)	(11,863)
Total comprehensive expense for the year		**(312,154)**	(80,325)
Total comprehensive expense attributable to:			
Owners of the Company		**(311,860)**	(80,187)
Non-controlling interests		**(294)**	(138)
		(312,154)	(80,325)
Loss per share			
Basic and diluted	12	**US(0.79) cents**	US(0.20) cents

Consolidated Statement of Financial Position

At 31 March 2017

	NOTES	2017 US$'000	2016 US$'000
Non-current assets			
Property, plant and equipment	13	**3,481**	3,755
Exploration and evaluation assets	14	**–**	6,558
Investment properties	15	**46,962**	21,089
Goodwill	16	**19,017**	88,278
Interests in an associate	17	**–**	9,527
Interests in a joint venture	18	**2,074**	5,623
Available-for-sale investments	19	**56,637**	61,008
Financial assets at fair value through profit or loss	23	**–**	8,508
Pledged bank deposits	24	**44,840**	52,962
		173,011	257,308
Current assets			
Inventories	20	**7,417**	11,337
Trade and other receivables	21	**30,975**	19,221
Loan receivable	22	**5,154**	18,172
Amount due from a joint venture	18	**4,042**	4,042
Financial assets at fair value through profit or loss	23	**297,453**	768,005
Bank balances and cash	24	**299,947**	44,450
		644,988	865,227
Current liabilities			
Trade and other payables	25	**8,882**	7,157
Provision for an onerous contract	28	**6,456**	6,279
Amount due to a non-controlling interest	26	**256**	256
Tax payable		**5,172**	4,897
		20,766	18,589
Net current assets		**624,222**	846,638
Total assets less current liabilities		**797,233**	1,103,946
Non-current liabilities			
Provision for mine rehabilitation cost	27	**23,744**	23,346
Provision for an onerous contract	28	**18,174**	24,623
		41,918	47,969
		755,315	1,055,977

Consolidated Statement of Financial Position

At 31 March 2017

	NOTES	**2017** **US$'000**	2016 US$'000
Capital and reserves			
Share capital	29	**496,132**	496,132
Reserves		**247,921**	559,781
Equity attributable to owners of the Company		**744,053**	1,055,913
Non-controlling interests		**11,262**	64
		755,315	1,055,977

The consolidated financial statements on pages 59 to 137 were approved and authorised for issue by the Board of Directors on 29 June 2017 and are signed on its behalf by:

CHIU TAO
DIRECTOR

HUI RICHARD RUI
DIRECTOR

Consolidated Statement of Changes In Equity

For the year ended 31 March 2017

	Attributable to owners of the Company										
	Share capital US$'000	Share premium US$'000	Capital reserve US$'000 (Note a)	Other capital reserve US$'000 (Note b)	Investment revaluation reserve US$'000	Share options reserve US$'000	Exchange reserve US$'000	Accumulated losses US$'000	Total US$'000	Non-controlling interests US$'000	Total US$'000
At 1 April 2015	347,414	497,483	987	128,275	8,886	512	3,157	(9,422)	977,292	(6)	977,286
Loss for the year	–	–	–	–	–	–	–	(68,320)	(68,320)	(142)	(68,462)
Other comprehensive (expense) income	–	–	–	–	(8,886)	–	(2,981)	–	(11,867)	4	(11,863)
Total comprehensive expense for the year	–	–	–	–	(8,886)	–	(2,981)	(68,320)	(80,187)	(138)	(80,325)
Acquisition of subsidiaries	79,487	11,128	–	–	–	–	–	–	90,615	208	90,823
Issue of ordinary shares upon share subscription	69,231	–	–	–	–	–	–	–	69,231	–	69,231
Transaction costs attributable to issue of new shares	–	(1,038)	–	–	–	–	–	–	(1,038)	–	(1,038)
Lapse of share options	–	–	–	–	–	(512)	–	512	–	–	–
At 31 March 2016	496,132	507,573	987	128,275	–	–	176	(77,230)	1,055,913	64	1,055,977
Loss for the year	–	–	–	–	–	–	–	(304,977)	(304,977)	(291)	(305,268)
Other comprehensive income (expense)	–	–	–	–	1,242	–	(8,125)	–	(6,883)	(3)	(6,886)
Total comprehensive income (expense) for the year	–	–	–	–	1,242	–	(8,125)	(304,977)	(311,860)	(294)	(312,154)
Acquisition of subsidiaries	–	–	–	–	–	–	–	–	–	11,492	11,492
At 31 March 2017	496,132	507,573	987	128,275	1,242	–	(7,949)	(382,207)	744,053	11,262	755,315

Notes:

(a) The capital reserve of the Group represents the difference between the nominal value of the shares of the subsidiaries acquired, over the nominal value of the share capital of the Company issued in exchange, in connection with the Group reorganisation completed in January 1994.

(b) The other capital reserve of the Group represents the balance of the credit arising from the cancellation of paid up capital in previous years.

Consolidated Statement of Cash Flows

For the year ended 31 March 2017

	2017 US$'000	2016 US$'000
OPERATING ACTIVITIES		
Loss before taxation	**(304,977)**	(68,157)
Adjustments for:		
Interest income	**(1,673)**	(1,732)
Dividend income	**(10,479)**	(10,617)
Finance costs	**625**	369
Depreciation on property, plant and equipment	**1,263**	2,584
Impairment loss recognised on goodwill	**61,763**	–
Impairment loss recognised on available-for-sale investments	**8,164**	32,073
Impairment loss recognised in respect of property, plant and equipment	**–**	40
Impairment loss recognised in respect of exploration and evaluation assets	**7,508**	7,460
Impairment loss recognised on an associate	**8,207**	–
Loss on inventories written down to net realisable value	**9,233**	41,804
(Gain) loss on disposal of property, plant and equipment	**(11)**	180
Write-off of exploration and evaluation assets	**139**	15,778
Provision for an onerous contract	**–**	29,719
Reversal of provision for rehabilitation	**–**	(2,396)
Share of result of a joint venture	**3,549**	6,809
Share of result of an associate	**751**	461
Gain on fair value changes of investment properties	**(2,603)**	(413)
Loss (gain) on fair value changes of financial assets at fair value through profit or loss	**199,836**	(66,635)
Operating cash flows before movements in working capital	**(18,705)**	(12,673)
Increase in inventories	**(6,028)**	(12,443)
Increase in trade and other receivables	**(11,594)**	(11,485)
Decrease (increase) in loan receivable	**13,018**	(17,948)
Decrease (increase) in held for trading investments	**261,586**	(65,819)
Decrease in trade and other payables	**(4,293)**	(1,883)
Increase in amount due from a joint venture	**–**	(5)
Net cash generated from (used in) operations	**233,984**	(122,256)
Interest received	**1,673**	1,508
Dividend received	**7,947**	7,898
Income tax paid	**(20)**	(20)
NET CASH FROM (USED IN) OPERATING ACTIVITIES	**243,584**	(112,870)

Consolidated Statement of Cash Flows

For the year ended 31 March 2017

	NOTES	2017 US$'000	2016 US$'000
INVESTING ACTIVITIES			
Purchase of available-for-sale investments	19	**(1,227)**	–
Additions to exploration and evaluation assets		**(1,187)**	(1,839)
Purchase of property, plant and equipment		**(464)**	(2,510)
Proceeds on disposal of property, plant and equipment		**93**	20
Decrease (increase) in pledged bank deposits		**7,914**	(21)
Acquisition of interests in an associate		**–**	(10,000)
Net cash outflow arising from acquisition of assets through acquisition of subsidiaries	30	**(11,960)**	–
Net cash inflow arising from acquisition of subsidiaries	31	**–**	3,979
Proceeds on disposal of financial assets designated at fair value through profit or loss		**18,846**	–
NET CASH FROM (USED IN) INVESTING ACTIVITIES		**12,015**	(10,371)
FINANCING ACTIVITIES			
Proceeds from issue of shares		**–**	69,231
Expense on issue of shares		**–**	(1,038)
NET CASH FROM FINANCING ACTIVITIES		**–**	68,193
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**255,599**	(55,048)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		**(102)**	(5)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**44,450**	99,503
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**299,947**	44,450
Represented by:			
Bank balances and cash		**299,947**	44,450

Notes to the Consolidated Financial Statements

For the year ended 31 March 2017

1. GENERAL

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

The Company is an investment holding company with its subsidiaries engaged in (i) exploration, development and mining of copper and other mineral resources materials, (ii) investment in financial instruments, (iii) property investment, (iv) money lending and (v) e-logistics platform. The principal activities of each of its principal subsidiaries are set out in note 40.

The consolidated financial statements are presented in United States dollars ("US$"), which is different from the Company's functional currency of Hong Kong dollars ("HK$"). The management adopted US$ as presentation currency as the management controls and monitors the performance and financial position of the Group based on US$. Each entity of the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following amendments to HKFRSs and Hong Kong Accounting Standard ("HKAS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in current year.

Amendments to HKAS 1	Disclosure initiative
Amendments to HKFRSs	Annual improvements to HKFRSs 2012 – 2014 cycle
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception
Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or disclosures set out in these consolidated financial statements.

Notes to the Consolidated Financial Statements

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

New and amendments to HKFRSs in issue but not yet effective

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

Amendments to HKAS 7	Disclosure initiative[1]
Amendments to HKAS 12	Recognition of deferred tax assets for unrealised losses[1]
Amendments to HKAS 40	Transfers of investment property[3]
Amendments to HKFRSs	Annual improvements to HKFRSs 2014 – 2016 cycle[2]
Amendments to HKFRS 2	Classification and measurement of share-based payment transactions[3]
Amendments to HKFRS 4	Applying HKFRS 9 Financial instruments with HKFRS 4 Insurance contracts[3]
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture[5]
HKFRS 9	Financial instruments[3]
HKFRS 15	Revenue from contracts with customers and the related amendments[3]
HKFRS 16	Leases[4]
HK(IFRIC) – Int 22	Foreign currency transactions and advance consideration[3]

1 Effective for annual periods beginning on or after 1 January 2017.
2 Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate.
3 Effective for annual periods beginning on or after 1 January 2018.
4 Effective for annual periods beginning on or after 1 January 2019.
5 Effective for annual periods beginning on or after a date to be determined.

HKFRS 9 Financial instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets and financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of HKFRS 9 which are relevant to the Group are:

- All recognised financial assets that are within the scope of HKFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at fair value through other comprehensive income. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

New and amendments to HKFRSs in issue but not yet effective (continued)

HKFRS 9 Financial instruments (continued)

- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Based on the Group's financial instruments and risk management policies as at 31 March 2017, application of HKFRS 9 in the future may have a material impact on the classification and measurement of the Group's financial assets. The Group's available-for-sale investments, including those currently stated at cost less impairment, will either be measured at fair value through profit or loss or be designated as fair value through other comprehensive income (subject to fulfillment of the designation criteria). In addition, the expected credit loss model may result in early provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised cost.

HKFRS 15 Revenue from contracts with customers

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction contract and the related interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

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

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

In 2016, the HKICPA issued clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The directors of the Company anticipate that the application of HKFRS 15 in the future may result in more disclosures, however, the directors of the Company do not anticipate that the application of HKFRS 15 will have a material impact on the timing and amounts of revenue recognised in the respective reporting periods.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2017

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

New and amendments to HKFRSs in issue but not yet effective (continued)

HKFRS 16 Leases

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 Leases and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents upfront prepaid lease payments as investing cash flows in relation to leasehold lands classified as investment properties while other operating lease payments as operating cash flows. Under the HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing and operating cash flows respectively.

In contrast to lessee accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease. Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 March 2017, the Group has non-cancellable operating lease commitments of US$2,171,000 (2016: US$1,899,000) in relation to rented premises as disclosed in note 35. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. In addition, the application of new requirements may result changes in measurement, presentation and disclosure as indicated above. However, it is not practicable to provide a reasonable estimate of the financial effect until the directors complete a detailed review.

The directors of the Company anticipate that the application of the other new standards, amendments and interpretations will have no material impacts on the consolidated financial statements of the Group in future.

3. SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

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

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

The principal accounting policies are set out below.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations

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

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

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

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

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

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2017

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Acquisition of a subsidiary not constituting a business

When the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to the financial assets and financial liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to the other individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

Goodwill

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

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination, which represents the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash generating units).

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

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

Investments in an associate and a joint venture

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

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 joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of an associate and a joint venture are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is or the portion so classified is accounted for in accordance with HKFRS 5 Non-current assets held for sale and discontinued operations. Any retained portion of an investment in an associate or a joint venture that has not been classified as held for sale shall be accounted for using the equity method.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments in an associate and a joint venture (continued)

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

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

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 Impairment of assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

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

Revenue recognition

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

Revenue is recognised when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the Group and when specific criteria have been met for each of the Group's activities, as described below.

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed.

Notes to the Consolidated Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend income from investments is recognised when the shareholder's rights to receive payment have been established.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

Exploration and evaluation assets

Exploration and evaluation assets are recognised at cost less any impairment loss.

Exploration and evaluation assets represent costs of acquiring exploration and mining rights and the expenditures in the search for mineral resources on an area of interest basis. Costs incurred before the Group has obtained the legal right to explore an area are recognised in the profit or loss.

Exploration and evaluation assets are only recognised if the rights to the area of interest are current and either:

- the expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively by its sale; or
- activities in the area of interest have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are assessed for impairment if:

- sufficient data exists to determine technical feasibility and commercial viability; or
- facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Where a potential impairment is indicated, an assessment is performed for each area of interest or at the cash generating unit level. To the extent that capitalised expenditure is not expected to be recovered, it is charged to the profit or loss.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrated, any previously recognised exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining properties (included in property, plant and equipment).

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

Mine property and development assets

Mine property and development assets include costs of exploration and evaluation, cost to acquire mineral rights, subsequent costs to develop the mine to the production phase, costs which are necessarily incurred during commissioning of the plant and net of proceeds from the sale of test production.

Mine property and development assets are reclassified to mining properties when the mine starts commercial production.

Mining properties represent the accumulated mine property and development assets and other costs, including construction cost of the mining site infrastructure, incurred in relation to areas of interest in which commercial production of minerals has commenced.

When further development expenditure is incurred in respect of an area of interest in production, such expenditure is capitalised as part of the cost of that mining property only if future economic benefits are probable. Otherwise such expenditure is classified as part of the cost of production and expensed in profit or loss.

The amortisation of mining properties and plant and equipment related to production commences when the mine starts commercial production and is provided on the unit of production basis, based on the actual production volume over the total estimated proved and probable reserves of the copper mine.

The estimated reserves and life of mine are reassessed at least annually. Where there is a change in the reserves, depreciation and amortisation rates are adjusted prospectively from that reporting period.

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2017

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

Stripping cost

The costs from waste removal activity ("stripping cost") incurred in the development phase of a surface mine are capitalised as part of the mining properties and are subsequently amortised over the life of the mine on a unit of production basis.

To the extent that stripping costs incurred in the production phase of a surface mine ("production stripping costs") provide improved access to ore, such costs are recognised as a non-current asset ("stripping activity asset") when certain criteria are met. The costs of normal ongoing operational stripping activities are accounted as inventories. The stripping activity asset is accounted for as an addition to, or as an enhancement of mining properties and classified as tangible assets according to the nature of the mining properties of which it forms part.

The stripping activity asset is then depreciated on a unit of production basis over the expected useful life of the identified component of the ore body that becomes more accessible as a result of the stripping activity.

Leasehold land and buildings

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is classified as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis except for those that are classified and accounted for as investment properties under fair value model.

Capital work in progress

Capital work in progress includes property, plant and equipment in the course of construction for production or for its own use purposes. Capital work in progress is carried at costs less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Capital work in progress is classified to the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

Depreciation

Property, plant and equipment is depreciated to its estimated residual value over the estimated useful life of the specific asset concerned, or the estimated remaining life of the associated mine, field or lease, if shorter. Depreciation commences when the asset is available for use.

Mine property and development assets are depreciated using the unit of production method based on the estimated total recoverable copper contained in proven and probable ore reserves at the related mine.

The production level intended by management is considered to be reached when operational commissioning of major mine and plant components is completed, operating results are being achieved consistently for a period of time and there are indicators that these operating results will be sustained. Other factors include one or more of the following:

- A significant utilisation rate of plant capacity has been achieved; and

- A pre-determined, reasonable period of time of stable operation has passed.

Management reviews the estimated total recoverable copper contained in proven and probable ore reserves at the end of each reporting period and when events and circumstances indicate that such a review should be made. Changes to estimated total recoverable copper contained in proven and probable ore reserves are accounted for prospectively.

Capital work in progress are not depreciated until they are substantially complete and available for their intended use.

Other property, plant and equipment items are depreciated on a straight-line basis over their estimated useful life.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values. All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are classified and accounted for as investment properties and are measured using fair value model. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2017

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventories

Inventories are stated at the lower of weighted average production cost or net realisable value. Copper in process inventory consists of copper contained in mineral ores, the ore on leach pads and in-circuit material within processing operations. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Financial instruments

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

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

Financial assets

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

Effective interest method

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

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL, of which interest income is included in net gains or losses.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Financial assets at fair value through profit or loss

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

A financial asset is classified as held for trading if:

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

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

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

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets and is presented as a separate line item as "(loss) gain on fair value changes of financial assets at fair value through profit or loss".

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, loan receivable, amount due from a joint venture, pledged bank deposits and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or not classified as financial assets at FVTPL, loans and receivables or held-to-maturity investments.

Equity and debt securities held by the Group that are classified as available-for-sale financial assets and are traded in an active market are measured at fair value at the end of the reporting period. Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established. Changes in the carrying amount of available-for-sale monetary financial assets are recognised in other comprehensive income and accumulated under the heading of investment revaluation reserve. When the financial asset is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

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

Impairment of financial assets

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

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

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

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- disappearance of an active market for that financial asset because of financial difficulties.

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

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

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity investments, impairment losses previously recognised in profit or loss are not reversed through profit or loss in subsequent periods. Any increase in fair value subsequent to impairment loss is recognised directly in other comprehensive income and accumulated under the heading of investment revaluation reserve. In respect of available-for-sale debt investments, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Financial liabilities and equity instruments

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

Equity instruments

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities and equity instruments (continued)

Financial liabilities

Financial liabilities, including trade and other payables and amount due to a non-controlling interest, are measured at amortised cost, using the effective interest method.

Effective interest method

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

Interest expense is recognised on an effective interest basis.

Financial guarantee contracts

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

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

(i) the amount of obligation under the contract, as determined in accordance with HKAS 37 Provisions, contingent liabilities and contingent assets; and

(ii) the amount initially recognised less, where appropriate, cumulative amortisation recognised over the guarantee period.

Derecognition

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from loss before tax as reported in the consolidated statement of profit or loss and other comprehensive income 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 temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises 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. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

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

Foreign currencies

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

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. US$) using exchange rate prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (the exchange reserve).

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income and accumulated in equity (the exchange reserve).

Retirement benefit costs

Payments to the Mandatory Provident Fund Scheme and state-sponsored pension scheme are recognised as expense when employees have rendered service entitling them to the contributions.

Defined contribution plans

Contributions to defined superannuation guarantee contribution plans are expensed when employees have rendered service entitling them to the contributions.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leasing

Leases are classified as operating leases whenever the terms of the lease do not transfer substantially all the risks and rewards of ownership to the lessee.

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis.

Impairment on tangible assets other than goodwill (see the accounting policy in respect of goodwill above)

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

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit. An impairment loss is recognised immediately in profit or loss.

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

Notes to the Consolidated Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Provisions

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

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

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

Provision for mine rehabilitation cost

Provision for mine rehabilitation cost is required when the Group has a present obligation as a result of past event, and it is probable that the Group will be required to settle that obligation. Provision is measured based on the area of land disturbed by the mine as a whole in accordance with the relevant rules and regulations at the end of the reporting period, and using the cash flows estimated to settle the present obligation. Its carrying amount is the present value of those cash flows (where the effect is material). The payments for the mine rehabilitation cost is required by the local authority upon the closure of the respective mine project.

Mine rehabilitation cost is provided in the period in which the obligation is identified and is capitalised to the costs of mining properties. The cost is charged to profit or loss through depreciation of assets, which are depreciated using the unit of production method based on the actual production volume over the total estimated proved and probable reserves of the copper mine.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based payment arrangements

Equity settled share-based payment transactions

Share options granted to directors and employees of the Company

The fair value of services received determined by reference to the fair value of share options granted at the grant date is recognised as an expense on a straight-line basis over the vesting period/in full at the grant date when the share options granted vest immediately, with a corresponding increase in equity (share options reserve).

At the end of each reporting period, the Group revises its estimates of the number of options that are expect to ultimately vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimated, with a corresponding adjustment to share options reserve.

When the share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited (due to termination of employment) after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to accumulated losses/retained earnings.

If the share options expire or lapse after the vesting period, the share options reserve is transferred directly to accumulated losses/retained earnings.

4. CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies which are described in note 3, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgments in applying accounting policies

The following is the critical judgment, apart from those involving estimations, that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Deferred taxation on investment properties

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from 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 not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time. Therefore, in measuring the Group's deferred taxation on investment properties, the directors have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is not rebutted. The Group has not recognised any deferred taxes on changes in fair value of investment properties as the Group is not subject to any income taxes on disposal of its investment properties.

Notes to the Consolidated Financial Statements

4. CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Critical judgments in applying accounting policies (continued)

Joint control over Mission Right Limited ("Mission right")

In April 2014, the Group acquired of 50% interest in Mission Right. Mission Right has become a joint venture of the Group following the transaction. Details are set out in note 18.

The directors assessed whether or not the Group has control over Mission Right based on whether the Group has the practical ability to direct the relevant activities of Mission Right unilaterally. In making their judgement, the directors considered the Group does not have control over Mission Right because under the relevant shareholders' agreement, decisions on operating and financing activities of Mission Right require unanimous consent from all joint venture partners. After assessment, the directors concluded that neither the Group nor the other joint venture partner has the ability to control Mission Right unilaterally and therefore Mission Right is considered as jointly controlled by the Group and the joint venture partner.

Key sources of estimation uncertainty

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

Valuation of investment properties

Fair value of investment properties was determined based on a valuation on these properties conducted by an independent firm of professional valuers using property valuation techniques which involve certain assumptions of market conditions. Favourable or unfavourable changes to these assumptions would result in changes in the fair value of the Group's investment properties and corresponding adjustments to the amount of gain or loss recognised in the consolidated statement of profit or loss and other comprehensive income. As at 31 March 2017, investment properties are at fair value of US$46,962,000 (2016: US$21,089,000).

Impairment assessment of goodwill arising from e-logistics platform

In determining whether goodwill is impaired requires an estimation of the recoverable amounts (i.e. value in use) of the cash generating units to which goodwill has been allocated. The value in use calculation requires management to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, or change in facts and circumstances which results in a downward revision of future cash flows, a material impairment loss may arise.

As at 31 March 2017, management expected a significant impairment of goodwill arising from acquisition of e-logistics platform due to change of business plan of the Group and delay in revenue generating activities of e-logistics platform conducted by Planet Smooth Limited and its subsidiaries ("Planet Smooth Group"). Thus, impairment loss of US$61,763,000 (2016: nil) was recognised in profit or loss during the year and the carrying amount of goodwill is approximately US$19,017,000 (2016: US$88,278,000).

4. CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key sources of estimation uncertainty (continued)

Estimated net realisable value of inventories

Inventories are reviewed for their net realisable value at the end of each reporting period, and the Group will makes allowance for inventories with net realisable values lower than their carrying amounts. The excess of carrying value over net realisable value of inventories as at 31 March 2017 was amounted to US$9,233,000 (2016: US$41,804,000). The management estimates the net realisable value based primarily on the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. The carrying amount of inventories after allowance for write-down of the Group as at 31 March 2017 is US$7,417,000 (2016: US$11,337,000).

Provision for mine rehabilitation cost

A provision for future rehabilitation cost requires estimates and assumptions to be made around the relevant regulatory framework, the magnitude of the possible disturbance and the timing, extent and costs of the required closure and rehabilitation activities. To the extent that the actual future costs differ from these estimates, adjustments will be recorded and the consolidated statement of profit or loss and other comprehensive income could be impacted. The provisions, including the estimates and assumptions contained therein, are reviewed regularly by management. As at 31 March 2017, provision for mine rehabilitation cost is at carrying amount of US$23,744,000 (2016: US$23,346,000).

Provision for an onerous contract

Management estimates the provision for an onerous contract being the present obligation of the unavoidable costs less the economic benefits expected to be received under the non-cancellable power supply contract. The expected economic benefits are estimated based on estimated future usage and power supply rates by reference to market statistics and information while unavoidable costs are estimated based on power supply payments that the Group is obliged to make under the contracts.

Management conducted an assessment of the power supply contract and the estimates and assumptions contained therein are reviewed regularly. As at 31 March 2017, provision for an onerous contract is at carrying amount of US$24,630,000 (2016: US$30,902,000).

Fair value of measurement and valuation processes

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. Management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The fluctuation in the fair value of the assets and liabilities is reported and analysed periodically.

The Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of certain types of financial instruments. The detailed information about the valuation techniques, inputs and key assumptions used in the determination of the fair value of various assets and liabilities are set out in notes 15 and 33(c).

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5. REVENUE/SEGMENT INFORMATION

Revenue

Revenue represents revenue arising on sale of copper cathodes, property rental income, dividend income and interest income. An analysis of the Group's revenue for the year is as follows:

	2017 US$'000	2016 US$'000
Sale of copper cathodes	13,468	45,462
Residential rental income	540	578
Office rental income	258	208
Dividend income from trading securities	10,479	10,617
Interest income from financial assets at FVTPL	876	944
Interest income from money lending business	1,316	223
	26,937	58,032

Segment information

Information provided to the chief operating decision maker ("CODM"), representing the executive directors of the Company, for the purposes of resource allocation and performance assessment focuses on types of business. This is also the basis upon which the Group is arranged and organised.

Specifically, the Group's operating and reportable segments under HKFRS 8 were organised into five main operating divisions – (i) mining business, (ii) investment in financial instruments, (iii) property investment, (iv) money lending and (v) e-logistics platform.

Under HKFRS 8, segment information is based on internal management reporting information that is regularly reviewed by the executive directors, being CODM of the Group. The measurement policies of the Group used for segment reporting under HKFRS 8 are the same as those used in its HKFRS financial statements. The CODM assess segment profit or loss using a measure of operating profit whereby certain items are not included in arriving at the segment results of the operating segments (other income, expenses, gains and losses (except for provision for an onerous contract), central administration costs, finance costs, share of result of a joint venture and share of result of an associate).

5. REVENUE/SEGMENT INFORMATION (continued)

Segment revenue and results

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

	Segment revenue		Segment results	
	2017	2016	**2017**	2016
	US$'000	US$'000	**US$'000**	US$'000
Mining business	**13,468**	45,462	**(17,673)**	(85,040)
Investments in financial instruments	**11,355**	11,561	**(200,600)**	43,505
Property investment	**798**	786	**2,595**	905
Money lending	**1,316**	223	**338**	223
E-logistics platform	**–**	–	**(64,578)**	(1,822)
	26,937	58,032	**(279,918)**	(42,229)
Other income, expenses, gains and losses (except for provision for an onerous contract)			**(4,908)**	(376)
Central administration costs			**(15,226)**	(17,913)
Finance costs			**(625)**	(369)
Share of result of a joint venture			**(3,549)**	(6,809)
Share of result of an associate			**(751)**	(461)
Loss before taxation			**(304,977)**	(68,157)

All of the segment revenue reported above is generated from external customers.

Notes to the Consolidated Financial Statements

5. REVENUE/SEGMENT INFORMATION (continued)

Segment assets

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

	2017 US$'000	2016 US$'000
Segment assets:		
– Mining business	**72,877**	93,742
– Investments in financial instruments	**375,558**	851,366
– Property investment	**46,962**	21,089
– Money lending	**5,154**	18,172
– E-logistics platform	**19,267**	91,278
Total segment assets	**519,818**	1,075,647
Unallocated assets:		
– Bank balances and cash	**283,527**	24,045
– Property, plant and equipment	**1,804**	1,956
– Others	**12,850**	20,887
	298,181	46,888
Consolidated total assets	**817,999**	1,122,535

For the purposes of monitoring segment performance and allocating resources between segments, all assets are allocated to reportable and operating segments other than certain bank balances and cash, certain property, plant and equipment, certain other receivables, interests in an associate and interests in a joint venture. The Group's liabilities are not included in report received by CODM as the management is of the opinion that the liabilities have insignificant impact on the financial position of respective segments. Therefore, no segment liabilities are presented.

Interest income is not allocated to relevant segments, while the respective bank balances are allocated to relevant segments.

5. REVENUE/SEGMENT INFORMATION (continued)

Other segment information

2017

	Mining business US$'000	Investments in financial instruments US$'000	Property investment US$'000	Money lending US$'000	E-logistics platform US$'000	Unallocated US$'000	Total US$'000
Amounts included in the measure of segment results or segment assets:							
Gain on fair value changes of investment properties	–	–	2,603	–	–	–	2,603
Additions to non-current assets (Note)	1,617	–	23,270	–	–	43	24,930
Depreciation on property, plant and equipment	(351)	–	–	–	(86)	(196)	(633)
Loss on fair value changes of financial assets at FVTPL	–	(199,836)	–	–	–	–	(199,836)
Impairment loss recognised on goodwill	–	–	–	–	(61,763)	–	(61,763)
Impairment loss recognised on interests in an associate	–	–	–	–	–	(8,207)	(8,207)
Impairment loss recognised on available-for-sale investments	–	(8,164)	–	–	–	–	(8,164)
Impairment loss on exploration and evaluation assets recognised in profit or loss	(7,508)	–	–	–	–	–	(7,508)
Loss on inventories written down to net realisable value	(9,233)	–	–	–	–	–	(9,233)
Write-off of exploration and evaluation assets	(139)	–	–	–	–	–	(139)

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5. REVENUE/SEGMENT INFORMATION (continued)

Other segment information (continued)

2016

	Mining business US$'000	Investments in financial instruments US$'000	Property investment US$'000	Money lending US$'000	E-logistics platform US$'000	Unallocated US$'000	Total US$'000
Amounts included in the measure of segment results or segment assets:							
Gain on fair value changes of investment properties	–	–	413	–	–	–	413
Additions to non-current assets (Note)	4,011	–	–	–	25	305	4,341
Depreciation on property, plant and equipment	(3,129)	–	–	–	(17)	(208)	(3,354)
Gain on fair value changes of financial assets at FVTPL	–	66,635	–	–	–	–	66,635
Impairment loss recognised on available-for-sale investments	–	(32,073)	–	–	–	–	(32,073)
Impairment loss on property, plant and equipment recognised in profit or loss	(40)	–	–	–	–	–	(40)
Impairment loss on exploration and evaluation assets recognised in profit or loss	(7,460)	–	–	–	–	–	(7,460)
Loss on inventories written down to net realisable value	(41,804)	–	–	–	–	–	(41,804)
Write-off of exploration and evaluation assets	(15,778)	–	–	–	–	–	(15,778)
Provision for an onerous contract	(29,719)	–	–	–	–	–	(29,719)

Note: Additions to non-current assets comprise property, plant and equipment, an investment property and exploration and evaluation assets.

5. REVENUE/SEGMENT INFORMATION (continued)

Geographical information

A geographical analysis of the Group's revenue from external customers is presented based on the geographical market where listed securities are traded for investments in financial instruments segment, geographical location where the goods sold are delivered for mining business segment, geographical location of the properties for property investment segment; while information about the carrying amount of non-current assets, excluding financial instruments, pledged bank deposits, interests in an associate and interests in a joint venture, is presented based on the geographical location of the assets, as follows:

	Revenue from external customers		Carrying amounts of non-current assets	
	2017	2016	**2017**	2016
	US$'000	US$'000	**US$'000**	US$'000
The People's Republic of China (the "PRC"), other than Hong Kong	**204**	235	**25,130**	94,523
Hong Kong	**13,203**	12,335	**19,547**	17,136
Australia	**13,468**	45,462	**1,513**	8,021
The United Kingdom (the "UK")	**62**	–	**23,270**	–
	26,937	58,032	**69,460**	119,680

Information about major customers

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

	Year ended 31 March	
	2017	2016
	US$'000	US$'000
Customer A	**13,468**	40,848

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For the year ended 31 March 2017

6. COST OF SALES

	2017 US$'000	2016 US$'000
Contractor fee	6,477	–
Depreciation	275	812
Drilling & blasting, earthmoving & haulage	–	6,792
Staff costs	747	4,394
Direct materials	1,419	10,673
Electricity	5,015	12,113
Diesel/Fuel	161	1,340
Overhead	191	1,284
Maintenance	9	1,848
Equipment rental	4	710
Movement in inventories	(5,753)	(13,235)
	8,545	26,731

7. OTHER INCOME, EXPENSES, GAINS AND LOSSES

	2017 US$'000	2016 US$'000
Bank interest income	1,673	1,508
Net foreign exchange gain (loss)	282	(5,020)
Provision for an onerous contract	–	(29,719)
Reversal of provision for rehabilitation cost	–	2,396
Impairment loss recognised on interests in an associate	(8,207)	–
Others	1,344	740
	(4,908)	(30,095)

8. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

(a) Directors

The emoluments paid or payable to each of the twelve (2016: eleven) directors were as follows:

	2017				
Name	Fees US$'000	Basic salaries allowances and benefits-in-kind US$'000	Performance related bonus US$'000	Contributions to retirement benefit scheme US$'000	Total US$'000
Executive Directors (Note i)					
Chiu Tao (Chairman) (Note ii)	–	5,551	3,205	2	8,758
Chen Weixing	–	–	–	–	–
Hui Richard Rui (Note iv)	–	267	128	2	397
Kwan Kam Hung, Jimmy	–	168	186	2	356
Lee Ming Tung	–	162	86	2	250
Tsui Ching Hung	–	182	38	2	222
Wah Wang Kei, Jackie (Note iii)	–	30	–	1	31
Yeung Kwok Yu	–	211	48	1	260
Independent Non-executive Directors (Note v)					
Leung Hoi Ying	19	–	–	–	19
Ma Yin Fan	26	–	–	–	26
Tong So Yuet	26	–	–	–	26
Yu Pan	15	–	–	–	15
	86	6,571	3,691	12	10,360

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8. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (continued)

(a) Directors (continued)

	2016				
Name	Fees	Basic salaries allowances and benefits-in-kind	Performance related bonus	Contributions to retirement benefit scheme	Total
	US$'000	US$'000	US$'000	US$'000	US$'000
Executive Directors (Note i)					
Chiu Tao (Chairman) (Note ii)	–	5,000	3,206	2	8,208
Chen Weixing	–	–	–	–	–
Hui Richard Rui (Note iv)	–	255	114	2	371
Kwan Kam Hung, Jimmy	–	160	106	2	268
Lee Ming Tung	–	155	77	2	234
Tsui Ching Hung	–	174	29	2	205
Yeung Kwok Yu	–	203	39	2	244
Independent Non-executive Directors (Note v)					
Leung Hoi Ying	3	–	–	–	3
Ma Yin Fan	26	–	–	–	26
Tong So Yuet	26	–	–	–	26
Yu Pan	15	–	–	–	15
	70	5,947	3,571	12	9,600

Notes:

(i) The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group.

(ii) Mr. Chiu Tao is the Chairman of the Company and his emoluments disclosed above include those for services rendered by him.

(iii) Mr. Wah Wang Kei, Jackie was appointed as an executive director of the Company on 29 December 2016.

(iv) Mr. Hui Richard Rui is the General Manager of the Company, whose role is equivalent to a chief executive.

(v) The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

(vi) The performance related bonus payable to executive directors is determined based on the performance of the individual directors. No directors waived any emoluments in both years.

(vii) There is no compensation for the loss of office as a director of the Group for both years.

(viii) There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year.

8. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (continued)

(b) Information regarding employees' emoluments

The five highest paid employees of the Group during the year included four directors (2016: four directors), details of whose remuneration are set out in above. Details of the remuneration for the year of the remaining one (2016: one) highest paid employee who are neither a director nor chief executive of the Company are as follows:

	2017 US$'000	2016 US$'000
Salaries, allowances and benefits in kind	408	377
Retirement benefits	23	22
	431	399

The number of the highest paid employees who are not the directors of the Company whose remuneration fell within the following bands is as follows:

	2017 No. of employees	2016 No. of employees
HK$3,000,001 to HK$3,500,000 (equivalent to US$384,615 to US$448,718)	1	1

During the year ended 31 March 2017 and 2016, no emoluments were paid by the Group to the directors and the chief executives of the Company or the five highest paid individuals (including directors, the chief executives and employees) as an inducement to join or upon joining the Group or as compensation for loss of office.

9. FINANCE COSTS

	2017 US$'000	2016 US$'000
Effective interest expense on provision for mine rehabilitation cost	432	369
Effective interest expense on provision for an onerous contract	193	–
	625	369

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10. LOSS BEFORE TAXATION

	2017 US$'000	2016 US$'000
Loss before taxation has been arrived at after charging:		
Directors' remuneration (note 8(a))	10,360	9,600
Contributions to retirement benefit scheme to employees	781	693
Other staff costs	5,605	9,368
Total staff costs	16,746	19,661
Less: amount capitalised in		
Exploration and evaluation assets	(353)	(540)
Inventories	(747)	(4,394)
Total staff costs included in administrative expenses	15,646	14,727
Auditor's remuneration	457	391
Depreciation on property, plant and equipment	1,263	2,584
Loss on disposal of property, plant and equipment	–	180
Cost of inventories recognised as an expense	8,545	26,731
Minimum lease payments paid under operating leases in respect of rented premises	741	844
and after crediting:		
Gain on disposal of property, plant and equipment	11	–
Gross rental income less direct operating expenses of US$236,000 (2016: US$191,000) from investment properties that generated rental income during the year	562	595

11. TAXATION

	2017 US$'000	2016 US$'000
Current tax:		
PRC	**20**	20
Australian withholding tax	**271**	285
Taxation for the year	**291**	305

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both years. No provision is made for Hong Kong Profits Tax as the Hong Kong group entities have no assessable profit during both years.

Under the applicable corporate tax law in Australia, the tax rate is 30% of the estimated assessable profits.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

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

	2017 US$'000	2016 US$'000
Loss before taxation	**(304,977)**	(68,157)
Taxation at the domestic income tax rate (Note)	**(57,994)**	(22,687)
Tax effect of share of result of a joint venture	**586**	1,123
Tax effect of share of result of an associate	**188**	115
Tax effect of expenses not deductible for tax purpose	**20,476**	29,062
Tax effect of income not taxable for tax purpose	**(3,380)**	(20,128)
Tax effect of tax losses not recognised	**40,169**	16,193
Tax effect of utilisation of tax losses previously not recognised	**(25)**	(3,658)
Australian withholding tax	**271**	285
Taxation for the year	**291**	305

Note: The domestic tax rate in Hong Kong of 16.5% (2016: 16.5%), PRC of 25% (2016: 25%) and Australia of 30% (2016: 30%), which are jurisdictions where the operations of the Group are substantially used.

At 31 March 2017, the Group had unused tax losses of US$598,154,000 (2016: US$365,117,000) available to offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams in both 2017 and 2016. The losses may be carried forward indefinitely.

No deferred tax asset has been recognised in both 2017 and 2016 in relation to the deductible temporary differences arising from tax losses as it is not probable that taxable profit will be available against which deductible temporary differences can be utilised.

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12. LOSS PER SHARE

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

	2017	2016
	US$'000	US$'000
Loss for the year attributable to owners of the Company for the purposes of basic and diluted loss per share	**(304,977)**	(68,320)

	Number of share	
	2017	2016
	'000	'000
Number of ordinary shares for the purposes of basic and diluted loss per share	**38,698,309**	33,824,538

As there were no potential ordinary shares in issue for 2017, there was no diluted loss per share for 2017.

The computation of diluted loss per share for 2016 does not assume the exercise of the Company's outstanding share options during the year since their assumed exercise would result in a decrease in loss per share.

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13. PROPERTY, PLANT AND EQUIPMENT

	Capital work in progress	Mine property and development assets	Plant and equipment	Leasehold land and buildings	Leasehold improvements	Furniture and equipment	Motor vehicles	Vessel	Software	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
COST										
At 1 April 2015	2,682	202,594	26,333	6,492	385	1,824	878	3,934	–	245,122
Exchange adjustments	–	592	76	15	–	4	(2)	–	(4)	681
Additions	40	2,120	25	–	7	68	30	200	–	2,490
Acquisition of subsidiaries	–	–	140	–	–	–	36	–	187	363
Disposals/write-off	–	–	(34)	–	–	(15)	–	(192)	–	(241)
At 31 March 2016	2,722	205,306	26,540	6,507	392	1,881	942	3,942	183	248,415
Exchange adjustments	–	(291)	(54)	(8)	–	(2)	5	–	(14)	(364)
Additions	–	9	–	–	13	17	413	12	–	464
Disposals/write-off	–	–	(94)	–	–	–	(56)	(94)	–	(244)
At 31 March 2017	2,722	205,024	26,392	6,499	405	1,896	1,304	3,860	169	248,271
DEPRECIATION AND IMPAIRMENT										
At 1 April 2015	2,682	202,594	24,125	4,828	308	1,559	789	3,719	–	240,604
Exchange adjustments	–	592	102	22	–	7	–	–	–	723
Provided for the year	–	2,120	742	233	28	164	39	28	–	3,354
Impairment loss recognised in profit or loss	40	–	–	–	–	–	–	–	–	40
Eliminated on disposals/write-off	–	–	(6)	–	–	(15)	–	(40)	–	(61)
At 31 March 2016	2,722	205,306	24,963	5,083	336	1,715	828	3,707	–	244,660
Exchange adjustments	–	(291)	(40)	(8)	–	(2)	–	–	–	(341)
Provided for the year	–	9	314	34	29	66	107	31	43	633
Eliminated on disposals/write-off	–	–	(65)	–	–	–	(3)	(94)	–	(162)
At 31 March 2017	2,722	205,024	25,172	5,109	365	1,779	932	3,644	43	244,790
CARRYING VALUES										
At 31 March 2017	–	–	1,220	1,390	40	117	372	216	126	3,481
At 31 March 2016	–	–	1,577	1,424	56	166	114	235	183	3,755

Capital work in progress represents the construction of mine structures and mining site infrastructure and processing facilities.

Depreciation on the mine property and development assets of items in area of interest where mine production commenced is provided using the unit of the production method (the "UOP") based on the actual production volume over the total estimated proved and probable ore reserves of the copper mines.

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13. PROPERTY, PLANT AND EQUIPMENT (continued)

The property, plant and equipment, except for capital work in progress and mine property and development assets, are depreciated on a straight-line basis after taking into account their estimated residual value, at the following rates per annum:

Plant and equipment	20% – 33%, or over the life of the mines whichever is shorter
Leasehold land and buildings	2%
Leasehold improvements	20% – 33% or over the terms of the leases whichever is shorter
Furniture and equipment	10% – 25%
Motor vehicles	25%
Vessel	10% – 25%

Depreciation expense of property, plant and equipment of US$9,000 and US$275,000 (2016: US$12,000 and US$2,763,000) incurred during the year ended 31 March 2017 were capitalised as part of exploration and evaluation assets and inventories, respectively. US$914,000 (2016: US$2,005,000) of these capitalised costs was charged to profit or loss as cost of goods sold during the year.

For the year ended 31 March 2016, under the circumstances of the continuous decrease in copper price, the directors conducted a review on the recoverable amount of cash-generating units for the mining of copper on the Group's property, plant and equipment and determined that a number of those assets were impaired. Accordingly, an impairment loss of US$40,000 has been recognised in respect of property, plant and equipment, which are used in the mining business segment. The recoverable amounts of the relevant assets have been determined on the basis of their value in use. As at 31 March 2017, the recoverable amount of the relevant property, plant and equipment is US$1,513,000 (2016: US$1,463,000). No impairment loss has been recognised during the year ended 31 March 2017.

14. EXPLORATION AND EVALUATION ASSETS

	US$'000
COST	
At 1 April 2015	28,709
Impairment loss recognised in profit or loss	(7,460)
Exchange adjustments	(764)
Additions	1,851
Write-off recognised in profit or loss	(15,778)
At 31 March 2016	**6,558**
Impairment loss recognised in profit or loss	**(7,508)**
Exchange adjustments	**(107)**
Additions	**1,196**
Write-off recognised in profit or loss	**(139)**
At 31 March 2017	**–**

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14. EXPLORATION AND EVALUATION ASSETS (continued)

During the year ended 31 March 2017, the management carried out review on all exploration projects undergoing and have decided to surrender 2 (2016: 24) exploration permits for minerals in Australia which might not make synergy with other exploration areas after considering the then current copper price and the locations and expected returns from further drilling of the areas under these 2 (2016: 24) permits. Accordingly, the management has fully written off the carrying amount of part of these exploration projects of US$139,000 during the year ended 31 March 2017 (2016: US$15,778,000).

During the year, under the circumstances of the decrease in copper price, the directors also conducted a review on the recoverable amount of cash-generating unit ("CGU") for the mining of copper on the Group's exploration and evaluation assets and determined that impairment loss of US$7,508,000 has been recognised (2016: US$7,460,000). The recoverable amounts of the relevant assets have been determined on the basis of the value in use.

15. INVESTMENT PROPERTIES

	2017 US$'000	2016 US$'000
FAIR VALUE		
At the beginning of the year	21,089	20,676
Additions through acquisition of subsidiaries (note 30)	23,270	–
Gain on fair value changes recognised in profit or loss	2,603	413
At the end of the year	46,962	21,089

The fair value of the Group's investment properties as at 31 March 2017 and 2016 has been arrived at on the basis of a valuation carried out on those dates by independent qualified professional valuers not connected with the Group.

The fair value was determined based on the income approach and direct comparison approach. For the income approach, the value of the completed investment properties is derived from capitalising the rental income derived from the existing tenancies. For the direct comparison approach, the fair value is arrived at by reference to unit market values of comparable properties and the adjusting factors such as floor and direction.

The properties were rented out under operating leases and categorised at Level 3 (2016: Level 3) under the fair value hierarchy.

Details of the Group's investment properties and information about the fair value hierarchy as at 31 March 2017 and 2016 are as follows:

	Fair value as at 31 March	
	2017 US$'000	2016 US$'000
Residential units located in Hong Kong	17,744	15,180
Commercial units located in the PRC	5,948	5,909
Commercial units located in the UK	23,270	–
	46,962	21,089

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15. INVESTMENT PROPERTIES (continued)

The following table gives information about how the fair values of these investment properties as at 31 March 2017 and 31 March 2016 are determined (in particular, the valuation techniques and inputs used), as well as the fair value hierarchy into which the fair value measurements are categorised (Level 3) based on the degree to which the inputs to the fair value measurements is observable.

	Valuation technique(s) & key inputs	Significant unobservable input(s)	Relationship of unobservable inputs to fair value	Sensitivity
Property 1- Properties in Quarry Bay, Hong Kong	Direct comparison method based on market observable transactions of similar properties and adjust to reflect the conditions and locations of the subject property	Price per square foot, using market direct comparable and taking into account of the adjusting factors such as floor and direction of the property, of HK$8,103 per square foot (2016: HK$6,931 per square foot)	A slight increase in the price per square foot will increase slightly the fair value.	If the market price to the valuation model is 5% higher/lower while all the other variables were held constant, the carrying value of the investment properties would increase/decrease by US$301,000 (equivalent to HK$2,350,000) (2016: US$258,000 (equivalent to HK$2,010,000)).
Property 2 – Properties in Quarry Bay, Hong Kong	Direct comparison method based on market observable transactions of similar properties and adjust to reflect the conditions and locations of the subject property	Price per square foot, using market direct comparable and taking into account of the adjusting factors such as floor and direction of the property, of HK$8,487 per square foot (2016: HK$7,261 per square foot)	A slight increase in the price per square foot will increase slightly the fair value.	If the market price to the valuation model is 5% higher/lower while all the other variables were held constant, the carrying value of the investment properties would increase/decrease by US$586,000 (equivalent to HK$4,570,000) (2016: US$501,000 (equivalent to HK$3,910,000)).
Property 3 – Properties in Changning District, Shanghai City, the PRC	Direct comparison method based on market observable transactions of similar properties and adjust to reflect the conditions and locations of the subject property	Price per square metre, using market direct comparable and taking into account of the adjusting factors such as floor and direction of the property, of RMB21,775 per square metre (2016: RMB21,775 per square metre)	A slight increase in the price per square metre will increase slightly the fair value.	If the market price to the valuation model is 5% higher/lower while all the other variables were held constant, the carrying value of the investment properties would increase/decrease by US$100,000 (equivalent to RMB700,000) (2016: US$108,000 (equivalent to: RMB700,000)).

15. INVESTMENT PROPERTIES (continued)

	Valuation technique(s) & key inputs	Significant unobservable input(s)	Relationship of unobservable inputs to fair value	Sensitivity
Property 4 – Properties in Luohu District, Shenzhen, the PRC	Direct comparison method based on market observable transactions of similar properties and adjust to reflect the conditions and locations of the subject property	Price per square metre, using market direct comparable and taking into account of the adjusting factors such as floor and direction of the property, of RMB17,413 per square metre (2016: RMB15,450 per square metre)	A slight increase in the price per square metre will increase slightly the fair value.	If the market price to the valuation model is 5% higher/lower while all the other variables were held constant, the carrying value of the investment properties would increase/decrease by US$197,000 (equivalent to RMB1,375,000) (2016: US$188,000 (equivalents to RMB1,220,000)).
Property 5 – Property in Edinburgh, the UK	Income capitalisation method based on market rent and capitalisation rate of similar properties	Market rent per square foot of GBP15	The higher the market rent, the higher the fair value.	If the market rent to the valuation model is 5% higher/lower while all the other variables were held constant, the carrying value of the investment properties would increase/decrease by US$1,161,000 (equivalent to GBP929,000).
		Capitalisation rate of 7.40%	The higher the capitalisation rate, the lower the fair value.	If the capitalisation rate to the valuation model is 0.5% higher/lower while all the other variables were held constant, the carrying value of the investment property would decrease/increase by US$1,470,000/US$1,682,000 (equivalent to GBP1,176,000/GBP1,346,000), respectively.

There was no transfer into or out of Level 3 during the year.

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16. GOODWILL

	US$'000
COST	
At 1 April 2015	–
Arising on acquisition of subsidiaries	88,278
At 31 March 2016	88,278
Exchange adjustments	(7,930)
At 31 March 2017	**80,348**
IMPAIRMENT	
At 1 April 2015 and 31 March 2016	–
Exchange adjustments	(432)
Impairment loss recognised in the year	61,763
At 31 March 2017	**61,331**
CARRYING VALUES	
At 31 March 2017	**19,017**
At 31 March 2016	88,278

For the impairment testing, goodwill is allocated to the Group's CGU identified according to business segment which is the e-logistics platform.

Management expected a significant impairment of goodwill arising from acquisition of e-logistics platform due to change of business plan of the Group and delay in revenue generating activities of e-logistics platform conducted by Planet Smooth Group.

The recoverable amount of the CGU was based on its value in use and was determined with the assistance of GW Financial Advisory Services Limited, an independent professional qualified valuer not connected with the Group. The calculation uses cash flow projections based on historical performance and financial budgets approved by management covering a five-year period, and at discount rate of 29.4% (2016: 27.9%). Cash flows after the five-year period were extrapolated using a 3% (2016: 3%) growth rate in considering the economic condition of the market.

The growth rate used to extrapolate cash flow projections beyond the five-year period do not exceed the long-term average growth rate for the industry. Other key assumptions for the value in use calculations relate to the estimation of cash inflows which include budgeted revenue, growth rate and discount rate. Such estimation is based on the industry information and management's expectation for the market development including the fluctuation in e-logistics business in the current economic environment.

During the year ended 31 March 2017, impairment loss on goodwill amounting to US$61,763,000 (2016: nil) was recognised.

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17. INTERESTS IN AN ASSOCIATE

	2017 US$'000	2016 US$'000
Cost of unlisted investment in an associate	**10,000**	10,000
Share of post-acquisition loss and other comprehensive expense	**(1,264)**	(473)
Impairment loss recognised on interests in an associate	**(8,207)**	–
Exchange adjustment	**(529)**	–
	–	9,527

The interests in an associate represent a 20% equity interest in Kuaichi Group Holding Limited and its subsidiaries ("Kuaichi Group"). The Group is able to exercise significant influence over Kuaichi Group as the Group has the power to participate in the financial and operating policy decisions of the investees but does not have control or joint control over those policies. Accordingly, Kuaichi Group is regarded as an associate of the Group.

Details of the Group's associate at the end of the reporting period are as follow:

Name of entity	Country of incorporation/ registration	Principal place of business	Proportion of ownership interest held by the Group		Proportion of voting rights held by the Group		Principal activity
			2017	2016	**2017**	2016	
Kuaichi Group Holding Limited (Note)	Cayman Islands	PRC	**20%**	20%	**20%**	20%	e-logistics business

Note: On 14 September 2015, Gold Label Inc, a wholly-owned subsidiary of the Company and Mr. Chen Wei Xing, Mr. Zhao Gan and Mr. Yang Bang Zhao (the "Vendors"), entered into a subscription agreement in respect of the acquisition of 20% equity interest in Kuaichi Group (the "Sale Shares") at an aggregate consideration of US$10,000,000 and it is principally engaged in e-logistics platform business in the PRC.

During the year ended 31 March 2017, the directors of the Company considered the continuous loss incurred by Kuaichi Group and reviewed the carrying value of the Group's associate. The entire carrying amount of the interests in an associate (including goodwill) is tested for impairment in accordance with HKAS 36 Impairment of Assets as a single asset by comparing its recoverable amount with its carrying amount. Since the recoverable amount is lower when compared with its carrying amount, impairment loss amounting to US$8,207,000 (2016: nil) is recognised during the year ended 31 March 2017.

The recoverable amount of the investment in an associate was based on its value in use and was determined with the assistance of GW Financial Advisory Services Limited, an independent professional qualified valuer not connected with the Group. In determining the value in use of the interest in an associate, the directors estimated the present value of the estimated future cash flow comprising expected dividend income from the associate and expected ultimate disposal, by using a discount rate of 29.4% (2016: 27.8%) to discount the cash flow projections to net present value.

The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with HKFRSs.

The associate is accounted for using the equity method in these consolidated financial statements.

Notes to the Consolidated Financial Statements

17. INTERESTS IN AN ASSOCIATE (continued)

Kuaichi Group

	2017 US$'000	2016 US$'000
Current assets	**1,143**	5,263
Non-current assets	**40**	71
Current liabilities	**309**	508
Non-current liabilities	**–**	–

	2017 US$'000	2016 US$'000
Revenue	**64**	–
Loss for the year/period	**3,753**	2,306
Other comprehensive expense for the year/period	**199**	59
Total comprehensive expense for the year/period	**3,952**	2,365

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

	2017 US$'000	2016 US$'000
Net assets of Kuaichi Group	**874**	4,826
Proportion of the Group's ownership interest in Kuaichi Group Holding Limited	**20%**	20%
	174	965
Goodwill	**8,033**	8,562
Impairment loss recognised in the year	**(8,207)**	–
Carrying amount of the Group's interest in Kuaichi Group	**–**	9,527

18. INTERESTS IN A JOINT VENTURE/AMOUNT DUE FROM A JOINT VENTURE

Details of the Group's investment in a joint venture as follows:

	2017 US$'000	2016 US$'000
Share of result of a joint venture	**(3,549)**	(6,809)
Amount due from a joint venture	**4,042**	4,042

The interest in a joint venture represents a 50% equity interest in Mission Right Limited ("Mission Right"), an equity joint venture established in the Hong Kong in April 2014. The Group is able to exercise joint control over Mission Right as all decisions about the relevant activities require unanimous consent of the Group and the other joint venture partner. The Group also has rights to the net assets of Mission Right. Accordingly, Mission Right is regarded as a joint venture of the Group.

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18. INTERESTS IN A JOINT VENTURE/AMOUNT DUE FROM A JOINT VENTURE (continued)

Details of joint venture at the end of the reporting period as follows:

Name of entity	Form of entity	Country of incorporation	Principal place of operation	Class of shares held	Proportion of ownership interest held by the Group		Proportion of voting rights held by the Group		Principal activity
					2017	2016	2017	2016	
Mission Right Limited	Incorporated	British Virgin Islands ("BVI")	Hong Kong	Ordinary	50%	50%	50%	50%	Investment in equity instruments

The joint venture is accounted for using the equity method in these consolidated financial statements:

	2017 US$'000	2016 US$'000
Current assets	12,232	19,330
Non-current assets	–	–
Current liabilities	8,084	8,084
Non-current liabilities	–	–
Revenue	–	–
Loss for the year	(7,098)	(13,618)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Mission Right recognised in the financial statements:

	2017 US$'000	2016 US$'000
Net assets of Mission Right	4,148	11,246
Proportion of Group's ownership interest in Mission Right	50%	50%
Carrying amount of Group's interest in Mission Right	2,074	5,623

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19. AVAILABLE-FOR-SALE INVESTMENTS

Details of the available-for-sale investments are set out below:

	2017 US$'000	2016 US$'000
Unlisted equity securities (Note a)	**51,961**	51,961
Less: Impairment loss recognised	**(44,588)**	(39,746)
	7,373	12,215
Equity securities listed in Hong Kong (Note b)	**45,600**	46,356
Investments funds	**1,227**	–
Club membership	**2,437**	2,437
	56,637	61,008

Notes:

(a) (i) As at 1 April 2015, the Group held 23,800,000 shares of a private and unlisted company ("Investee Company") incorporated in the Cayman Islands whose subsidiaries are principally engaged in securities trading, investment holding and provision of brokerage and financial services, which represents approximately 2.59% of the issued shares in the Investee Company.

Afterwards, the Investee Company issued 124,688,000 more shares to other investors and the Group's shareholding of the Investee Company was diluted to 2.28%.

On 15 September 2015, Leadton Corp. ("Leadton"), a wholly-owned subsidiary of the Company, signed an agreement with other ten shareholders of the Investee Company to set up a company incorporated in the Republic of Marshall Islands ("Company A"). Leadton and the other ten shareholders have an aggregate shareholding of 26.96% in the Investee Company. Under the agreement, Company A was interspersed between 1) Leadton and the other ten shareholders and 2) the Investee Company. Also, Leadton and the other ten shareholders exchanged every one share of the Investee Company for one share of Company A. Upon the completion, Leadton has 8.46% equity interests in Company A. Such share transfer was completed on 2 October 2015.

Subsequently, Company A issued 8,400,000 more shares to another new investor. Therefore, Leadton's equity interests in Company A was diluted from 8.46% to 8.22%.

Company A purchased another 47,138,400 shares of the Investee Company through borrowing. Afterwards, the Company A's shareholding in the Investee Company increased from 26.96% to 30.11% (the Group's effective shareholding in Investee Company increased from 2.28% to 2.48%). During the period ended 30 September 2016, Company A disposed of all the shares of the Investee Company and significant loss was resulted from the disposal. Company A invested in other debt instruments afterwards.

These unlisted equity securities are measured at cost less impairment at the end of the reporting period because variability in the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that their fair values cannot be measured reliably.

As at 30 September 2016, the management has engaged independent professional valuer to determine the fair value of Company A. The valuer applied a discount rate of 30% (31 March 2016: 20.14%) for the lack of liquidity of the business operation being valued due to the fact that it is not a listed company. The inputs of the valuation are the price to book ratio and the liquidity discount. Following such assessment, an impairment loss of US$1,279,000 was recognised during the year ended 31 March 2017 (2016: US$12,329,000).

Considered that full impairment has been made to this investment as at 30 September 2016 and no reversal of impairment on available-for-sale investment is allowed, the management did not engage independent professional valuer to determine the fair value of Company A as at 31 March 2017.

19. AVAILABLE-FOR-SALE INVESTMENTS (continued)

Notes: (continued)

(a) (ii) As at 31 March 2017 and 31 March 2016, the Group held 52,479 shares of a private and unlisted company incorporated in the Cayman Islands which is engaged in securities investing business. It represents approximately 2.19% of the issued share capital of the investee company.

The unlisted equity securities are measured at cost less impairment at the end of the reporting period because variability in the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that their fair values cannot be measured reliably.

During the year ended 31 March 2017, the management engaged an independent professional valuer to determine the fair value of this investment with reference to publicly available information of comparable companies applying a marketability discount. The valuer adopts the market approach to determine the valuation parameters derived from market prices and financial data of listed companies in a similar business and with a similar business model as that of the company being valued. The valuer applied a discount rate of 30% (31 March 2016: 30%) for the lack of liquidity of business operation being valued due to the fact that it is not a listed company. An impairment loss of US$3,563,000 related to this unlisted investment was recognised in profit or loss for the year ended 31 March 2017 (2016: US$6,324,000).

(b) As at 31 March 2017, the Group's available-for-sale investments included equity securities listed in Hong Kong, which represented 2,419,569,625 shares, approximately 8.95% of shareholding, (31 March 2016: 2,347,926,918 shares, approximately 8.84% shareholding) in G-Resources Group Limited ("G-Resources") incorporated in Bermuda, with a carrying amount of US$45,600,000 as at 31 March 2017 (31 March 2016: US$46,356,000). The increase in shareholding is due to the receipt of scrip dividend of 71,642,707 ordinary shares during the year. The listed equity securities were stated at fair values which have been determined based on quoted market bid prices available on the Stock Exchange.

During the period ended 30 September 2016, a fair value loss amounting to US$3,322,000 was recognised in the investment revaluation reserve and this was reclassified as impairment loss to profit or loss as the drop of fair value of G-Resources is considered prolonged and significant and such amount cannot be reversed afterwards. Subsequently, a fair value gain of US$1,242,000 was recognised in investment revaluation reserve during the year ended 31 March 2017.

During the year ended 31 March 2016, a fair value loss amounting to US$22,306,000 was recognised in the investment revaluation reserve and the amount of US$13,420,000 was reclassified as impairment loss to profit or loss as the drop of fair value of G-Resources is considered significant and prolonged and such amount cannot be reversed afterwards.

20. INVENTORIES

	2017 US$'000	2016 US$'000
Copper in process	**6,101**	8,993
Copper cathodes	**427**	1,084
Spare parts and consumables	**889**	1,260
	7,417	11,337

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21. TRADE AND OTHER RECEIVABLES

	2017 US$'000	2016 US$'000
Trade receivable	1,180	2,472
Other receivables	29,795	16,749
Total trade and other receivables	30,975	19,221

Aging of trade receivable (based on invoice dates, which approximated the respective revenue recognition dates)

	2017 US$'000	2016 US$'000
0 – 60 days	1,180	2,472

Trade receivable as at 31 March 2017 represents trade receivable from sales of copper cathodes in Australia. The balance is due on the fifth working days of the following month after delivery. Management believes that no impairment allowance is necessary in respect of this balance as it is settled subsequently in full. The Group does not hold any collateral over this balance.

Included in other receivables is amount due from broker amounting to US$21,468,000 due to either deposits for acquisition of securities investments or disposal of securities investments as at 31 March 2017 (2016: US$13,845,000). The amount has been fully repaid or utilised subsequent to 31 March 2017.

As at 31 March 2017, a deposit paid for potential investments amounting to US$5,234,000 (2016: nil) is also included in the other receivables. The potential investments were subsequently lapsed and the deposit was received.

22. LOAN RECEIVABLE

	2017 US$'000	2016 US$'000
Fixed-rate loan receivable, current	5,154	18,172

As at 31 March 2017, the loan receivable of US$5,154,000 (equivalent to HK$40,201,000) carried an effective interest rate of 14% per annum (which is a fixed rate and equal to the contractual interest rate) is denominated in HK$ and secured by specified securities. The loan was borrowed by one independent third party in January 2017 and the contractual maturity is due within six months.

Before granting loans to outsider, the Group uses an internal credit assessment process to assess the potential borrower's credit quality and defines credit limits granted to borrowers. Limits attributed to borrowers are reviewed by the management regularly.

Management believes that no impairment allowance is necessary in respect of the loan receivable as there is no significant change in credit quality and the balance is received subsequent to the date of reporting period.

No loan receivable is past due but not impaired as at 31 March 2017.

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23. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2017 US$'000	2016 US$'000
Held for trading investments (current assets)		
Debt securities listed in Singapore	55,312	–
Equity securities listed in Hong Kong	180,709	689,575
Equity securities listed outside Hong Kong	2,364	1,375
Investment funds	59,068	77,055
	297,453	768,005
Designated at FVTPL (non-current assets)		
Unlisted debt securities (Note)	–	8,508
	297,453	776,513

The fair values of the listed equity securities are determined based on the quoted market bid prices available on the relevant stock exchanges. The fair values of the investment funds are determined with reference to the values of the underlying assets of the funds which are provided by the counterparty financial institutions.

Included in equity securities listed in Hong Kong above is the Group's investment in G-Resources with a carrying amount of US$41,601,000 as at 31 March 2017 (2016: US$42,291,000). The investment represents 8.16% of holding of the issued shares of G-Resources as at 31 March 2017 (2016: 8.06%).

Note: The unlisted unsecured bond (the "Unsecured Bond") with a principal amount of HK$147,000,000 (equivalent to approximately US$18,846,000) carries coupon rate of 5% per annum, and is redeemable by the issuer at any time after thirty days from date of issue before maturity at its principal amount together with interest accrued at the redemption date. The Unsecured Bond is payable upon maturity on 9 October 2020. During the year ended 31 March 2017, the Unsecured Bond was redeemed with a gain of US$10,338,000 recognised in profit or loss.

24. BANK BALANCES AND CASH/PLEDGED BANK DEPOSITS

Bank balances and cash comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less at prevailing market interest rates. The effective interest rate ranges from 0.29% to 2.20% (2016: 0.33% to 2.20%) per annum.

The Group has provided certain bank guarantees in connection with the terms of supplier contracts in respect of which the Group is obliged to indemnify the banks. At the end of the reporting period, no claims have been made under these guarantees. The amount of these guarantees may vary from time to time depending upon the requirements of the contract terms of the supplier contracts. These guarantees are backed by collateral deposits which amounted to US$21,403,000 as at 31 March 2017 (2016: US$25,298,000).

Another US$23,437,000 (2016: US$27,664,000) represents deposit paid by the Group to a bank as required by the government of Queensland, Australia for operating in the mining activities or closure of mines and the environmental rehabilitation work of relevant mines meets the government's requirement (see note 27).

The interest rates for the pledged bank deposits range from 1.37% to 2.50% (2016: 1.91% to 2.35%) per annum for the year ended 31 March 2017.

25. TRADE AND OTHER PAYABLES

	2017 **US$'000**	2016 US$'000
Total trade payables (aged within 30 days)	**298**	349
Other payables	**8,584**	6,808
	8,882	7,157

The average credit period on purchases of goods is 30 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

On 31 May 2010, the Group acquired the entire issued share capital of CST Minerals Lady Annie Pty Limited ("CSTLA") at cash consideration of AUD130,000,000, equivalent to approximately US$110,073,000, and an additional contingent consideration. Based on the relevant agreement, the Group is required to pay (i) an additional amount of AUD2,500,000 upon the production of the first 10,000 tonnes of copper cathode from CSTLA and (ii) a further AUD2,500,000 upon the delineation of additional ore reserves containing 25,000 tonnes of contained copper. Obligation stated in (i) of AUD2,500,000, equivalent to approximately US$1,911,000 (2016: AUD2,500,000, equivalent to approximately US$1,914,000 and (ii) of AUD2,500,000, equivalent to approximately US$1,911,000 (2016: AUD2,500,000, equivalent to approximately US$1,914,000) represents the estimated fair value of the Group's obligation as at 31 May 2010 and has been fully provided. Production of the first 10,000 tonnes was completed in the year ended 31 March 2012 and US$2,607,000 was fully settled during the year ended 31 March 2013. As at 31 March 2017, the additional ore reserves are not yet delineated and the remaining AUD2,500,000, equivalent to approximately US$1,911,000 (2016: AUD2,500,000, equivalent to approximately US$1,914,000) was included in other payables.

Other payables also include Goods and Services Tax payable and Royalty payable to the Australian Government of US$42,000 and US$118,000 (2016: US$2,000 and US$301,000), respectively, in respect of sales made in Australia under relevant rules and regulations.

26. AMOUNT DUE TO A NON-CONTROLLING INTEREST

The amount is unsecured, interest-free and repayable on demand.

27. PROVISION FOR MINE REHABILITATION COST

In accordance with relevant rules and regulations in Australia, the Group is obligated to bear the cost of rehabilitation upon the closure of the Group's copper mine. The provision for rehabilitation cost has been estimated in accordance with the local rules and regulations in the aforesaid regions.

Rehabilitation costs have been estimated based on the current regulatory requirements and determined based on the net present value of future cash expenditures upon rehabilitation, and which is expected to result in cash outflow for CSTLA of such mine rehabilitation cost in July 2018. Rehabilitation costs are capitalised as mine property and development assets in property, plant and equipment, and are amortised over the life of the mine on an UOP basis.

A bank guarantee of US$23,317,000 (2016: US$25,232,000) is placed with the Department of Environment and Heritage Protection, Queensland Government, Australia for the purposes of settling these rehabilitation costs (see note 24).

27. PROVISION FOR MINE REHABILITATION COST (continued)

	US$'000
At 1 April 2015	25,377
Exchange adjustment	(4)
Effective interest	369
Reversal of provision	(2,396)
At 31 March 2016	**23,346**
Exchange adjustment	**(34)**
Effective interest	**432**
At 31 March 2017	**23,744**

28. PROVISION FOR AN ONEROUS CONTRACT

As at 31 March 2017, the committed power supply expenses of an non-cancellable power supply contract with lease term expiring over 45 months as at 31 March 2017 and the management estimated their onerous contract amounted to US$24,630,000 (2016: US$30,902,000).

	US$'000
At 1 April 2015	–
Provision for the year	29,719
Exchange adjustment	1,183
At 31 March 2016	30,902
Effective interest	193
Amounts transferred to other payables	(6,321)
Exchange adjustment	(144)
At 31 March 2017	**24,630**

	2017 **US$'000**	2016 US$'000
Current portion	**6,456**	6,279
Non-current portion	**18,174**	24,623
	24,630	30,902

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29. SHARE CAPITAL

	Number of shares	Share capital
		HK$'000
Ordinary shares of HK$0.10 each		
Authorised		
At 1 April 2015 and 31 March 2016	50,000,000,000	5,000,000
Increased in authorised share capital (Note i)	50,000,000,000	5,000,000
At 31 March 2017	**100,000,000,000**	**10,000,000**

	Number of shares	Share capital
		US$'000
Issued and fully paid		
At 1 April 2015	27,098,308,961	347,414
Issuance of shares upon subscription (Note ii)	5,400,000,000	69,231
Issued in consideration for the acquisition of subsidiaries (Note iii)	6,200,000,000	79,487
At 31 March 2016 and 31 March 2017	**38,698,308,961**	**496,132**

Notes:

(i) By an ordinary resolution passed at the extraordinary general meeting on 16 May 2016, the Company's authorised share capital was increased from HK$5,000,000,000 divided into 50,000,000,000 ordinary shares of HK$0.10 each to HK$10,000,000,000 divided into 100,000,000,000 ordinary shares of HK$0.10 each by creation of additional 50,000,000,000 ordinary shares of HK$0.10 each.

(ii) On 12 June 2015, 5,400,000,000 ordinary shares were allotted and issued at HK$0.10 per share to independent third parties. The gross proceeds from the agreement were approximately US$69,000,000, equivalent to HK$540,000,000, which are intended to be used for funding future investments and general working capital of the Group. Details of the transaction are disclosed in the announcements of the Company dated 29 May 2015 and 12 June 2015.

(iii) On 12 November 2015, the Company issued 6,200,000,000 ordinary shares to independent third parties for acquisition of effective 91.81% equity interest in Planet Smooth Group, details as per note 31. Details of the transaction are disclosed in the announcements of the Company dated 4 November 2015 and 12 November 2015.

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30. ACQUISITION OF ASSETS THROUGH ACQUISITION OF SUBSIDIARIES

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The below acquisition was determined by the directors of the Company to be acquisition of assets and liabilities through acquisition of subsidiaries rather than a business combination as the assets acquired and liabilities assumed did not constitute a business as defined under HKFRS 3 (revised) Business combinations.

In March 2017, the Group acquired 51% equity interests in Dakota RE I Limited and its subsidiaries ("Dakota Group"), from an independent third party at a cash consideration of approximately GBP9,571,000, equivalent to US$11,960,000. Dakota Group is principally engaged in property investment in the UK.

	2017 US$'000
Consideration transferred:	
Cash paid	11,960
Assets acquired and liabilities recognised at the date of acquisition:	
Investment properties	23,270
Other receivables	182
Net assets	23,452
Consideration transferred	11,960
Add: Non-controlling interests	11,492
Net assets recognised	23,452

Non-controlling interest

The non-controlling interest recognised at the acquisition date represents non-wholly-owned subsidiary held by Falmouth Global Limited, a wholly-owned subsidiary of the Company, and was measured by reference to the proportionate share of recognised amounts of net assets.

	2017 US$'000
Net outflow of cash and cash equivalents in respect of the acquisition assets through of acquisition of subsidiaries:	
Cash consideration paid	(11,960)

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31. ACQUISITION OF BUSINESS THROUGH ACQUISITION OF SUBSIDIARIES

For the year ended 31 March 2016

In November 2015, the Group acquired effective 91.81% equity interests in Planet Smooth Group, from independent third parties at a consideration of approximate US$91 million, settled by the allotment and issue of 6,200,000,000 shares in the Company with HK$0.114 per share upon the completion date. This acquisition has been accounted for using the purchase method. Planet Smooth Group is engaged in e-logistics platform business.

	Total US$'000
Assets acquired and liabilities recognised at the date of acquisition are as follows:	
Property, plant and equipment	363
Trade and other receivables	189
Bank balances and cash	3,979
Trade and other payables	(1,986)
Net assets	2,545
Consideration transferred	90,615
Consideration transferred	90,615
Add: Non-controlling interests	208
Less: Net assets recognised	(2,545)
Goodwill arising on acquisition	88,278

A valuation report received upon completion of acquisition accounting during the year ended 31 March 2017 indicated that the fair value of net assets of Planet Smooth Group at the date of acquisition was consistent with the original estimate.

Non-controlling interest

The non-controlling interest recognised at the acquisition date represents non-wholly-owned subsidiary held by Planet Smooth Limited and was measured by reference to the proportionate share of recognised amounts of net assets.

Goodwill arose in the acquisition of Planet Smooth Group because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of Planet Smooth Group.

31. ACQUISITION OF BUSINESS THROUGH ACQUISITION OF SUBSIDIARIES (continued)

For the year ended 31 March 2016 (continued)

Non-controlling interest (continued)

None of the goodwill arising on these acquisition is expected to be deductible for tax purposes.

	US$'000
Analysis of net inflow of cash and cash equivalents in connection with the acquisition of subsidiaries:	
Bank balances and cash acquired	3,979
Net cash inflow in respect of the acquisition of subsidiaries	3,979

Acquisition-related costs amounting to US$170,000 have been excluded from the consideration transferred and have been recognised as an expense in the loss for the year ended 31 March 2016.

Impact of acquisition on the results of the Group

Included in the loss for the year ended 31 March 2016 of US$1,740,000 is attributable to Planet Smooth Group. No revenue is included in the Group's revenue as Planet Smooth Group has not had revenue generating activities during the year ended 31 March 2016.

Had the acquisition of Planet Smooth Group been effected at the beginning of 2016, the amount of revenue for the year ended 31 March 2016 would have been US$58,032,000, and the amount of the loss for the year would have been US$73,335,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed at the beginning of 2016, nor is it intended to be a projection of future results.

In determining the "pro forma" revenue and loss of the Group had Planet Smooth been acquired at the beginning of 2016, the directors of the Company calculated depreciation and amortisation of plant and equipment based on the recognised amounts of plant and equipment at the date of the acquisition.

32. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of amount due to a non-controlling interest, net of cash and cash equivalents, and equity attributable to owners of the Company, comprising issued share capital and reserves as disclosed in the consolidated statement of changes in equity.

The directors of the Company reviews the capital structure on an on-going basis. As part of this review, the directors considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends, debt issuance, new share issues and share buy-backs.

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33. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2017 US$'000	2016 US$'000
Financial Assets		
Loans and receivables (including cash and cash equivalents)	**376,819**	136,097
Financial assets at FVTPL	**297,453**	776,513
Available-for-sale investments	**56,637**	61,008
	730,909	973,618
Financial Liabilities		
Amortised cost	**2,920**	2,960

(b) Financial risk management objectives and policies

The management of the Group manages the financial risks relating to operations through the internal risk reports which analyse exposures by degree and magnitude of risks. These risks represent market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

The Group does not enter into derivative financial instruments for hedging purpose. There has been no significant change to the Group's exposure to market risks or manner in which it manages and measures such risks.

33. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Market risk

Foreign currency risk management

Several subsidiaries of the Group have financial assets denominated in Renminbi, Canadian dollars, US$ and Australian dollars ("AUD") which are other than the functional currency of the relevant group entities and expose the Group to foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The carrying amount of the Group's foreign currency denominated monetary assets (representing trade receivables, financial assets at FVTPL and bank balances and cash, excluding intra-group balance described above) at the reporting date is as follows:

	Assets		Liabilities	
	2017	2016	**2017**	2016
	US$'000	US$'000	**US$'000**	US$'000
Renminbi	**4,106**	3,930	**–**	–
Canadian dollars	**1,734**	856	**–**	–
US$	**119,606**	95,947	**–**	–
AUD	**5,711**	5,641	**–**	–

Foreign currency sensitivity analysis

The following table details the Group's sensitivity to a 5% (2016: 5%) increase or decrease in Renminbi, Canadian dollars and AUD. 5% (2016: 5%) is the sensitivity rate used in the current year when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rate. The sensitivity analysis includes outstanding foreign currency denominated monetary assets and adjusts their translation at the end of the reporting period for a 5% (2016: 5%) change in foreign currency rate. It excludes items denominated in US$ held by group entities with HK$ as functional currency as the directors consider that the Group's exposure to US$ for such entities is insignificant on the ground that HK$ is pegged to US$. A positive number indicates a decrease in post-tax loss for the year where the foreign currencies strengthens 5% (2016: increase in post-tax profit for the year where the foreign currencies strengthens 5%) against the functional currency of respective group entity. For a 5% (2016: 5%) weakening of the foreign currencies against the functional currency of respective group entity, there would be an equal and opposite impact.

33. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Market risk (continued)

Foreign currency sensitivity analysis (continued)

	Profit or loss	
	2017	2016
	US$'000	US$'000
Renminbi	**171**	164
Canadian dollars	**72**	36
US$	**103**	557
AUD	**200**	197

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

Interest rate risk management

The Group is exposed to fair value interest rate risk in relation to fixed-rate loan receivable. The Group currently does not have any instruments to hedge against the fair value interest rate risk.

The Group is also exposed to cash flow interest rate risk through the impact of rate changes on interest bearing financial assets which are mainly short-term bank deposits and pledged bank deposits. If the bank interest rate had been 10 basis point (2016: 10 basis point) increase/decrease while all other variables were held constant, the Group's loss for the year ended 31 March 2017 would decrease/increase by US$345,000 (2016: loss for the year ended would decrease/increase by US$97,000).

Other price risk

The Group is exposed to equity and other price risk mainly through its financial assets at FVTPL and available-for-sale investments. The management of the Group manages this exposure by maintaining a portfolio of investments with different risk and return profiles. For sensitivity analysis purpose, the sensitivity rate is 30% (2016: 30%). If the prices of the financial assets at FVTPL and listed equity securities classified as available-for-sale investments had been 30% (2016: 30%) higher/lower while all other variables were held constant, the Group's post-tax loss for the year would decrease/increase by US$74,512,000 (2016: post-tax loss for the year would decrease/increase by US$194,517,000) and the investment revaluation reserve would increase/decrease by US$13,680,000 (2016: US$13,907,000).

33. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk management

As at 31 March 2017, other than those financial assets whose carrying amounts best represent the maximum exposure to credit risk, the Group's maximum exposure to credit risk which will cause a financial loss to the Group arising from the amount of contingent liabilities in relation to financial guarantees provided by the Group is disclosed in note 24.

The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations at the end of the reporting period in relation to each class of recognised financial assets is the carrying amount of those assets stated in the consolidated statement of financial position. The Group reviews the recoverable amount of each individual receivable at the end of the reporting period to ensure that adequate impairment losses, if necessary, are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

As at 31 March 2017, the Group has concentration of credit risk of investment in financial assets designated as FVTPL, representing listed debt securities of US$55,312,000 issued by a Hong Kong listed company.

As 31 March 2016, The Group has concentration of credit risk of investment in financial assets designated as FVTPL, representing unlisted debt securities of US$8,508,000 issued by a private entity incorporated in the Cayman Islands.

The management considers the credit risk on the debt securities is limited for both years because the issuers are in good financial position and the management closely oversees its financial position. The management manages and monitors these exposures by overseeing the performance of the private entity and the listed issuers to ensure appropriate measures are implemented on a timely and effective manner.

As at 31 March 2017 and 2016, the Group's trade receivable is due from one major customer based in Australia (31 March 2016: Australia). The major customer has a long history of manufacturing and sales of copper products and the Group's management monitors the customer's performance continuously to ensure the Group's exposure to credit risk is minimised.

The Group's concentration of credit risk by geographical location is mainly in Australia, which accounted for 100% of the total trade receivables as at 31 March 2017 and 2016.

In respect of the loan receivable, representing financing advances to customer under the Group's money lending business, individual credit evaluation is performed on each customer. The evaluation focuses on the customer's financial background and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. As at 31 March 2017, the total loan receivable is due from one major customer (31 March 2016: one).

The directors consider the credit risk under control since the management exercise due care in granting credit and check the financial background of these customers on a regular basis.

Although the bank balances are concentrated on certain counterparties, the credit risk on liquid funds is limited because the counterparties are banks with good reputation.

Notes to the Consolidated Financial Statements

33. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Liquidity risk management

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

All of the Group's financial liabilities have maturity dates of less than 180 days based on the agreed repayment dates.

	Weighted average interest rate	Less than 3 months or on demand	Total undiscounted cash flows	Carrying amount at 31.3.2017
	%	US$'000	US$'000	US$'000
As at 31 March 2017				
Non-derivatives financial liabilities				
Trade and other payables	–	2,664	2,664	2,664
Amount due to a non-controlling interest	–	256	256	256
	–	2,920	2,920	2,920
Financial guarantee contracts	–	44,720	44,720	–
As at 31 March 2016				
Non-derivatives financial liabilities				
Trade and other payables	–	2,704	2,704	2,704
Amount due to a non-controlling interest	–	256	256	256
	–	2,960	2,960	2,960
Financial guarantee contracts	–	46,672	46,672	–

The amounts included above for financial guarantee contracts are the maximum amounts the Group could be forced to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that such amount will not be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

(c) Fair values of financial instruments

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation techniques and inputs used), as well as the level of fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2017

33. FINANCIAL INSTRUMENTS (continued)

(c) Fair values of financial instruments (continued)

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

Financial assets	Fair value as at 31 March		Fair value hierarchy	Valuation technique(s)	Significant unobservable inputs	Relationship of unobservable inputs to fair value
	2017 US$'000	2016 US$'000				
Available-for-sale investments						
Equity securities listed in Hong Kong	**45,600**	46,356	Level 1	Quoted bid prices in active markets	N/A	N/A
Financial assets at FVTPL						
Debt securities listed in Singapore	**55,312**	–	Level 2	Quoted prices in over-the-counter	N/A	N/A
Equity securities listed in Hong Kong	**180,709**	689,575	Level 1	Quoted bid prices in active markets	N/A	N/A
Equity securities listed in overseas	**2,364**	1,375	Level 1	Quoted bid prices in active markets	N/A	N/A
Investment funds	**59,068**	77,055	Level 2	Net asset value per share or unit provided by the financial institution with reference to observable quoted price of underlying investment portfolio in active markets or over-the-counter	N/A	N/A
Unlisted investment, Unsecured Bond (as defined in note 23)	**–**	8,508	Level 3	Discounted cash flow and Hull-White model	Discount rate (Note)	The higher the discount rate, the lower the fair value
					Risk free rate	The higher the risk free rate, the lower the fair value
					Option adjusted spread	The higher the option adjusted spread, the lower the fair value
					Liquidity premium	The higher the liquidity premium, the lower the fair value

Note: For the Unsecured Bond, the most significant unobservable input is the discount rate. As at 31 March 2016, if the discount rate to the valuation model was 0.5% higher/lower while and the other variables were held constant, the total carrying amount of these unlisted investments would decrease/increase by US$133,000 and US$136,000 respectively.

There are no transfers between Level 1, 2 and 3 during both years.

Notes to the Consolidated Financial Statements

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33. FINANCIAL INSTRUMENTS (continued)

(c) Fair values of financial instruments (continued)

Fair value hierarchy

	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
2017				
Financial assets at FVTPL	**183,073**	**114,380**	**–**	**297,453**
Available-for-sale investments	**45,600**	**–**	**–**	**45,600**
	228,673	**114,380**	**–**	**343,053**

	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
2016				
Financial assets at FVTPL	690,950	77,055	8,508	776,513
Available-for-sale investments	46,356	–	–	46,356
	737,306	77,055	8,508	822,869

Reconciliation of Level 3 fair value measurements of financial assets:

	Unsecured Bond (as defined in note 23) US$'000
At 1 April 2015	8,281
Total gain recognised in profit or loss	227
At 31 March 2016	8,508
Total gain recognised in profit or loss	10,338
Disposal	(18,846)
At 31 March 2017	**–**

Of the total gain on fair value changes of financial assets at FVTPL, gain of US$10,338,000 (2016: US$227,000) related to financial assets at FVTPL with Level 3 fair value measurement is included. Fair value gains or losses on financial assets at FVTPL are included in the consolidated statement of profit or loss and other comprehensive income.

33. FINANCIAL INSTRUMENTS (continued)

(d) Fair value measurements and valuation process

The board of directors of the Company has closely monitored the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. For Level 3 investment, the Group engages third party independent qualified valuer to perform the valuation. The management works closely with the qualified external valuer to establish the appropriate valuation techniques and inputs to the model.

The Group engages the valuer to perform the valuations of the Unsecured Bond required for financial reporting purposes. As a part of the valuation process, the management reports the findings reviewed by the board of directors of the Company semi-annually.

Information about the valuation techniques and inputs used in determining the fair value of various assets are disclosed above.

34. RETIREMENT BENEFIT SCHEMES

The Group operates a Mandatory Provident Fund Scheme (the "MPF Scheme") for all qualifying employees in Hong Kong. The assets of the scheme are held separately from those of the Group in funds under the control of trustees. The MPF Scheme is funded by monthly contribution from both employees and the Group at a rate of 5% of the employee's relevant income with maximum employee's contribution of not exceeding HK$1,500 per month (equivalent to approximately US$192) (from HK$1,250 (equivalent to approximately US$160) to HK$1,500 per month) with effect from 1 June 2014.

The employees of subsidiaries in the PRC are members of the state-sponsored pension scheme operated by the PRC government. The subsidiaries are required to contribute a certain percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the required contributions.

The employees in the Group's subsidiary in Australia are members of the Compulsory Superannuation Guarantee Contributions. The subsidiaries are required to contribute a certain percentage of payroll costs to the retirement benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make specified contributions.

During the year, the amount contributed by the Group to the MPF Scheme and state-sponsored pension scheme charged to profit or loss was US$610,000 (2016: US$217,000). The Group also contributed US$171,000 (2016: US$488,000) to the superannuation operated in Australia and the contribution amounts were charged to profit or loss, or capitalised as exploration and evaluation assets and mine property and development assets (included in the property, plant and equipment) or inventories and to cost of sales according to its nature.

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35. OPERATING LEASE ARRANGEMENTS

The Group as lessee

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

	2017 US$'000	2016 US$'000
In respect of rented premises:		
Within one year	**1,239**	1,236
In the second to fifth years inclusive	**932**	663
	2,171	1,899

Operating lease payments represent rentals payable by the Group for certain of its rented premises. Leases are negotiated for the terms range from one to two years for both years ended 31 March 2017 and 2016.

The Group as lessor

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments to the Group:

	2017 US$'000	2016 US$'000
Within one year	**2,494**	419
In the second to fifth years inclusive	**9,243**	207
	11,737	626

Leases are negotiated for the terms range from one to four years (2016: one to two years) for the year ended 31 March 2017.

36. CAPITAL COMMITMENTS

At the end of the reporting periods, the Group had the following capital commitments:

	2017 US$'000	2016 US$'000
Capital injection in an unlisted investment	**3,769**	–

37. SHARE-BASED PAYMENT TRANSACTIONS

The Company has a share option scheme (the "Scheme") which was adopted on 11 May 2007. The Scheme is valid and effective for a period of ten years from the date of adoption.

Pursuant to the Scheme, the Company may grant options to employees (including existing and proposed directors), advisors, consultants, agents, contractors, clients and suppliers of any members of the Group (collectively the "Participants"). The purpose of the Scheme is to attract, retain and motivate Participants to strive for future development and expansion of the Group and to provide incentive to encourage the Participants to enjoy the results of the Company attained through their efforts and contributions. The total number of shares of the Company available for issue under the Scheme is 2,665,483,035 which represented 10% of the issued share capital of the Company as at 6 August 2010.

No Participants shall be granted an option if the total number of shares of the Company issued and to be issued upon exercise of the options granted and to be granted (including both exercised and outstanding options) in twelve month period up to and including the date of grant to such Participants would exceed 1% of the shares of the Company for the time being in issue unless the proposed grant has been approved by the shareholders of the Company in general meeting with the proposed grantee and his associates abstaining from voting.

As at 31 March 2016, all of the share options under the scheme was expired.

An option may be exercised in accordance with the terms of the Scheme at any time during a period as the board of the directors of the Company (the "Board") may determine which shall not be more than ten years from the date of grant of the option subject to the provisions of early termination thereof and the Board may provide restrictions on the exercise of an option during the period an option may be exercised. The subscription price of the option shall be determined by the Board but in any case shall not be less than the higher of (i) the closing price of the shares of the Company as stated in the daily quotations sheet of the Stock Exchange on the date of grant which must be a trading day, (ii) the average closing price of the shares of the Company as stated in the daily quotations sheet of the Stock Exchange for the five trading days immediately preceding the date of grant and (iii) the nominal value of a share of the Company. Upon acceptance of the option, the grantee shall pay HK$1.00 to the Company by way of consideration for the grant.

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37. SHARE-BASED PAYMENT TRANSACTIONS (continued)

The following tables disclose details of the Company's share options granted under the Scheme for both years:

Share options granted under the Scheme

Category of participants	Date of grant	Exercise period	Exercise price HK$	As at 1.4.2015	Lapsed	As at 31.3.2016 and 31.3.2017
Directors	02.09.2010	17.09.2011 – 16.09.2015	0.2000	70,000,000	(70,000,000)	–
Total for directors				70,000,000	(70,000,000)	–
Employees of the Group	02.09.2010	17.09.2011 – 16.09.2015	0.2000	18,200,000	(18,200,000)	–
	13.12.2010	13.12.2011 – 12.12.2015	0.2700	–	–	–
	28.02.2011	28.02.2012 – 27.02.2016	0.2350	2,700,000	(2,700,000)	–
Total for employees				20,900,000	(20,900,000)	–
Total for Tranche B				90,900,000	(90,900,000)	–
Weighted average exercise price (HK$)				0.2010	0.2010	–

Notes:

Vesting conditions of these share options ("Tranche B" Options) are as follows:

(i) as to one-third of the share options, upon the average closing share price for a continuous period of 30 days immediately after twelve months from the date of grant of the share options being not less than 200% of the exercise price;

(ii) as to another one-third of the share options, upon CSTLA producing averaging 2,300 tonnes per month of saleable copper production over a six consecutive month period; and

(iii) as to the remaining one-third, upon CSTLA achieving 75,000 tonnes of cumulative saleable copper cathode production.

All the share options granted under Tranche B during the year ended 31 March 2012 are valid upon fulfilment of vesting conditions and up to a maximum period of five years from the effective date. The grantee shall continue to provide services to the Group as director of the Group during the vesting period of respective share options.

In each case, no share option shall vest at any time prior to the expiry of twelve months from the effective date of the share options.

Fair values of the options are determined at the dates of grant using the Binomial model. Share-based payment expenses were recognised over the vesting period based on the contractual period of twelve months or management's estimation of the timing when the vesting conditions described are met.

At the end of each reporting period, the Company revises its estimates of the number of options that are expected to vest ultimately. The impact of the revision of the estimates, if any, is recognised in profit or loss, with a corresponding adjustment to the share options reserve.

During the year ended 31 March 2016, all of the share options have been expired and the amount of US$512,000 was transferred from share options reserve to accumulated losses.

38. EVENT AFTER THE REPORTING PERIOD

On 21 June 2017, One Vision Global Limited ("One Vision"), a company incorporated in BVI with limited liability and a wholly-owned subsidiary of the Company, entered into the subscription agreement with Asia Capital Real Estate III Limited ("Feeder Fund"), a Cayman Islands exempted company, pursuant to which the One Vision has applied to subscribe for the non-voting participating shares in the capital of Feeder Fund at the amount of US$10 million (equivalent to approximately HK$78 million). The sole purpose of the Feeder Fund is to invest indirectly in the Asia Capital Real Estate Partners III, L.P., a Delaware limited partnership, which is being organized to facilitate investment in grade B and C multifamily properties in the Southeast (including, without limitation, North Carolina, South Carolina, Alabama, Tennessee, Georgia and Florida) of the United States of America.

39. RELATED PARTY DISCLOSURES

The remuneration of directors who are also key management during the year was as follow:

	2017 **US$'000**	2016 US$'000
Short-term benefits	**10,348**	9,588
Post-employment benefits	**12**	12
	10,360	9,600

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40. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of the Company's principal subsidiaries as at 31 March 2017 and 31 March 2016 are as follows:

Name of subsidiary	Place of incorporation/ operation	Issued share capital / registered and paid-up capital		Proportion of nominal value of issued share capital/ registered and paid-up capital held by the Company		Principal activities
		2017	2016	Directly	Indirectly	
China Sci-Tech Secretaries Limited	Hong Kong	**HK$10,000**	HK$10,000	100%	–	Provision of secretarial services and investment holding
CST Minerals Lady Annie Pty Limited	Australia	**AUD2**	AUD2	–	100%	Exploration, mining, processing and sale of copper in Australia
Deep Bowl Limited	BVI	**US$1**	US$1	–	100%	Vessel holding
Isenberg Holdings Limited	Hong Kong	**HK$2**	HK$2	–	100%	Property investment
Jabour Limited	Hong Kong	**HK$2**	HK$2	–	100%	Property investment
Kingarm Company Limited	Hong Kong	**HK$2**	HK$2	–	100%	Property investment
Skytop Technology Limited	Hong Kong	**HK$127,490,481**	HK$127,490,481	–	100%	Securities investment
Unigolden Limited	Hong Kong	**HK$2**	HK$2	–	100%	Property investment
First Cargo (Beijing) Technology Limited	PRC	**US$5,700,000**	US$5,700,000	–	91.81%	E-logistics platform
Sun Power Finance Limited	Hong Kong	**HK$1**	HK$1	–	100%	Money lending
Dakota RE I Limited	BVI	**US$510**	N/A	–	51%	Property investment

In the opinion of the directors of the Company, the above companies principally affected the operations of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

None of the subsidiaries had issued any debt securities at 31 March 2017 and 2016 or at any time during both years.

40. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

At the end of the reporting period, the Company has other subsidiaries that are not material to the Group. A majority of these subsidiaries operate in Hong Kong. The principal activities of these subsidiaries are summarised as follows:

Principal activities	Principal place of business	Number of subsidiaries	
		2017	2016
Investment holdings	Hong Kong	**40**	36
Mining business	Australia	**2**	1
Securities investment	Hong Kong	**5**	4
E-logistics platform	PRC	**2**	2
Property investment	UK	**2**	–
		51	43

Details of non-wholly owned subsidiary that have non-controlling interests

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interest:

Name of subsidiary	Incorporation/ principal place of business	Proportion of ownership interest held by non-controlling interests		Proportion of voting power held by non-controlling interests		Loss allocated to non-controlling interests		Accumulated non-controlling interests	
		2017	2016	**2017**	2016	**2017 US$'000**	2016 US$'000	**2017 US$'000**	2016 US$'000
China Sci-Tech (Far East) Limited	Hong Kong	**49%**	49%	**49%**	49%	**–**	–	**6**	6
First Cargo Holdings Limited	BVI/ Hong Kong	**8%**	8%	**8%**	8%	**228**	142	**161**	(70)
Dakota RE I Limited	BVI/UK	**49%**	N/A	**49%**	N/A	**63**	N/A	**(11,429)**	N/A

Notes to the Consolidated Financial Statements

For the year ended 31 March 2017

41. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2017 US$'000	2016 US$'000
Non-current assets		
Property, plant and equipment	**27**	35
Investments in subsidiaries	**–**	19,063
Available-for-sale investments	**1,949**	1,949
Amounts due from subsidiaries	**387,118**	847,352
	389,094	868,399
Current assets		
Other receivables	**549**	408
Amounts due from subsidiaries	**170,839**	140,745
Financial assets at fair value through profit or loss	**7,147**	6,210
Bank balances and cash	**114,869**	11,372
	293,404	158,735
Current liabilities		
Other payables	**316**	349
Amounts due to subsidiaries	**2,470**	1,829
	2,786	2,178
Net current assets	**290,618**	156,557
Total assets less current liabilities	**679,712**	1,024,956
Capital and reserves		
Share capital	**496,132**	496,132
Reserves	**183,580**	528,824
Total equity	**679,712**	1,024,956

41. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Movement of the share capital and reserves are stated as below:

	Share capital US$'000	Share premium US$'000	Capital reserve US$'000 (Note a)	Other capital reserve US$'000 (Note b)	Share options reserve US$'000	Accumulated losses US$'000	Total US$'000
At 1 April 2015	347,414	497,483	4,503	128,275	512	(95,356)	882,831
Loss and total comprehensive expenses for the year	–	–	–	–	–	(16,683)	(16,683)
Acquisition of subsidiaries	79,487	11,128	–	–	–	–	90,615
Issue of ordinary shares upon share subscription	69,231	–	–	–	–	–	69,231
Transaction costs attributable to issue of new shares	–	(1,038)	–	–	–	–	(1,038)
Lapse of share options	–	–	–	–	(512)	512	–
At 31 March 2016	**496,132**	**507,573**	**4,503**	**128,275**	**–**	**(111,527)**	**1,024,956**
Loss and total comprehensive expenses for the year	**–**	**–**	**–**	**–**	**–**	**(345,244)**	**(345,244)**
At 31 March 2017	**496,132**	**507,573**	**4,503**	**128,275**	**–**	**(456,771)**	**679,712**

Notes:

(a) The capital reserve of the Company represents the difference between the nominal value of the shares of the subsidiaries acquired, over the nominal value of the share capital of the Company issued in exchange, in connection with the Company's reorganisation completed in January 1994.

(b) The other capital reserve of the Company represents the balance of the credit arising from the cancellation of paid up capital in previous years.

Financial Summary

	Year ended 31 March				
	2017	2016	2015	2014	2013
	US$'000	US$'000	US$'000	US$'000	US$'000
					(restated)
Results					
(Loss) profit for the year	**(305,268)**	(68,462)	28,172	(61,744)	119,675

	At 31 March				
	2017	2016	2015	2014	2013
	US$'000	US$'000	US$'000	US$'000	US$'000
					(restated)
Assets and liabilities					
Total assets	**817,999**	1,122,535	1,014,523	991,833	1,087,765
Total liabilities	**(62,684)**	(66,558)	(37,237)	(47,327)	(62,386)
Net assets	**755,315**	1,055,977	977,286	944,506	1,025,379

Note:

1. In order to comply with HK(IFRIC)-Int 20 "Stripping costs in the production phase of a surface mine", the Group adopted a new accounting policy for production stripping cost in 2014. Figures for 2013 has been adjusted as a result of the adoption of new accounting policy.

Particulars of Properties Held by the Group

Location	Percentage of ownership held by the Group	Use	Lease term
Unit Nos. 1104-1107 and Unit Nos. 2501-2512 Oriental Building No. 39 Jianshe Road Luohu District Shenzhen Guangdong Province People's Republic of China	100%	Commercial	Medium term lease
East Portion of level 18 and Unit No. 2601 and Carparking Space No. 20 on basement level Shartex Plaza No. 88 Zunyi South Road Changning District Shanghai People's Republic of China	100%	Commercial	Medium term lease
Unit B on 2/F Unit A and B on 3/F Unit B on 5/F Unit A, B & C on 16/F to 23/F of Fortwest No. 1 Westlands Road Quarry Bay Hong Kong	100%	Residential	Long term lease
Flat 10 on 20/F Apartment Tower on the Western Side Convention Plaza No. 1 Harbour Road Hong Kong	100%	Residential	Long term lease
Silvan House 231 Corstorphine Road Edinburgh United Kingdom	51%	Commercial	Freehold

Corporate Information

Board of Directors

Executive Directors

Mr. Chiu Tao *(Chairman)*
Mr. Hui Richard Rui *(General Manager)*
Mr. Lee Ming Tung *(Chief Financial Officer)*
Mr. Kwan Kam Hung, Jimmy
Mr. Yeung Kwok Yu
Mr. Tsui Ching Hung
Mr. Chen Weixing
Mr. Wah Wang Kei, Jackie (appointed on 29 December 2016)

Independent Non-executive Directors

Mr. Yu Pan
Ms. Tong So Yuet
Ms. Ma Yin Fan
Mr. Leung Hoi Ying

Company Secretary

Mr. Chow Kim Hang

Registered Office

Whitehall House
238 North Church Street
P.O. Box 1043
George Town
Grand Cayman KY1-1102
Cayman Islands

Head Office and Principal Place of Business in Hong Kong

Rooms 4503-05, 45th Floor
China Resources Building
26 Harbour Road
Wanchai, Hong Kong

Principal Share Registrar and Transfer Office

The R&H Trust Co. Ltd.
Windward 1
Regatta Office Park
P.O. Box 897
Grand Cayman KY1-1103
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

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

Auditor

Deloitte Touche Tohmatsu
Certified Public Accountants

Principal Banker

Hang Seng Bank Limited

Stock Code

985

Website

www.netmindfh.com

NetMind Financial Holdings Limited

(Incorporated in Cayman Islands with limited liability)
Stock code: 985

Registered Office

Whitehall House, 238 North Church Street, P.O. Box 1043,
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Hong Kong Office

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