ANNUAL REPORT 2022

TAUNG GOLD

TAUNG GOLD INTERNATIONAL LIMITED

壇金礦業有限公司*

(Incorporated in Bermuda with limited liability)

Stock Code: 621

*For identification purpose only

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Christiaan Rudolph de Wet de Bruin *(Co-chairman)*
Ms. Cheung Pak Sum *(Co-chairman)*
Mr. Phen Chun Shing Vincent

Independent Non-Executive Directors

Mr. Li Kam Chung
Mr. Chong Man Hung Jeffrey
Mr. Tsui Pang

AUDIT COMMITTEE

Mr. Chong Man Hung Jeffrey *(Chairman)*
Mr. Li Kam Chung
Mr. Tsui Pang

REMUNERATION COMMITTEE

Mr. Li Kam Chung *(Chairman)*
Mr. Chong Man Hung Jeffrey
Mr. Tsui Pang

NOMINATION COMMITTEE

Mr. Chong Man Hung Jeffrey *(Chairman)*
Mr. Li Kam Chung
Mr. Tsui Pang

TECHNICAL, SAFETY AND ENVIRONMENT COMMITTEE

Mr. Li Kam Chung *(Chairman)*

COMPANY SECRETARY

Mr. Tung Yee Shing

AUTHORISED REPRESENTATIVES

Mr. Tung Yee Shing
Ms. Cheung Pak Sum

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
Bank of Communications Co., Ltd.

AUDITORS

Crowe (HK) CPA Limited
Certified Public Accountants

LEGAL ADVISERS ON HONG KONG LAW

TC & Co., Solicitors

LEGAL ADVISERS ON BERMUDA LAW

Appleby

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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REGISTERED OFFICE

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COMPANY WEBSITE

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CHAIRPERSON'S STATEMENT

Dear Shareholders and Employees,

On behalf of the Board of Directors, we are pleased to present the annual report of Taung Gold International Limited (the "Company" or "Taung Gold") and its subsidiaries (collectively the "Group") for the year ended 31 March 2022.

We would like to express our gratitude to our fellow directors, management and employees for their commitment and dedication to the Company.

The Company's strategy is to advance its projects into construction and ultimately into production and, in doing so, transition from being a gold project developer into a gold producer has made progress in the period under review despite an extremely difficult operating environment caused by the global COVID-19 pandemic. Following the publication of a positive Feasibility Study for the Jeanette Project by MCC International Incorporation Limited ("MCCI") in 2019, the Company and MCCI adopted a phased approach for the execution of the Jeanette Project in order to reduce the capital funding required and shorten the construction lead-time to first production. Using the Feasibility Study as a baseline on 31 December 2019, the Company entered into an Engineering, Procurement and Construction Contract ("EPC Contract") with Metallurgical Corporation of China Limited ("MCC") for the project execution and construction phase of the Jeanette Project. The original EPC contract called for MCC to finalize the Basic Design for the Jeanette Project which will then lead to MCC submitting a Lump Sum Offer and the finalization of the contractual arrangements for the construction of the Jeanette mine. The Company and MCC commenced negotiations over the terms of the Basic Design agreement in 2020 and made considerable progress. However, ongoing travel restrictions have unfortunately meant that the parties still cannot meet to finalize the terms of the Basic Design agreement.

Until such time as there is a normalization in international business travel and contact, further work on progressing Evander Project construction contract and funding has been scaled back, with the focus being on Jeanette Project. In November 2021, management requested that the group's mining consultants to facilitate a multi-disciplinary workshop on Jeanette Project. The workshop objective was to formulate proposals that could further enhance project economics and optimize the project plan, including by reducing capital requirements, peak funding and the lead-time to production through the use of vertical access and possible synergies with neighbouring infrastructure. The external workshop was followed by a number of internal workshops, which further developed the range of options to achieve the above objectives.

The lockdown implemented in March 2020 and the severe economic impact of the pandemic impacted severely on communities around the Jeanette project. The Company was acutely aware of the distress caused within these communities. High levels of unemployment and food insecurity in particular were identified as being areas of particular concern. Fortunately, the consultant engaged to run the Company's Social and Labour Plan secured a permit to continue activities during the various lockdown periods. As a result, the communities were assisted in growing their own food, raising poultry and cattle, agro-processing, starting small businesses and selling produce at market days organized by the Company. The response from the local community, municipality and government to these initiatives has been overwhelmingly positive.

CHAIRPERSON'S STATEMENT

The Company continued to engage extensively with local government and with the regulatory authorities to update them on the challenges faced by the Company during the pandemic. A presentation was made to the regulatory authority and there is ongoing engagement with the local municipality on plans to rebuild the economy of the area.

The US dollar gold price declined by around 4% during calendar 2021. Nevertheless, the average price for the year of USD1,799/oz was around 2% higher than 2020, as gold held relatively steady within a broad price range for much of the year. South African gold producers recorded good results in 2021, buoyed by gold production escalating by 10% to 105 tonnes, and realised an 18% increase in total revenue to ZAR102 billion for the year.

The Company previously recognized that its current projects will take some time to bring into production. During the period under review, management therefore continued to consider gold projects with the potential to enable the Group to transition into a gold producer ahead of the timeline to production for its Jeanette Project. Whilst the Board and management still remain of the belief that the acquisition of near-term gold production will be beneficial to the Company and its shareholders, and provide exposure to production and cash flow against a backdrop of very strong fundamentals in the global gold market, the assets examined thus far by the Company failed to satisfy the Company's investment criteria.

THE GOLD INDUSTRY

The global gold market saw a solid start to 2022, with first quarter demand 34% higher year-on-year owing to strong Exchange-Traded-Fund flows. This reflected gold's status as a safe-haven investment during times of geopolitical and economic uncertainty. Geopolitical crises have weighed heavily on the global economy in recent times and have reinvigorated investor interest, briefly pushing the gold price to USD2,070/oz in March 2022, just below its all-time high. Since then, gold has been forming a new base in the USD1,800/oz to USD2,000/oz range.

We remain optimistic about the outlook for the gold price and the gold mining industry. Aside from gold's traditional role as a safe haven asset and hedge against currency debasement, other factors such as net central bank purchasing (for the twelfth consecutive year in 2021), strong consumer demand for jewellery in emerging markets (the sector rebounding in 2021 to match pre-pandemic levels) and investors' increased desire to diversify their assets will likely all continue to play an important role in fueling demand for gold. Total gold supply eased marginally in 2021 to its lowest level since 2017. Mine production recovered by 2% over the year but this growth was counteracted by a sharp 11% drop in recycling. All leading indicators point towards global gold production declining over the medium-term as existing resources are depleted and fewer new discoveries (especially large discoveries) are made to replace them. Many of the larger discoveries made in recent times have been in more remote and challenging areas, requiring very large capital expenditure to provide the necessary services and utilities to site. A dwindling discovery rate, coupled with a decade-long fall in global gold exploration spending, declining grades as existing mines are exhausted and rising production costs all have the effect of restricting mine production. By contrast, the Company's two projects are in the well-known Witwatersrand Basin, have a robust grade, proven metallurgical recoveries, and access to excellent infrastructure and technical services in a country where gold mining dates back over 130 years.

As stated previously, the Company's South African assets are therefore unique in global terms. They are high grade and host substantial resources of gold. Located in the very well-established gold producing Welkom and Evander goldfields means that the capital cost of re-establishing the necessary services and utilities is relatively low, when compared to projects in more remote areas elsewhere in the world. The high-grade nature of the Company's gold assets also means that the all-in sustaining costs for the two mines are very competitive, falling in the lowest quartile of the industry cost curve.

ECONOMIC ENVIRONMENT AND OUTLOOK

The impact of the COVID-19 pandemic on the global economy has been unprecedented. The severe lockdowns imposed by governments have had a severe impact on global and local economic activity and the effects of these measures will be felt for years to come. Pre-existing fragilities in the world economy have been exacerbated by the pandemic and this coupled with geopolitical tensions relating to trade and the conflict in Ukraine remain supportive of a stronger trending gold price.

We therefore believe that the global political and economic environment are favourable for a stronger gold price and, that progress towards the construction of our Jeanette Project, bodes well for the Company and its shareholders.

Cheung Pak Sum
Co-chairman

Hong Kong, 28 June 2022

MANAGEMENT DISCUSSION AND ANALYSIS

COVID-19

During the year under review, the outbreak of COVID-19 pandemic and the emergence of new COVID-19 variants continued to impact on the global and local economy. A series of restrictive and control measures, including travel restrictions and quarantine measures, have been and continued to be implemented by government authorities of the countries, resulting in delays in the work schedule of mining projects and inevitably affect the Group's business operations.

Following to the stabilising prevention and control amid the COVID-19 and a number of COVID-19 vaccines now being successfully rolled out in many countries, the impact of the global outbreak of the COVID-19 has been recovering progressively. Meanwhile, the overall business environment amid the ongoing COVID-19 pandemic is still uncertain and remain challenging. The Group will continue to consistently and actively monitor and evaluate the development of COVID-19 and market conditions, take appropriate actions to alleviate the negative impact of the pandemic on the business operation and financial position of the Group.

RESULTS

The Group is principally engaged in investment holding, trading of minerals and exploration, development and mining of gold and associated minerals in South Africa.

During the financial year ended 31 March 2022, the Group recorded a basic profit attributable to owners of the Company of approximately HK$45,147,000 or basic earnings of HK0.25 cents per share, compared with a basic loss attributable to owners of the Company for the year ended 31 March 2021 of approximately HK$526,232,000 or basic loss of HK2.92 cents per share.

DIVIDEND

The directors do not recommend the payment of any dividend in respect of the year ended 31 March 2022 (2021: Nil).

BUSINESS REVIEW

For the year ended 31 March 2022, the Group had no turnover (2021: Nil). The Group recorded a net profit attributable to equity holders of approximately HK$45,147,000 compared with a net loss attributable to equity holders of approximately HK$526,232,000 for the previous financial year. The other comprehensive income of approximately HK$64,655,000 (2021: HK$633,122,000) mainly arose from the exchange difference on the translation of South African operations.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2022, the Group had no outstanding bank borrowings (2021: Nil) and no banking facilities (2021: Nil). The Group's gearing ratio as at 31 March 2022 was zero (2021: zero), calculated based on the Group's total zero borrowings (2021: zero) over the Group's total assets of approximately HK$3,440,722,000 (2021: HK$3,311,838,000).

As at 31 March 2022, the balance of cash and cash equivalents of the Group was approximately HK$163,168,000 (2021: HK$163,140,000) and was mainly denominated in HK$, USD and South African Rand ("ZAR"). The Group continues to adopt a policy of dealing principally with clients with whom the Group has enjoyed a long working relationship so as to minimize risks to its business.

FOREIGN EXCHANGE EXPOSURE

During the year ended 31 March 2022, the Group operated mainly in South Africa, and the majority of the Group's transactions and balances were denominated in HK$, USD, Renminbi and ZAR. However, as the directors consider that the present currency risk is not significant, the Group does not have a policy of hedging foreign currency.

Nevertheless, the Company's management monitors foreign exchange exposure and will consider hedging foreign currency exposure should this be deemed prudent.

REVIEW OF BUSINESS OPERATIONS

During the year under review, the Group did not carry out any field exploration activities and its attention was focused on the following:

- A multi-disciplinary workshop chaired by the Group's mining consultants to formulate proposals that could further enhance the Jeanette Project economics and optimize the Jeanette Project plan, including by reducing capital requirements, peak funding and the lead-time to production through the use of vertical access and possible synergies with neighbouring infrastructure. The external workshop was followed by a number of internal workshops, which further developed the range of options to achieve the above objectives;

- Advancing the Engineering, Procurement and Construction Contract ("EPC Contract") with Metallurgical Corporation of China Ltd ("MCC") for the Jeanette Project;

- Implementing activities under the Social & Labour Plan in the communities surrounding the Jeanette Project to alleviate poverty in the area;

- Consulting and engaging with local authorities, local communities and regulatory bodies on the content of the next five-year Social & Labour Plan for the Jeanette Project;

- Engaging with the regulatory authority to extend the date for commencement of construction of the Jeanette Project, due to delays caused by the COVID-19 pandemic lockdown;

- The sale of Holfontein Investments (Pty) Limited ("HIL"); and

- Identification of near-term gold producing assets for potential acquisition.

As at 31 March 2022, the Company had not conducted any mining or production activities.

The Jeanette Project

The Jeanette Project is located in the northern region of the Free State goldfield close to the towns of Allanridge, Kutlwanong and Nyakallong, within the southwest limb of the Witwatersrand Basin in the Free State Province of South Africa. Taung Gold Free State (Pty) Limited ("TGFS"), a wholly-owned subsidiary of TGL, is the registered holder of the mining right over the Jeanette Project. The Mining Right No. 33/2017 for the Jeanette Project was registered in the name of TGFS on 6 December 2017.

The Pre-Feasibility Study ("PFS") for the Jeanette Project was completed and announced in February 2016. Based on the PFS results, a total maiden Probable Reserve of 7.12 million ounces of gold on the Basal Reef horizon for the Jeanette Project was announced on 23 May 2016 as shown in Table 1 below.

Table 1: Jeanette Project Mineral Reserve estimate as at October 2014

MINERAL RESERVE CLASSIFICATION	Tonnes (Mt)	Head Grade (g/t)	Gold Content (Moz)
Probable Reserves	19.21	11.52	7.12

The Company previously entered into a Service Contract with MCCI International Incorporation Limited ("MCCI"), a subsidiary of MCC, whereby the Company appointed MCCI to carry out the Feasibility Study ("FS") for the Jeanette Project, which was duly completed with an effective date of 23 July 2019.

The Company and MCCI agreed during the early stages of the FS that the Jeanette Project should be executed in a phased approach as follows:

Phase 1

a. Completing and commissioning the existing No. 1 Shaft and No. 2B shaft infrastructure and establishing a connection holing between the two shafts to access the northern portion of the orebody;

b. Establishing ore reserve development in the northern portion of the orebody and building up the production profile to a rate of 30,833 tons milled per month at a head grade of 11.92g/t; and

c. Establishing the surface infrastructure for a stand-alone mining and a modular processing operation at a rate of approximately 370,000 tons milled per annum.

Phase 2

a. Sinking and developing two new shafts to access the southern portion of the orebody;

b. Establishing ore reserve development in the southern portion of the orebody and building up the production profile to a rate of 69,167 tons milled per month at a head grade of 11.06g/t; and

c. Increasing the capacity of the processing plant and associated infrastructure to 830,000 tons per annum.

This phased approach has the following advantages over the approach followed initially in the pre-feasibility study ("PFS"):

- A significantly lower Initial Construction Capital Cost Estimate of USD523.5 million (in 2019 terms) compared to USD723.8 million (2017 terms) in the PFS, as a result of a more optimal use of the existing shaft infrastructure and the sinking of two new shafts being postponed to Phase 2; and

- A much shorter lead-time to first gold production of 3.6 years, as a result of being able to access the ore reserve much faster than anticipated in the PFS (4.5 years).

Given the above, the Company believes that the phased approach is a superior methodology, especially considering the prevailing global economic and financial market conditions.

The Company therefore reports the FS as representing the outcome of the work done in respect of Phase 1 of the Jeanette Project with a life of mine of 22 years. Accordingly, the Company will consider the timing of the feasibility work for Phase 2 of the Jeanette Project at a future date. Highlights from the results of Phase 1 of the Jeanette Project FS are as follows:

Jeanette Project FS Highlights – Phase 1

Gold Recovered over Life of Project	2.89 Moz
Initial Construction Capital Cost Estimate (2019 terms)	USD523.5 million
Total Capital Cost over Life of Project (2019 terms)	USD646.6 million
Capital Efficiency	USD4,017/oz
After-tax Net Present Value ("NPV") at 5% Discount rate	USD509.9 million
After-tax Internal Rate of Return ("IRR")	14.1%
Life of Mine	22 years
Payback	8.7 years
Cash Operating Costs	USD471/oz
Profit Margin	46.2%
All In Sustaining Costs ("AISC")	USD666/oz
All In Costs ("AIC")	USD694/oz

Notes:

1. Financials calculated using a gold price of $1,290/oz and/or an exchange rate of USD1.00 = ZAR14.00.

2. Capital Efficiency is calculated as Total Capital Cost divided by average annual gold production over the production life of mine.

3. Payback calculated from date of first production.

MANAGEMENT DISCUSSION AND ANALYSIS

Jeanette Project Summary

The Jeanette Project is located near the town of Welkom, a major gold producing area, 270 km south-west of Johannesburg, in the Free State Province of South Africa. The Jeanette Project was acquired from ARMGold/Harmony Freegold Joint Venture Company (Pty) Limited, in December 2009. The Mining Right over the project area was registered in the name of TGFS in the Mineral and Petroleum Titles Registration Office on 6 December 2017. The Jeanette Project is located in an established gold producing region in close proximity to road, power and water & sanitation infrastructure and, which is well served with other necessary services. The Jeanette Project is comprised of the following:

- Existing vertical shaft infrastructure that will be rehabilitated and extended to access the Mineral Resource and Reserve;

- Construction of a new metallurgical processing plant that will treat all underground ore and produce gold doré bars for refining into 99.99% purity bullion at the Rand Refinery Limited; and

- Establishment and construction of the associated infrastructure required to support operations and enable disposal of waste materials in accordance with internationally accepted standards.

Expenditure on the Jeanette Project for the year ended 31 March 2022 was as follows:

	ZAR million
Consultants & service providers	1.69
Staffing	5.94
Overheads	1.59
Total	9.22

Using the FS as a baseline on 30 December 2019, the Company entered into the EPC Contract for the project execution and construction phase of the mine. The original EPC contract called for MCC to finalize the Basic Design for the Jeanette Project which will then lead to MCC submitting a Lump Sum Offer and the finalization of the contractual arrangements for the construction of the Jeanette mine. The Company and MCC commenced negotiations over the terms of the Basic Design agreement in 2020 and made considerable progress. However, ongoing travel restrictions have unfortunately meant that the parties still cannot meet to finalize the terms of the Basic Design agreement.

The Evander Project

The Evander Project is located in the Evander Goldfield on the northeastern limb of the Witwatersrand Basin and is close to the town of Secunda in the Mpumalanga Province of South Africa. Taung Gold Secunda (Pty) Limited ("TGS"), a wholly-owned subsidiary of TGL, is the registered holder of the mining right in terms of the Mineral and Petroleum Resources Development Act ("MPRDA") of the Evander Project. The Mining Right No. 107/2010 was registered in the name of TGS in November 2013 and permits the mining of gold and associated minerals in the Six Shaft and Twistdraai area.

The Evander Feasibility Study

The FS for the project targeted a Measured and Indicated Resource of 19.85 million tons of Kimberley Reef at an average gold grade of 8.47 g/t (measured over a mining width of 112 cm), containing 5.41 million ounces of gold.

On 16 May 2016, the Company declared a maiden Mineral Reserve (Probable Reserve) from the Evander Project's Kimberley Reef horizon of 4.29 million ounces of gold, from 19.64 million tons of ore at an average head grade of 6.80g/t.

On 12 September 2016, the Company announced the Bankable Feasibility Study ("BFS") for the Evander Project. Highlights from the results are as follows:

Evander Project BFS Highlights

Gold Recovered over Life of Project	4,113,000oz
Annual Gold Recovered at Full Production	309,000oz
Recovered Grade over Life of Project	6.51g/t
Initial Construction Capital Cost Estimate	USD579.3m
Total Capital Cost over Life of Project	USD714.7m
Capital Efficiency	USD2,696/oz
After-tax NPV at 5% Discount Rate	USD724.8m
After-tax IRR	17.6%
Life of Mine	20 years
Payback	3.6 years
Cash Operating Costs	USD486/oz
AISC	USD583/oz
AIC	USD724/oz

Notes:

1. Financials calculated using a gold price of $1,290/oz and an exchange rate of USD1.00 = ZAR14.00.

2. Capital Efficiency is calculated as Total Capital Cost divided by average annual gold production over the production life of mine.

3. Payback calculated from date of first production.

4. USD/oz cost definitions as per World Gold Council Guidance Note on AISC and AIC costs – 27 June 2013.

Turnberry Projects (Pty) Limited ("Turnberry"), an independent South African based consultancy, was the lead independent consultant for the BFS, which has an effective date of 29 February 2016. All estimates in this annual report have been extracted from the BFS report dated 29 February 2016. The engineering, design, scheduling and original capital and operating cost estimating work for the Evander Project was carried out in South Africa by various independent professional consultants under the leadership of Turnberry. As a part of its review process, the Company engaged China ENFI Engineering Corporation Limited, a subsidiary of MCC, to investigate further capital cost and construction scheduling optimization. Accordingly, the BFS results include the results of this optimization.

Evander Project Summary

The Evander Project is located close to the town of Secunda, 120 km south-east of Johannesburg, in the Mpumalanga Province of South Africa. The Evander Project was acquired from Evander Gold Mining Company Limited ("EGM"), then a subsidiary of Harmony Gold Mining Company Limited, in September 2010. The Mining Right over the project area was registered in the name of TGS in the Mineral and Petroleum Titles Registration Office in November 2013. The Evander Project is located in an established gold and coal mining region in close proximity to road, power and water & sanitation infrastructure and, which is well served with other necessary services.

The Evander Project is comprised of the following:

- Existing vertical shaft infrastructure that will be rehabilitated and extended to access the substantial high grade Mineral Resource and Reserve;

- Construction of a metallurgical processing plant that will treat all underground ore and produce gold doré bars for refining into 99.99% purity bullion at the Rand Refinery Limited;

- Establishment and construction of the associated infrastructure required to support operations and enable disposal of waste materials in accordance with internationally accepted standards;

- At full production, the Evander Project is estimated to produce an average of 309,000 ounces per annum at a recovered grade of 6.75 g/t with cash costs of USD486/oz; and

- In its year of peak production, the Evander Project is estimated to produce approximately 338,000 ounces of gold at a recovered grade of 7.41 g/t with cash costs of USD402/oz.

The Evander Project will involve the following activities to develop and bring the underground mine into production:

- Re-establishment of the existing surface area and provision of required infrastructure and services including electrical power, water and water disposal;

- Dewatering and re-commissioning of the existing main shaft and re-commissioning of the ventilation shaft;

- Deepening of the existing main and ventilation shafts to their final depths; and

- Development of the Kimberley Reef and the generation of ore reserves.

On 17 June 2015, TGS entered into a Water Disposal Agreement with EGM relating to the disposal of excess mine water into EGM's Leeuwpan evaporation facility. This Water Disposal Agreement eliminates the need for a more capital intensive and higher operating cost water disposal solution.

As previously reported, on 30 November 2017, TGS entered into an agreement with Evander Gold Mines (Pty) Limited ("EGM") through which TGS will be able to deposit tailings from the Evander Project onto EGM's new Elikhulu Tailings Storage Facility ("TSF") which is a new facility for EGM's tailings retreatment project. TGS paid a deposit of ZAR10 million to EGM and will pay further considerations as follows:

- ZAR40 million upon the later of the coming into effect of the Design and Build agreement or the securing of completion financing for the Evander Project; and
- ZAR60 million upon completion of cold commissioning of the processing plant and tailings pipelines.

The agreement with EGM provides TGS with an improved solution to tailings disposal for the following reasons:

- TGS will not build a TSF and will therefore no longer be required to submit the application for the construction of a TSF. EGM's TSF is already approved. This significantly simplifies the amendment of the Environmental Impact Assessment ("EIA") for the Mining Right;
- The pipeline servitudes for the agreement with EGM will run along the same route as those for the Water Disposal Agreement with EGM and the environmental permitting to include the TSF pipeline will therefore be much simpler; and
- The agreement with EGM brings economies of scale to TGS's tailings disposal since EGM's TSF is much larger and therefore has lower capital and operating unit costs. The resultant capital cost for TGS reduces from ZAR210 million to ZAR125 million (including the cost of the tailings pipelines), a saving of ZAR85 million and the operating cost will reduce from approximately ZAR3.48/t to ZAR1.91/t of tailings placed.

The entering into of the agreement with EGM for tailings disposal also meant that TGS is able to dispose of its interest in HIL and a sale process was initiated during the period under review to dispose of HIL, whose sole asset is the Mining Right for coal.

The full EIA for the project is being amended to reflect the positive changes regarding tailings disposal and an application to the Department of Mineral Resources ("DMR") will lead to subsequent amendment of the Mining Works Program and Environmental Authorization that form part of the Evander Project Mining Right held by TGS.

Expenditure on the Evander Project for the year ended 31 March 2022 was as follows:

	ZAR million
Consultants & service providers	0.03
Staffing	3.06
Overheads	1.29
Total	4.38

Summary of the Company's Measured and Indicated Mineral Resources

Table 2 below shows the summary of the Company's Measured and Indicated Mineral Resources at its Evander and Jeanette Projects.

Table 2: Measured and Indicated Mineral Resources for Evander Project and Jeanette Project

MINERAL RESOURCE CATEGORY	Tonnes (Mt)	Grade (g/t)	Gold (t)	Gold (Moz)
EVANDER	Mining (Mt)	Mining (g/t)		
Measured	0.11	10.81	1.09	0.04
Indicated	19.75	8.47	167.18	5.37
Total Measured & Indicated	19.86	8.47	168.27	5.41
JEANETTE	In-situ (Mt)	In-situ (g/t)		
Indicated	13.10	22.41	293.60	9.44
Total Evander & Jeanette	32.96	–	461.87	14.85

The Pakistan Project

Reko Garok Gold Minerals (Private) Limited ("The Pakistani Target Company")

On 28 December 2016, Bright Quality Management Limited as purchaser (the "Purchaser"), which is a wholly-owned subsidiary of the Company, the seller and the guarantor entered into the sale and purchase agreement (the "Agreement"), pursuant to which the Purchaser has conditionally agreed to purchase, and the seller has conditionally agreed to sell the entire issued share capital of the BVI Target Company, for the consideration of HK$146,000,000 (the "Proposed Acquisition"). The guarantor has agreed to guarantee the seller's obligations under the Agreement.

Upon completion of the Proposed Acquisition, the Company would indirectly hold a 100% of the issued share capital of the BVI Target Company and indirectly 21% of the issued share capital of the Pakistani Target Company. As a result of the Proposed Acquisition, the BVI Target Company would become a wholly-owned subsidiary of the Company.

The Pakistani Target Company holds an exploration license for copper, gold and associated minerals in Balochistan, Pakistan.

The Purchaser and the seller subsequently entered into an addendum on 25 June 2019 (the "First Addendum") and 26 June 2020 (the "Second Addendum") respectively to extend the long stop date. Details of the First Addendum and Second Addendum have been disclosed in the announcements dated 25 June 2019 and 26 June 2020 respectively.

On 25 June 2021, the Group decided not to proceed with the Proposed Acquisition and entered into a termination agreement (the "Termination Agreement") with the seller and the guarantor to terminate the Proposed Acquisition (the "Termination"). Pursuant to the Termination Agreement, the Proposed Acquisition be terminated with effect from the date of the Termination Agreement, and the Group and the seller released each other from their respective obligations. Following the Termination, HK$30,000,000 of the deposit has been refunded to the Group, while the seller and the guarantor undertook to refund the remaining HK$30,000,000 of the deposit (the "Remaining Deposit") on or before 31 December 2021. With regard to the negotiation amongst the Purchaser, the seller and the guarantor after 31 December 2021, an agreement was reached and on 27 June 2022, the Purchaser entered into an addendum with the seller (the "Addendum to Termination Agreement"). Pursuant to the Addendum to the Termination Agreement, the Purchaser, the seller and the guarantor agreed to extend the repayment date for the refund of the Remaining Deposit on or before 31 December 2022. Details about this Termination are set out in the Company's announcements on 25 June 2021 and 27 June 2022 respectively.

The JV with FWO

Taung Gold International Limited, a non-wholly owned subsidiary of the Company incorporated in the British Virgin Islands entered into Joint Venture (the "JV") with Frontier Works Organization ("FWO") for the "Tanjeel H4 Deposit" on 9 June 2017 (the "Joint Venture Agreement"). The Company has prepared the Pre-Qualification Document (the "PQD") in accordance with the public announcement made by the Department of Mines and Mineral of the Government of Balochistan regarding the invitation for Expressions of Interest for the "Tanjeel H4 Deposit" (the "PQD Submission"). The result of the PQD Submission is still yet to be announced as a result of delays in political and administration processes due to the Pakistan general election since 2018. Hence, in view of the lack of clarity regarding the outcome of the PQD Submission, the Company has re-negotiated the JV with FWO and has recovered the USD15.4 million remaining deposit as per the Joint Venture Agreement on 27 February 2019.

In view of the lack of progress on the result of the PQD Submission as well as the impact of COVID-19, the Board is of the view that the Company should focus and concentrate its resources on the development of Jeanette Project and therefore the Group decided not to advance the development of the "Tanjeel H4 Deposit" in Pakistan.

FUTURE PLANS FOR THE JEANETTE PROJECT AND THE EVANDER PROJECT

The Jeanette Project

As mentioned earlier on 30 December 2019, TGFS, the holder of the Mining Right over the Jeanette Project, entered into the EPC Contract with MCC with an Accepted Contract Amount of USD521,546,000. Pursuant to the EPC Contract; (i) TGFS has agreed to engage MCC and MCC has agreed to undertake the works of the Jeanette Project on the EPC basis for the initiation, execution and completion of the Works and the remedying of any defects therein; and (ii) the EPC Contract will be split into two contracts, one being between TGFS and MCC for the Engineering and Procurement portion, and the other being between TGFS and MCC's South African branch for the Construction portion.

In order to progress with the engineering work for the Jeanette Project, the Company and MCC agreed to immediately commence the Basic Design for the Jeanette Project firstly through the conclusion of an agreement between the parties for the Basic Design. This entailed the entering into of a Supplementary Agreement to the EPC Contract and an addendum to the 2018 FS Service Contract, in order to facilitate the completion of the design work for long-lead items, the early works program and to determine the Lump Sum Offer. The addendum to the 2018 FS Service Contract has yet to be concluded due to the reasons detailed below. The final amount for the EPC Contract may differ from the Accepted Contract Amount of USD521,546,000 as a result of any variations in scope that may arise during the Basic Design work. In addition, MCC will assist the Company to secure equity and debt financing for the EPC Contract for the Jeanette Project at the TGFS level from independent third parties, including but not limited to, strategic investors in the mining sector and Chinese banks.

Nevertheless, given the continuous travel restrictions in both South Africa and the People's Republic of China since the outbreak of COVID-19, the Company is still unable to commence the Basic Design without physical visiting MCC and the technical team of MCC visiting the Jeanette Project. The Company and MCC continues to communicate on the Basic Design and to monitor any changes to the travel restrictions which may allow the commencement of Basic Design. Hence, additional time is required for the Basic Design and to prepare for the finalization of the Lump Sum Offer, potential financing arrangements and the entering into of the Lump Sum Offer Supplementary Agreement which is expected to take place by December of 2022.

Upon finalization of the Lump Sum Offer, the EPC Contract will be subject to the approval of shareholders. Shareholders are referred to the announcements dated 20 May 2020, 30 April 2021 and 23 December 2021 respectively in this regard. The Company will keep shareholders informed of any material development in this regard in due course.

The Evander Project

Contract for the Construction of the Evander Project

In 2019, the Company and MCCI decided to await the results of the Jeanette FS before committing further time and resources to the contract for the Evander Project. This decision was underpinned by early indications that the Jeanette Project, as a result of the phased approach adopted by the Company and MCCI, would require a lower amount of capital funding and a faster lead-time to first production. The capital cost and lead-time to first production are fundamental to how potential investors look at large-scale gold projects and have a significant bearing on their appetite to commit funding. Subsequently, the FS results of the Jeanette Project was released and the relevant announcement was published on 30 August 2019. Given the Jeanette Project's lower capital cost and shorter lead-time to production, the Company's efforts have therefore been focused on advancing the EPC Contract for the Jeanette Project.

The estimated time frame for the remaining work for the Evander contract will be 12–18 months from the date of a decision to continue. The Company will keep shareholders informed of any material development in this regard in due course.

The EIA/EMP Amendment Process

The full Environmental Impact Assessment ("EIA") for the Evander Project requires amendment to reflect the positive changes regarding tailings disposal and an application to the Department of Mineral Resources will lead to subsequent amendment of the Mining Works Program and Environmental Authorization that form part of the Evander Project Mining Right held by TGS.

The Company already has an Environmental Authorisation for the dewatering and construction phase of the Evander Project. In addition, the Water Use Licence ("WUL") for abstraction, transport and disposal of excess mine water during the dewatering and construction phase has also been issued.

The amendment of the EIA/Environmental Management Programme ("EMP") and final WUL for the Evander Project relates to the production phase which will start approximately 6 years after commencement and, as such, is not on the critical path for project construction.

In light of the decision to stay further work on the Evander Project contract, a decision was taken earlier in 2019 to postpone the commencement of the environmental specialist studies. The studies will be initiated once the timing of the Evander Project construction phase has been finalised.

Disposal of HIL

During the year under review, there is no material progress for TGS to dispose of its 100% interest in HIL, whose sole asset is a mining right for coal in terms of MPRDA.

A Sale of Shares and Claims Agreement (the "Sale Agreement") with a potential buyer was terminated since the potential buyer was unable to provide adequate proof of funding. The Company has therefore appointed a broker to oversee the disposal of HIL and to canvas fresh potential buyers.

REPORT OF THE DIRECTORS

The Board of Directors (the "Board") is pleased to present their report and the audited financial statements of the Company and the Group for the year ended 31 March 2022.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries comprise the operations of gold mines in the Republic of South Africa ("South Africa").

BUSINESS REVIEW

The Company's results and business review, including future developments, financial performance analysis, principal risks and uncertainties facing the Company and key relationships with stakeholders, in accordance with Schedule 5 of the Companies Ordinance (Chapter 622 of the laws of Hong Kong), are set out in the Chairperson's Statement on pages 3 to 5 and the Management Discussion and Analysis on pages 6 to 17 of this annual report.

ENVIRONMENTAL POLICIES AND PERFORMANCE

Details of the environmental policies and performance of the Group are set out in the Environmental, Social and Governance Report on pages 27 to 44 of this annual report.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

To the best of the Directors' knowledge, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group during the year. There was no material breach of or non-compliance with the applicable laws and regulations by the Group. The Group also complies with the requirements under the Companies Ordinance, the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("Stock Exchange") and the Securities and Futures Ordinance ("SFO").

KEY RELATIONSHIP WITH EMPLOYEES, SUPPLIERS, CUSTOMERS AND OTHER STAKEHOLDERS

The Group understands the importance of maintaining a good relationship with its employees, suppliers, customers and other stakeholders to meet its immediate and long-term goals. During the year, there were no material and significant dispute between the Group and its employees, suppliers, customers and/or other stakeholders.

RESULTS AND DIVIDENDS

The Group's results for the year ended 31 March 2022 are set out in the consolidated statement of profit or loss and other comprehensive income on page 63.

The directors do not recommend the payment of any dividend in respect of the year ended 31 March 2022.

REPORT OF THE DIRECTORS

FIVE YEARS SUMMARY

A summary of the Group's results for each of the five years ended 31 March 2022 and the Group's assets and liabilities as at 31 March 2018, 2019, 2020, 2021 and 2022 is set out on page 136 of this annual report.

CAPITAL STRUCTURE

There was no material change in the capital structure of the Company during the year.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

There was no purchase, sale or redemption of shares or other listed securities of the Company or by any of its subsidiaries 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 12 to the consolidated financial statements.

SHARE CAPITAL, UNLISTED WARRANTS AND SHARE OPTIONS

Details of the Company's share capital, unlisted warrants and share options are set out in notes 24 and 25 to the consolidated financial statements respectively.

PRE-EMPTIVE RIGHTS

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

RESERVES

Details of movements in the reserves of the Group during the year are set out from pages 66 to 67 in the consolidated financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

At 31 March 2022, the Company had no reserves available for cash distribution and/or distribution in specie to shareholders of Company. In accordance with the Companies Act 1981 of Bermuda (as amended), the contributed surplus may only be distributed in certain circumstances which the Company is presently unable to meet. In addition, the Company's share premium account with a balance of approximately HK$5,307,443,000 as at 31 March 2022 may be distributed in the form of fully paid bonus shares.

EMPLOYEES

As at 31 March 2022, the Group employed approximately 24 staffs in both Hong Kong and South Africa. The Group remunerates its employees based on their performance, working experience and the prevailing market conditions. Employee benefits include mandatory provident fund (pension) and share options scheme, etc.

REPORT OF THE DIRECTORS

DIRECTORS

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

Executive Directors:

Mr. Christiaan Rudolph de Wet de Bruin *(Co-chairman)*
Ms. Cheung Pak Sum *(Co-chairman)*
Mr. Phen Chun Shing Vincent

Independent Non-Executive Directors:

Mr. Chong Man Hung Jeffrey
Mr. Li Kam Chung
Mr. Tsui Pang

In accordance with the Bye-law 98 of the Company's Bye-laws, Ms. Cheung Pak Sum, Mr. Phen Chun Shing Vincent and Mr. Chong Man Hung Jeffrey shall retire by rotation at the forthcoming annual general meeting, and being eligible, shall offer themselves for re-election.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Christiaan Rudolph de Wet de Bruin, aged 69, has been the Co-chairman and an Executive Director of the Company since April 2013. Mr. de Bruin was also a director of Taung Gold (Proprietary) Limited ("TGL"), a non-wholly owned subsidiary of the Company as well as of Taung Gold Exploration (Pty) Limited, Taung Gold Exploration (West) (Pty) Ltd, Taung Gold (Free State) (Pty) Ltd, Taung Gold (North West) (Pty) Ltd, Taung Gold Secunda (Pty) Ltd, Sephaku Gold Exploration (Pty) Ltd, and Ulinet (Pty) Ltd, all of which are wholly-owned subsidiaries of TGL. He is also a co-founder of TGL, Platmin Ltd and Sephaku Holdings Ltd.

Mr. de Bruin received a Bachelor of Commerce degree (Cum Laude) from the University of the Free State in 1975 and a Bachelor of Law degree (Cum Laude) from the Rand Afrikaans University in 1977 and practised as an advocate at the Pretoria Bar from 1979 to 1989, specialising in commercial law and mineral law. Mr. de Bruin left the Bar in 1989 and focused on finding, acquiring and developing mineral exploration and mining projects in various African countries. He was involved in aspects of law relating to minerals, companies, stock exchange and international finance. He also acted as a consultant to a number of South African companies, becoming involved in their management, including the management of their systems, human resources, customers and financing activities. Together with two business partners, Mr. de Bruin established a private equity fund management firm (AMED Funds) which focuses primarily on investing into companies with brownfields exploration assets in the mineral sector.

Between 1999 and 2005, Mr. de Bruin was a co-founder member of the Platmin Group of companies, which developed the Pilanesberg Platinum Mine. His role was to engineer the acquisition of mineral projects including supervising the execution of over 300 mineral rights agreements and the conversion of the Platmin Group's old order rights into new order rights and the acquisition of new mining rights. Mr. de Bruin was also involved with the applications for new mining rights and the management of the operational aspects, including logistics, human resources and administration during his time with the Platmin Group. He was a non-executive director of Gentor Resources Inc., a company involved with copper exploration activities in the Sultanate of Oman and Turkey, and listed on the Toronto Venture Exchange (TSX-V). Mr. de Bruin was also a non-executive director of Sephaku Holdings Limited, a company listed on the Johannesburg Stock Exchange. The Sephaku group's portfolio currently comprises valuable holdings in a range of operating assets which provide raw materials, supplies and/or services in the cement and limestone exploration sector.

Ms. Cheung Pak Sum, aged 46, has been an Executive Director of the Company since April 2010 and Co-chairman of the Company since September 2018. She is the Head of Human Resources and Administration of the Company and is well experienced in the areas of Human Resources and Administration. She was the senior administration officer of Pineview Industries Limited, a company listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), from May 2006 to May 2008. Ms. Cheung also acts as director of certain subsidiaries of the Company.

Mr. Phen Chun Shing Vincent, aged 46, was appointed as a Non-executive Director of the Company in July 2015 and has been re-designated as Executive Director of the Company since May 2017. He was an independent non-executive director of Agritrade Resources Limited (stock code: 1131) (resigned in June 2021), an executive director of China Partytime Culture Holdings Limited (stock code: 1532) (resigned in April 2020) and a non-executive director of EPI (Holdings) Limited (stock code: 689) (resigned in October 2016), all of which are companies listed on the Main Board of the Stock Exchange.

Mr. Phen has over 15 years of experience in direct investment and corporate banking. He was also an executive director of China Merchants Capital Management (International) Limited from 2012 to 2015, a non-executive director of Comtec Solar Systems Group Limited (stock code: 712), a company listed on the Main Board of the Stock Exchange, from 2010 to 2012 and a director of CMS Capital (HK) Co., Limited (formerly known as "CMTF Asset Management Limited") from 2009 to 2012. He also worked in CLSA Capital Partners from 2007 to 2009. Prior to that, Mr. Phen worked in the international corporate banking division of various financial institutions for approximately 7 years. Mr. Phen holds a bachelor degree in business administration and marketing from the University of North Texas.

Independent Non-Executive Directors

Mr. Li Kam Chung, aged 70, has been an Independent Non-executive Director of the Company since April 2009. He is the chairman of each of the remuneration committee and technical, safety and environment committee; and a member of each of the audit committee and nomination committee of the Company. Mr. Li has over 10 years experience in trading businesses between Mainland China and Hong Kong. Mr. Li has been appointed as independent non-executive director of Zhido International (Holdings) Limited (stock code: 1220), a company listed on the Main Board of the Stock Exchange since January 2012. Mr. Li was the chairman of Joint Village Office for Villages in Shuen Wan Tai Po New Territories and a member of Tai Po District Council Environment, Housing and Works Committee.

Mr. Chong Man Hung Jeffrey, aged 44, has been an Independent Non-executive Director of the Company since October 2017. He is the chairman of each of the audit committee and nomination committee of the Company; and a member of the remuneration committee. He has been the company secretary of China Partytime Culture Holdings Limited (stock code: 1532) since May 2015 and chief financial officer and company secretary of Yee Hop Holdings Limited (stock code: 1662) since November 2019, all of which are companies listed on the Main Board of the Stock Exchange.

Mr. Chong served as an independent non-executive director of China International Development Corporation Limited (Formerly known as "Ascent International Holdings Limited" (stock code: 264)) (resigned in September 2019) and China Gingko Education Group Company Limited (stock code: 1851) (resigned in July 2020) respectively, all of which are companies listed on the Main Board of the Stock Exchange. Mr. Chong obtained his bachelor degree of business administration in accounting from the Hong Kong University of Science and Technology in November 2000 and his master's degree of business administration from the City University of Hong Kong in October 2018. He has been a member and fellow member of the Hong Kong Institute of Certified Public Accountants since January 2005 and March 2018, respectively. Mr. Chong has over 16 years of experience in auditing, financial management, internal control and corporate governance.

Mr. Tsui Pang, aged 39, has been an Independent Non-executive Director of the Company since July 2016. He is a member of each of the audit committee, remuneration committee and nomination committee of the Company. He is currently a general manager of Chang Yang (Hubei) Mining Limited, which is engaged in exploration and the mining of barium sulphate at barite ores in Yichang City, Hubei Province in China. Before joining the Company, Mr. Tsui worked in Yuet Sing Group from 2004 to 2011 in different positions to participate in mine planning and feasibility study of mines in Enshi City, Hubei Province in China. Mr. Tsui holds a master's degree of business administration from the Hong Kong University of Science and Technology.

DIRECTORS' SERVICE CONTRACTS

No director proposed for re-election at the forthcoming annual general meeting 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' INTERESTS IN CONTRACTS

No director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

During the year ended 31 March 2022, none of the directors of the Company or any of their respective associates have engaged in any business that competes or might compete, either directly or indirectly, with the business of the Group or have any other conflict of interests with the Group.

PERMITTED INDEMNITY PROVISION

Pursuant to the Company's Bye-law, every director, officer and auditors shall be entitled to be indemnified and secured harmless out of assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses incurred or sustained by him as a director, auditors or officer of the Company about the execution of the duties of his office or otherwise in relation thereto. The Company has arranged appropriate directors' and officers' liability insurance coverage for the directors and officers of the Group during the year.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES

As at 31 March 2022, the interests and short positions of the directors and chief executives of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code"), were as follows:

Long positions in shares and underlying shares of the Company

Name of Director	Number of Shares Personal interests	 Corporate interests	Total interests	Percentage of the issued share capital of the Company
Christiaan Rudolph de Wet de Bruin	244,650,717	–	244,650,717	1.30%

Save as disclosed above, as at 31 March 2022, so far as is known to the directors and chief executives of the Company, no other person had interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were recorded in the register as required to be kept by the Company under Section 352 of the SFO or as otherwise pursuant to the Model Code, notified to the Company and the Stock Exchange.

SHARE OPTION

The Company has adopted a share option scheme (the "2010 Share Option Scheme") at a special general meeting of the Company held on 4 January 2010 and its mandate limit was refreshed on 21 November 2014. The 2010 Share Option Scheme had been expired on 3 January 2020. A resolution was passed at a special general meeting of the Company held on 28 August 2020 to approve and adopt the new share option scheme (the "2020 Share Option Scheme"). The maximum number of shares which may be issued under the 2020 Share Option Scheme is 1,815,147,198 shares (representing 10% of the issued share capital of the Company on 28 August 2020). No share options has been granted or exercised under 2020 Share Option Scheme as at 31 March 2022. Further details of the 2020 Share Option Scheme are set out in note 25 to the financial statements.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As at 31 March 2022, the following shareholders had, or were deemed to have, interests or short positions in the shares or underlying shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

(1) Long positions in shares and underlying shares of the Company

Name of shareholders	Number of shares held	Underlying shares of equity derivatives	Total interest	Percentage of issued shares as at the date of this report
Goldborn Holdings Limited	2,001,362,075	–	2,001,362,075	11.03%
Mandra Materials Limited *(Note 1)*	777,434,722	–	777,434,722	4.28%
Mandra Esop Limited *(Note 1)*	16,238,369	–	16,238,369	0.09%
Woo Foong Hong Limited *(Note 1)*	276,530,727	–	276,530,727	1.52%
Gold Commercial Services Limited ("GoldCom") *(Note 2)*	996,634,384	–	996,634,384	5.49%

Notes:

(1) Mandra Materials Limited, Mandra ESOP Limited and Woo Foong Hong Limited are 50% owned by Mr. Zhang Songyi. Hence, Mr. Zhang Songyi is deemed to be interested in the shares held by Mandra Materials Limited, Mandra ESOP Limited and Woo Foong Hong Limited for the purpose of SFO.

(2) On 8 September 2011, the Company issued 1,130,141,116 shares of the Company to GoldCom for the purpose of acquiring 21,174,316 shares of TGL from South African resident shareholders of TGL. On 21 November 2014, the Shareholders passed a special resolution to grant each of the TG Optionholders the right to sell a maximum number of 23,645,210 TG Shares to the Company or GoldCom for a maximum of 1,262,020,649 New Put Option Consideration Share (Please refer to the Company's circular dated 2 November 2014). The abovementioned rights were expired on 7 September 2016.

(2) Short positions in shares and underlying shares of the Company

There were no short positions in the shares and underlying shares of the Company and its associated corporations, which were recorded in the register as required to be kept under Section 336 of Part XV of the SFO.

Save as disclosed herein, as at 31 March 2022, no person, other than the directors and chief executives of the Company, whose interests are set out in the section "Directors' and Chief Executives' interests in securities" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the directors of the Company, as at the date of this annual report, there is sufficient public float of not less than 25% of the Company's issued shares as required under the Listing Rules.

ANNUAL CONFIRMATION OF INDEPENDENCE

The Company has received annual confirmation from each of the independent non-executive directors as regards their independence to the Company and considers that each of the independent non-executive directors is independent to the Company.

AUDITORS

During the year, the Company announced that Messrs. Deloitte Touche Tohmatsu ("Deloitte") has resigned as the auditor of the Company with effect from 22 February 2022. The Board has resolved, with the recommendation from the audit committee of the Company, to appoint Crowe (HK) CPA Limited ("Crowe") as the new auditor of the Company with effect from 23 February 2022 to fill the casual vacancy following the resignation of Deloitte, and to hold office until the conclusion of the next annual general meeting of the Company.

The financial statements for the year ended 31 March 2022 were audited by Crowe whose term of office will expire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting.

On behalf of the Board

Cheung Pak Sum
Co-chairman

Hong Kong, 28 June 2022

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THIS REPORT

Taung Gold International Limited and its subsidiaries (collectively the "Group") has prepared this "Environmental, Social and Governance Report" (the "ESG Report" or the "Report") in accordance with the requirements under the "Environmental, Social and Governance Reporting Guide" (the "ESG Guide") as set out in Appendix 27 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), which discloses the practice and performance of the Group on various environmental, social and governance ("ESG") issues last year. The Report aims at strengthening our communication with all stakeholders and the public, so that people from all walks of life can understand the ESG activities of the Group and their related effects.

REPORTING SCOPE

This ESG Report covers the reporting period from 1 April 2021 to 31 March 2022 (the "Reporting Period") which is the same as that of the annual report for the year ended 31 March 2022 and mainly focuses on the gold mining business in the Republic of South Africa ("South Africa") of the Group. There is no significant change in the scope of disclosure in the Report.

During the Reporting Period, the Group did not carry out any field exploration activities since both the Evander and Jeanette projects in South Africa remain at the pre-construction phase and focused on finalizing permitting work and advancing into financing and construction. In addition, the outbreak of COVID-19 has further affected the production progress. As a result, the Group has not conducted any mining or production activities during the period under review. The Group is therefore of the view that the emissions data of air emission, non-hazardous waste and water consumption is considered to be insignificant and immaterial during the Reporting Period. The contents relating to key performance indicators (the "KPI") is expected to be included in the ESG Report once the production activities are commenced.

REPORTING PRINCIPLES

This Report has been prepared in accordance with the "Comply or Explain" provisions of the ESG Guide under Appendix 27 to the Listing Rules and has also applied the following fundamental reporting principles as outlined in the ESG Guide:

1. Materiality: The materiality of the ESG issues of the Group is determined by the board of directors (the "Board") and the Group focuses on matters that impact business growth and are of importance to our stakeholders. For further details regarding the identification process and criterion of material issue, please refer to the section headed "Materiality Assessment" in this Report.

2. Quantitative: All disclosed information, environmental and social KPIs were organised and calculated according to ESG Guide and standardised methodologies. The assumption and calculation principles are illustrated in the relevant sections.

3. Balance: This ESG Report is based on an objective and impartial manner to ensure that the information disclosed faithfully reflects the overall performance of the Group in ESG aspects.

4. Consistency: Unless otherwise specified, the reporting scope and methodologies are consistent with previous years for meaningful comparison.

MATERIALITY ASSESSMENT

The Group has conducted a materiality assessment to identify and prioritize the material ESG topics that matter most to our business and stakeholders. We identified a list of material topics and assess the ESG material issues annually by making reference to a number of factors, including but not limited to the international and industry standards, overall corporate development strategies, corporate value, operational management system, future challenges. We also obtain the opinion of stakeholders on our ESG measures through communication between stakeholders and the Group and then identified the following ESG material issues and their importance after review and approval by the Board:

Highly important		Generally important	
Greenhouse gas emissions	Air emissions	Packaging material	Development and training
Hazardous waste	Non-hazardous waste	Labour standards	Supply chain management
Electricity and water saving	Environmental and nature resources	Product responsibility	Anti-corruption
Climate change	Health and safety	Community investment	
Employment			

ESG GOVERNANCE STRUCTURE

The Group is well aware of the importance of improving its own environmental and social performance to the sustainable operation of the Group. The Group integrates ESG considerations into our business operations and daily management and the Board conducts periodic reviews to examine and ensure the effectiveness of the strategy and the progress on the completion of environmental goals, and corresponding adjustment will be made.

The Board takes the overall responsibility to govern the ESG management of the Group, including the determination of the Group's ESG objectives and strategies, evaluation and review of the ESG targets, practices and performance, and implementation of the ESG initiatives across the Company's business operations.

Under the leadership of the Board, an internal ESG working group supports and coordinates the execution of ESG measures, collect relevant ESG data and information for performance review and compilation of ESG reports and regularly report the progress of ESG work to the Board.

To identify and prioritize the material ESG topics of the Group, materiality assessment is conducted and reviewed by the Board with the assistance of the ESG working group. Assessment process and results are detailed in the section headed "Materiality Assessment" of this Report.

During the Reporting Year, the Group has set environmental goals related to its business operations, i.e., reducing emissions and resource consumption in daily operations of the office. Such goals have been reviewed and discussed by the Board.

STAKEHOLDER ENGAGEMENT

The Group recognises stakeholder engagement as a key aspect of its business and continuously seeks to interact with its key stakeholders and, in accordance with the objectives enshrined in the social and labour plans ("SLPs") which form an important part of its mineral rights, it runs programs intended to foster productive relationships with stakeholders in the surrounding communities in which it operates. In order to ensure effective communication and expectations are properly managed, the Group maintained regular communications with our major stakeholders through various channels, which are indicated in below table:

Stakeholders	Communication Channels
Shareholders	– Company website – General meetings – Corporate reports and announcements
Employees	– Emails and suggestion box – Annual performance review – Employee training
Business partners	– Lawful actions and communications – On-going direct engagement – Inspection on site
Government and regulatory authorities	– Regular submission of information – Regular communication with regulatory authorities – Forum, seminar and conference
Environment	– Communication with local environmental authority/department
Community	– Communication meeting with community
Media	– Company website – Media enquiry

A. ENVIRONMENTAL

A1: EMISSIONS

During the Reporting Period, the Group continued to adhere to the principle of sustainable development, clean production and environmental friendliness. The Group carries out environmental protection work in strict accordance with local environmental laws and regulations and in line with the latest international practice.

In South Africa, as a condition of its mineral rights the Group is obliged to strictly comply with the provisions of its Environmental Authorisations which include, amongst others, the local regulations on solid waste, air and effluent discharge. The Environmental Authorisations are generally issued prior to the execution and registration of Mining Rights and are preceded by comprehensive Environmental Impact Assessments and appropriate amelioration steps. The Group's projects are in the pre-construction phase and therefore presently have very little environmental impact.

A waste management licence is a requirement for every mine project and the same has been obtained for the Jeanette Project in terms of the National Environmental Management Act, 1998 (NEMA, No. 107 of 1998). The waste management licence for the Evander Project will be obtained in due course. Other than the waste management licence, an atmospheric emissions licence is also required to be obtained from the Department of Economic Development, Tourism and Environmental Affairs in terms of the National Environmental Management: Air Quality Act of 2004. Both the Jeanette and Evander projects are still yet to obtain the atmospheric emissions licence at this stage.

The Group strictly observes the relevant regulations on environmental protection. During the Reporting Period, there was no reported case of prosecution against the Group for any violation of environmental laws.

Air Emissions

Due to the business nature of the Group, the principal sources of air pollutants emissions arising from mining sites are dust and petrol and diesel consumed by vehicles and machinery. In order to reduce the air pollutant emissions, the Group will, amongst other measures, adopted the following preventive measures:

- Install dust collection system
- Implement wet grinding process at mining sites to prevent creation of dusts
- Adopt the use of wet drilling and blasting, installing sprinkler systems on vehicles
- Conduct regular vehicle and machinery inspection and maintenance to enhance efficiency
- Switch off machinery which is not in use

These measures will be implemented once the construction phase is reached for the respective South African projects. All implementation measures to reduce the impact on the environment are discussed in the relevant licences.

Greenhouse Gas ("GHG") Emissions

The sources of GHG emissions of the Group were mainly generated from petrol and diesel consumed by vehicles (Scope 1) and purchased electricity (Scope 2). Measures in relation to the reduction of GHG emissions are described in the section headed "Energy Management". Due to the fact that GHG emissions are restricted to a fleet to two vehicles for the Reporting Period, the company will report on the fuel used during official travel within the borders of South Africa.

Due to the outbreak of the COVID-19 pandemic, the Company was not able to conduct any business travel outside of the South African borders, hence there is no emission data for business travel.

The detail of GHG emissions of the Group in South Africa during the Reporting Period is as follows:

Items	Unit	FY2021	FY2022
Scope 1 – Direct GHG emissions – Petrol and diesel consumed by vehicles and machinery	Litres	7,212	9,515
Scope 2 – Indirect GHG emissions – Purchased electricity	kWh	95,005	24,816

Hazardous Waste

Since the mining projects are still in the developmental stage, the Group did not generate any hazardous waste during the Reporting Period. Once the mining production phase is commenced, the Group will dispose of all hazardous waste in strict accordance with the National Environment Management Waste Act, 2008 (NEM:WA No. 59 of 2008). Hazardous waste will be collected, stored, transported and disposed of in a controlled manner that prevents environmental impact. Specialized and certified contractors will be used to remove hazardous waste from site to prevent any form of contamination or unauthorized exposure.

Non-Hazardous Waste

The Group has explicit internal guidelines and measures in mining sites and offices to manage different types of non-hazardous waste. We advocate waste reduction at source and encourage our employees to make the best use of all resources.

In mining sites, waste mining rocks and tailings are major wastes generated during mining process. In order to reduce the impact of mining rocks to the environment, waste mining rocks will be used for road paving, underground backfilling, dam construction, etc. Tailings will be used for underground filling and cavity filling.

In offices, non-hazardous waste generated was mainly paper waste and domestic waste. The Group has adopted the following initiatives to reduce paper and stationery usage:

– Reuse or use double-sided paper
– Encourage the use of teleconference or video conference facilities
– Classify and recycle waste paper and printer cartridges
– Minimize the use of single-use disposable items

A2: USE OF RESOURCES

The Group recognises the importance of using resources sparingly across all sectors of its business and is committed to becoming a resource-saving and environmentally friendly enterprise to promote environmental protection.

Energy Management

In order to reduce energy consumption and improve the efficient use of energy, the Group has adopted the following energy-saving measures in both offices and mining sites:

– Switch off electrical equipment and lightings when not in use
– Set electrical equipment and appliances on power saver mode
– Use energy saving LED lighting and other electrical appliances
– Adopt natural ventilation where applicable
– Perform regular checking over the air-conditioning system, lightings and electrical appliances

During the Reporting Period, the energy consumption performance in South Africa of the Group is as follows:

Types of energy consumption	Unit	FY2021	FY2022
Direct energy consumption			
– Diesel *(Note 1)*	MWh	N/A	N/A
Indirect energy consumption			
– Purchased electricity	MWh	0.095	0.0248
Total energy consumption	MWh	0.095	0.0248

Note 1: No fuel source was used to generate electricity on the mine sites. No fuel resource was used to generate electricity at the various office sites at the homes of senior personnel, due to the fact that we do not have generators.

Water Management

The Group's mining projects are mainly located within water scarce areas, making the efficient use of water resources a key imperative. The Group emphasizes water efficiency management and conducts inspections and carries out timely maintenance to avoid water leakage. Furthermore, the Group also advocates to its employees that they should cherish and save water to avoid wastage.

The Group's activities are focused on developing underground gold mining in South Africa. Underground gold mining is a water intensive activity and the Group's projects have been designed to optimize the recirculation of water and to keep discharges to a minimum.

Gold mining is often associated with underground fissure water originating from sub-surface aquifers and this means that excess water must be discharged in accordance with the Environmental Authorisations and Water Use Licences under the National Water Act, 1998. The management of fissure water will therefore play an important part in the operation of the Group's future mining activities. Water will also be used in the treatment of mined ore in the metallurgical plants. Furthermore, the use of surface and ground water is strictly controlled and managed as set out by a mine's Water Use Licence. Recycling methods will also be implemented to optimise the efficient use of water and will result in a net positive water balance.

Since mining production has not yet commenced and the Group's projects are still in the developmental stage, the Group did not have any issue in sourcing water during the year under review.

During the Reporting Period, no water purchased from a formal source have been used by the Company, due to the fact that all staff is working from home, and the office water used is combined with domestic water use and is not possible to calculate. The Evander site office uses harvested rainwater in tanks that has a capacity of 20 Kl. The Jeanette site office is rented from the Harmony Gold Mining Company ("Harmony") and its water use is incorporated into Harmony's account, albeit that the office use is very small.

Packaging Material

Since the final products of the Group are gold concentrate, packaging material is not required and therefore is not considered to be material ESG aspect of the Group.

Since mining production has not yet commenced and the Group's projects are still in the developmental stage, energy and water consumption is restricted to the offices in Hong Kong. As a result, the Group is of the view that its consumption data is considered to be insignificant and immaterial.

A3: ENVIRONMENT AND NATURAL RESOURCES

Mining by its nature has an impact on the ecological of an area. The Group adopts a number of effective environmental management measures to avoid and mitigate its impact on the environment. A comprehensive environmental impact assessment needs to be conducted for every mining project. The outcome of the environmental management assessment determines the environmental management measures that need to be in place and continuously be monitored. Independent studies are also conducted to assess the compliance with the relevant laws and regulations. Non-compliance can lead to criminal investigation and prosecutions.

A4: CLIMATE CHANGE

Climate change has a significant impact on human life and business operations. Notwithstanding the climate change on the Group's business is minimal since the mining production has not commenced yet, the Group identified that the following climate risks might have a potential impacts on the Group's business:

Physical Risk

The changes in weather patterns such as level of precipitation and the temperature as well as higher frequency and intensity of extreme weather events may have adverse impacts on the Group' mining projects. For instance, exploration activity may become more difficult in hot and dry weather. Therefore, the Group has taken related factors into considerations during the planning and pre-construction stage of mining projects. Taking into account the risk of business interruption related to extreme weather events, we evaluate the possible weather condition that may suspend the business operations. As part of the contingency policies, the Group also instructs its employees on how to deal with situations in which necessary work equipment or services are unavailable due to severe weather events. The Group will review the measures in place to cope with adverse weather conditions to ensure the safety of our employees and will continue to monitor the risks associated with climate change from time to time.

B. SOCIAL

B1: EMPLOYMENT

The Group places great emphasis and attaches great importance to its employees' contribution and dedication to sustainable business development. In addition, we are committed to maintaining high employment standards and a healthy and safe workplace. We strive to provide the best possible support and opportunities to the employees so that they could thrive with the Group.

The Group strictly complies with relevant local laws, regulations and polices, including but not limited to "Labour Relations Act of South Africa", "Basic Conditions of Employment Act of South Africa", "Employment Equity Act of South Africa", "Skills Development Act of South Africa", "Unemployment Insurance Act of South Africa", "Employment Ordinance of Hong Kong", Employees' Compensation Ordinance of Hong Kong", "Minimum Wage Ordinance of Hong Kong" and regulates employee management in accordance with "Recruitment Policy" and other internal rules and regulations.

Recruitment, Promotion and Dismissal

An effective system of employment policies has been established which offers each candidate a fair recruitment opportunity in accordance with local laws and regulations. The Group only considers and assesses each candidate based on their suitability for the positions and potential to fulfil the Group's current and future needs, regardless of their race, gender, religion, physical disability, marital status, sexual orientation, etc.

Promotion and development opportunities are offered to current employees through an open and fair assessment system to explore employees' capabilities. The Group conducts evaluations, reviews and assessments on a regular basis to review employees' performance and career development and, where possible, offer its employees competitive salaries and fair promotion opportunities.

The Group strictly prohibits any kind of unfair or illegitimate dismissals. Termination of employment contract is in accordance with reasonable and lawful grounds under the laws of Hong Kong and South Africa.

Remuneration, Benefits and Work-life Balance

The Group understands that a competitive remuneration package with good benefits and welfare encourage retention and foster a sense of belonging. The Group offers a comprehensive remuneration package for all its employees, and employees are remunerated fairly according to their contributions with reference to the market practice.

In addition to competitive remuneration package, the Group offers an attractive benefit package, including paid annual leave, sick leave, education and examination leave, maternity leave, marriage leave, paternity leave, compensation leave, work injury leave, life and disability insurance, training allowances, provident fund. Corresponding subsidies on the traffic, travel, communication on overtime of employees is also provided in accordance to the requirement of the Group.

In order to enable employees to strike a balance between work and social life, the Group has defined standard working hours and statutory holidays in accordance with local laws and regulations.

Diversity, Equal Opportunities, and Anti-discrimination

The Group strives to bring together talents from different geographical locations, and ethnic backgrounds creating a diversified platform in which human resources can be employed to the mutual benefit of the company and its employees. Also, we are dedicated to providing equal opportunity in all aspects of employment and maintaining a workplace that is free from discrimination, physical or verbal harassment against any individual based on race, religion, colour, national origin, age, sex, sexual orientation, or disability.

During the Reporting Period, the Group was in compliance with the relevant laws and regulations on employment and labour practices, and has not been charged against any violation of such laws and regulations that have a significant impact on the Company.

The total number of employees of the Group was 24 during the Reporting Period. Information of our workforce and turnover rate by different categories is illustrated below:

Workforce by Gender

	Gender	
	Male	Female
South Africa	8	3
Hong Kong	6	7

Workforce by Employment Type

	Employment Type	
	Executive Directors	General Staff
South Africa	2	9
Hong Kong	2	11

Workforce by Age Group

	Age Group		
	Over 50	30 to 50	Below 30
South Africa	5	5	1
Hong Kong	5	7	1

Workforce by Geographical Region

	Geographical Region
South Africa	11
Hong Kong	13

Employee Turnover Rate

	% in FY2022
Total	0
By gender	
Male	0
Female	0
By geographical region	
South Africa	0
Hong Kong	0
By age group	
Over 50	0
30 to 50	0
Below 30	0

B2: HEALTH AND SAFETY

The Group recognizes health and safety and the well-being of its employees as a crucial component and is committed to creating a pleasant and safe working environment for all.

The Group strictly abide by the relevant local laws, regulations and polices, including but not limited to "Occupational Health & Safety Act of South Africa", "Compensation for Occupational Injuries and Diseases Act of South Africa", "Workmen's Compensation Act of South Africa", "Mine Health and Safety Act of South Africa", "Occupational Safety and Health Ordinance of Hong Kong" and implements an occupational safety management policies namely "Taung Gold Safety Way" at all offices and mining sites in accordance with the industry, local laws and regulations, international standards as well as internal experience.

In order to enhance the safety level in operation sites, the Group worked out a sound safety responsibility system. Due to the particularity of mining safety, the Group offers occupational health and safety management courses and training to employees and subcontractors in South Africa to ensure that the operations are able to meet the local legal requirements. Furthermore, the Group provides its employees with protective equipment, such as safety helmets, safety vests, safety shoes, that meets local standards. Sufficient medical first-aid kits, protective gears, fire prevention equipment and other emergency equipment are provided in every operation site. On-site occupational safety officers are also stationed to further enhance the safety of employees.

Other than operation sites, the Group has also taken actions to safeguard the health and safety of employees in offices, including but not limited to disinfection of carpets in offices, prohibition of smoking in workplace, fire drills, etc.

A series of necessary hygiene and epidemic prevention measures have been implemented by the Group to mitigate the potential impact of the COVID-19 outbreak since 2020, including implementation of prevention and control policies enacted by the relevant governmental authorities, provision of free anti-epidemic supplies and adopt flexible working hours to protect the health and safety of our employees.

During the Reporting Period, the Group was not aware of other material non-compliance with health and safety-related laws and regulations that would have a significant impact on the Group. The Group has not recorded any days lost due to work-related or fatalities during the last three years. The Group also did not have any reportable incidents for the Reporting Period.

B3: DEVELOPMENT AND TRAINING

The Group understands that in order to achieve sustainable success and growth of businesses and to maintain the Group's competitiveness, it must continuously develop its human capital. The Group reviews the growth and development needs of employees regularly, especially in the areas of knowledge development and training.

On-the job training, internal and external training courses, safety and first aid courses were provided to employees for career development in accordance to the actual needs. The Group has also formulated incentive policies to encourage employees to obtain professional certificates or complete corresponding professional courses. Training subsidy and examination leave are provided for certain trainings.

During the Reporting Year, training courses and seminars such as accounting, corporate and regulatory developments were attended to by employees. The percentage of employees trained by employee category are as follows:

	FY2022
By employment category	
Executive directors	25%
General staff	15%

B4: LABOUR STANDARDS

Prevention of Child and Forced Labour

The Group prohibits and strongly condemns any forms of child, forced or compulsory labour and will not employ any person under the legal working age as defined by laws and regulations. The Group also prohibits any use of forced or indentured labour, physical punishment, imprisonment and threats of violence. Based on the principle of fairness and free will, the Group never recruits employees by any means of coercion or fraud.

The Group's Human Resource and Administrative Department is responsible for monitoring and ensuring the Group is in compliance with local laws and regulations that prohibit child and forced labour. Effective age verification procedures during the recruitment process and periodic assessments are performed to avoid illegal employment of child and forced labour.

In the unlikely event that there is a breach in policy with respect to child labour, the Group will act quickly and decisively to remedy the situation. Any such breach will be the subject of a rigorous investigation to determine possible shortcomings in company policy and will determine the necessary steps to prevent a recurrence. Employees will also be proactively educated so that they fully understand the definition of child and forced labour. Local laws and regulations shall always form a minimum requirement and where the Company sees these as being insufficient it shall adopt its own policy to enforce a higher level of compliance.

During the Reporting Period, the Group did not employ any child labor or forced labour. There were no cases of prosecution for breach of relevant laws and regulations during the Reporting Period.

B5: SUPPLY CHAIN MANAGEMENT

The Group is well aware that the performance of its corporate social responsibility requires the involvement of its business partners. The Group strives to engage suppliers and subcontractors, who demonstrate best practices in connection with environmental and social matters.

There are 5 major suppliers in South Africa. The Group has a policy for choosing suppliers and subcontractors to implement sound measures for environmental and corporate social responsibilities. A supplier selection and assessment mechanism concerning quality, price, delivery, term of payment and reputation has been established.

We are fully aware of the effect of its procurement activities on the environmental and social risks along the supply chain and have incorporated environmental, social and governance considerations into our procurement decisions to enhance the overall sustainability and resilience of the supply chain. The Group requires and assesses suppliers and subcontractors to adhere to our standards of business conduct and ethics, human rights and labour standards, occupational health and safety and sustainability and environmental responsibility.

When selecting suppliers, we prioritize green products and services, choosing products with low energy consumption, high recycling rates, and less packaging as much as possible. In South Africa, at least three quotes will be obtained for selection and the Group will observe and assess the Black Economic Empowerment ("BEE") rating and/or carbon emission of potential suppliers and subcontractors.

Comprehensive evaluation and review will be conducted periodically to assess whether the qualification and performance of suppliers and subcontractors are up to our standards and in compliance with relevant laws and regulations.

B6: PRODUCT RESPONSIBILITY

Since the mining projects of the Group are still at a pre-construction and developmental stage during the Reporting Year, the Group has not commenced any mining or production activities yet. Thus, it is not applicable for the Group to disclose policy on product responsibility due to the Group's business nature and relevant disclosure will be made once mining production commences.

B7: ANTI-CORRUPTION

The Group has high standards in terms of ethical conduct. The Group prohibits anyone from seeking or receiving bribes and personal gain through improper means, blackmail, fraud or money-laundering by virtue of their positions. Anti-corruption, anti-money laundering and whistle-blowing policies as well as a Code of Conduct have been adopted to set out an acceptable standard of behaviour for all employees of the Group.

During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations relating to bribery, extortion, fraud, money laundering, data privacy and intellectual property, nor any legal cases regarding corruption practices against the Group or our employees.

Whistle-blowing

A whistle-blowing policy has been set up to encourage and allow employees to report any misconducts they observe. Clear guidelines have been set out regarding the acceptance scope, violation behaviour, reporting channels, handling procedures and information confidentiality of whistle-blow incidents in accordance with related management regulations.

Employees can report suspected cases in writing to the Chairman of the Audit Committee based on the nature of the reported matters. The Chairman of the Audit Committee will review the reported matters and decide how the investigation should proceed in a timely manner. All reported matters are treated confidentially and the Group makes every effort to keep the employee's identity confidential. Meanwhile, we make our best efforts to ensure that the information collected is accurate, and employees who deliberately provide untrue information are subject to disciplinary actions.

Anti-Corruption

Employees are strictly forbidden to solicit or accept or offer any forms of advantages such as gifts, entertainment or contributions from/to customers, suppliers, public servants, employees of a government department or public body, or any person in connection with the Group's business in most circumstances.

In the unlikely event that such behaviour is uncovered and the involved persons found guilty of such acts, the employees will be subject to dismissal and blacklisted for future recruitment. If the case is serious, such an employee's particulars will be referred to the local law enforcement agency for prosecution.

To strengthen understanding of relevant applicable laws and regulations, training regarding ethical business conduct covering topics such as integrity and discipline, confidentiality and conflict of interest is provided to all employees of the Group. Internal training and reading on material topics, such as corporate governance, connected and notifiable transactions, legal and regulatory and business, are also provided to directors during the Reporting Period.

B8: COMMUNITY INVESTMENT

The Group strongly believes in the upliftment of people and leaving a long-term net positive legacy where it operates. Surrounding communities play an integral role in the success of any mining project of the Group and specific education development programs are adopted and implemented under the SLPs to improve the communities in a sustainable manner.

The objectives of the SLPs are to:

- Promote employment and advance the social and economic welfare of all who live in the area;

- Contribute to the transformation of the mining industry; and

- Ensure that holders of mining rights contribute towards the socio-economic development of the areas in which they operate.

During the Reporting Period, unemployment increased in the area around the Jeanette Project as did hunger levels in the local community due to the COVID-19 pandemic lockdown since March 2020 in South Africa. Efforts under the SLPs were intensified to train and encourage the community to become self-sufficient in food production through vegetable gardens and poultry production. The SLP has now trained over 1,100 households in food production.

The Group also contributes training and ongoing support to vegetable producers. For example, materials were provided for construction of green houses and irrigation systems.

The Group has established and will continue to maintain good relationships with the surrounding communities in the areas in which it operates by holding regular meetings with the local municipalities as well as the Department of Mineral Resources and Energy to oversee the SLPs.

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Notes:

1. There was no substantive data available during the Reporting Period due to absence of production of the Group's mining business and no record being kept at developmental stage.

2. No applicable data on intensity was available during the Reporting Period.

The Company has adopted the code provisions ("Code Provision") of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited ("Stock Exchange").

CORPORATE GOVERNANCE PRACTICES

The Board considers that good corporate governance of the Company can protect and safeguard the interests of the shareholders and to enhance the performance of the Company. The Board is committed to maintaining and ensuring high standards of corporate governance. Throughout the year ended 31 March 2022, the Company has complied with all Code Provisions of the CG Code as set out in Appendix 14 to the Listing Rules, except the following deviation:

– Under code provision A.2.7 (which has been renumbered as code provision C.2.7 since 1 January 2022) of the CG Code, the chairman should at least annually hold meetings with the independent non-executive directors without the presence of other directors. The Co-chairmen have delegated the secretary to the Board to gather any concerns and/or questions that the independent non-executive directors might have and to report to them so that the co-chairmen will arrange a meeting with them.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding directors' securities transactions. The Company has made specific enquiries of all the Directors and all Directors confirmed that they have complied with the required standards set out in the Model Code throughout the year ended 31 March 2022.

The Company has also established written guidelines no less exacting than the Model Code (the "Written Guidelines") for securities transactions by the relevant employees, including the Directors, who are likely to possess inside information of the Company.

No incident of non-compliance of the Written Guidelines by the relevant employees was noted by the Company.

CHAIRMAN AND CHIEF EXECUTIVE

Code Provision A.2.1 (which has been renumbered as code provision C.2.1 since 1 January 2022) requires the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing. During the year under review, Ms. Cheung Pak Sum and Mr. Christiaan Rudolph de Wet de Bruin are Co-chairmen of the Company. After the retirement of Mr. Neil Andrew Herrick as Chief Executive Officer of the Company with effect from 28 August 2020, the role of Chief Executive Officer has been currently performed by the executive directors of the Company. There is no officer carrying the title of Chief Executive Officer up to the date of this annual report. Therefore, in the opinion of the Directors, the roles of the Co-chairmen and the Chief Executive Officer have been/will be properly segregated in the absence of an officer carrying the title of Chief Executive Officer. The balance of power and authority is ensured by the operations of the Board, which comprises experienced and high calibre individuals who meet regularly to discuss operation issues of the Group.

INDEPENDENT NON-EXECUTIVE DIRECTORS

With a wide range of expertise and a balance of skills, the Independent Non-executive Directors bring independent judgment on issues of strategic direction, development, performance and risk management through their contribution at board meetings and committee work. The Independent Non-executive Directors also serve the important function of ensuring and monitoring the basis for an effective corporate governance framework. The Independent Non-executive Directors of the Company are not appointed for specific terms but are subject to retirement by rotation in accordance with the bye-laws of the Company.

Each of the Independent Non-executive Director has made an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules, and the Company is of the view that all Independent Non-Executive Directors met the independence guidelines as set out in Rule 3.13 of the Listing Rules and are independent. The Independent Non-executive Directors are explicitly identified in all corporate communications of the Company.

Throughout the year ended 31 March 2022, the Company complied with Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules relating to the appointment of at least three Independent Non-executive Directors, at least one Independent Non-executive Director with appropriate professional qualifications, or accounting or related financial management expertise, and a sufficient number of Independent Non-executive Directors representing at least one-third of the Board, respectively.

BOARD OF DIRECTORS

The Board assumes overall responsibilities for leadership and control of the Company and is collectively responsible for promoting the success of the Company and its business by directing and supervising the Company's affairs. The Board focuses on overall corporate strategies and policies with attention particularly paid to the financial performance of the Company, including approval of major acquisition and disposal; annual and interim results; approval of major capital transaction such as change of share capital; repurchase of share and issue of new securities; recommendation on change of directors, chief executives and company secretary of the Company; establishment or amendment of board committees and their respective terms of reference; monitor and review of the risk management and internal control policy of the Company; adoption and review of the corporate governance policy and the relevant report to be disclosed annually; and all other significant operation and financial matters.

The Board has also formulated the following terms of reference on duties of corporate governance to be performed by the Board:

i. To develop and review the Company's policies on corporate governance and make recommendations to the Board;

ii. To review and monitor the training and continuous professional development of the Directors and senior management of the Company;

iii. To review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

iv. To develop, review and monitor the code of conduct and compliance manual of the Company (if any) applicable to employees and the Directors; and

v. To review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

Composition of the Board

The Board currently comprises six Directors as follows:

Executive Directors:
Mr. Christiaan Rudolph de Wet de Bruin *(Co-chairman)*
Ms. Cheung Pak Sum *(Co-chairman)*
Mr. Phen Chun Shing Vincent

Independent Non-Executive Directors:
Mr. Li Kam Chung
Mr. Chong Man Hung Jeffrey
Mr. Tsui Pang

The biographical information of the Directors and their relationship among the members of the Board, if any, are set out in the "Biographical Details of Directors and Senior Management" section on pages 20 to 22 of this annual report. An updated list of Directors, identifying their respective roles and functions is displayed on the Stock Exchange's website and the Company's website.

The Board held 4 board meetings and 1 general meeting during the financial year ended 31 March 2022. Details of attendance of individual director are set out below:

	Meetings attended/held	
Name of Directors	Regular Board Meeting	Annual General Meeting
Executive Directors		
Mr. Christiaan Rudolph de Wet de Bruin	4/4	1/1
Ms. Cheung Pak Sum	4/4	1/1
Mr. Phen Chun Shing Vincent	4/4	1/1
Independent Non-executive Directors		
Mr. Li Kam Chung	4/4	1/1
Mr. Chong Man Hung Jeffrey	4/4	1/1
Mr. Tsui Pang	4/4	1/1

The Board and the management

There is a clear division of the responsibilities of the Board and the management. The Board delegated its responsibilities to directors and senior management to deal with day-to-day operations and review those arrangements on a periodic basis. Management has to report back to the Board and obtain prior approval before making decisions for key matters or entering into any commitments on behalf of the Company. The Board has a balance of skill, experience and diversity of perspectives appropriate to the requirements of the business of the Company.

The Board regularly meets in person to discuss and formulate overall strategic direction and objectives and also approve annual and interim results as well as other significant matters of the Company. Execution of daily operational matters is delegated to management.

The Company Secretary assists the Co-chairmen in preparing notice and agenda for the meetings, and ensures that the Company complied with the corporate governance practices and other compliance matters. At least 14 days notice of all regular board meetings were given to all directors and reasonable notice were given for other board meetings, who were all given an opportunity to include matters in the agenda for discussion.

All directors have access to the Company Secretary who is responsible for the Company's compliance with the continuing obligations of the Listing Rules, Code on Takeover and Mergers and Share Repurchases, Companies Ordinance, Securities and Futures Ordinance and other applicable laws, rules and regulations, etc.

Minutes of the board/committee meetings are recorded in significant detail for any decision and recommendation made during the meetings. Draft and final versions of minutes are circulated to directors or committee members within a reasonable time after the meetings are held and taken as the true records of the proceedings of such meetings. All minutes are kept by the Company Secretary and are open for inspection at any reasonable time on reasonable notice by any director. All directors are entitled to have access to board papers and related materials unless there are legal or regulatory restrictions on disclosure due to regulatory requirements.

If a substantial shareholder or a director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the matter will be dealt with by way of a board/committee meeting and the interested shareholder or director shall not vote nor shall he/she be counted in the quorum present at the relevant meeting. Non-executive Director and Independent Non-executive Director who, and whose close associates, have no material interest in the transaction, should be present at such board meeting.

INDEMNITY AND INSURANCE PROVISIONS

The Company has arranged for appropriate liability insurance throughout the year to indemnify the directors for their liabilities arising out of corporate management activities.

BOARD COMMITTEES

To maximise the effectiveness and efficiency of the Board, the Company has established audit committee, nomination committee, remuneration committee and technical, safety and environment committee with written terms of reference respectively to explain their role and the authority delegated by the Board. The terms of reference of each of the committees are available on the website of the Stock Exchange at www.hkexnews.hk and on the Company's website at www.taunggold.com under "About Us" in the section of "Corporate Governance".

The Board committees are also authorized to investigate any matter within its terms of reference and seek any information it requires from any employee and obtain outside legal or other independent professional advice at the cost of the Company if necessary.

AUDIT COMMITTEE

The Company has established the Audit Committee ("AC") in 2004. The AC comprises three Independent Non-executive Directors, namely Mr. Chong Man Hung Jeffrey, Mr. Li Kam Chung and Mr. Tsui Pang and is chaired by Mr. Chong Man Hung Jeffrey, who together have sufficient accounting and financial management expertise and business experience to discharge their duties and none of them is a former partner of the external auditors of the Company.

The AC's principal duties include reviewing the Group's financial controls, internal control and risk management systems, reviewing and monitoring integrity of financial statements and reviewing annual and interim financial statements and reports before submission to the Board and considering and recommending the appointment, reappointment and removal of external auditors of the Company.

The AC meets with the external auditors and the management of the Group to ensure that the audit findings are addressed properly.

The AC meets regularly to review the financial results and other information to shareholders, the system of internal control and risk management. The AC also provides an important link between the Board and the Company's auditors in matters within the scope of its terms of reference and keeps under review the independence of auditors.

During the year, the AC held 4 meetings to discuss the change and the independence of external auditor, review the financial results, internal audit function, risk management and internal control systems of the Group. The annual results of the Company for the year ended 31 March 2022 and interim results for the six months ended 30 September 2021 have also been reviewed by the AC and was of the opinion that the accounting policies of the Group are in accordance with the applicable accounting standards and requirements.

The individual attendance of each AC member is set out below:

Name of Audit Committee members	Meetings attended/held
Mr. Chong Man Hung Jeffrey *(Chairman)*	4/4
Mr. Li Kam Chung	4/4
Mr. Tsui Pang	4/4

NOMINATION COMMITTEE

The Company has established the Nomination Committee ("NC") in 2005. The NC comprises three Independent Non-executive Directors, namely Mr. Chong Man Hung Jeffrey, Mr. Li Kam Chung and Mr. Tsui Pang. Mr. Chong Man Hung Jeffrey is the Chairman of the NC.

The NC is responsible for the appointment of its own members, identifying appropriate candidate and recommending qualified candidate to the Board for consideration. The Board will review profiles of the candidates recommended by the NC and make appointment if appropriate. Candidates are appointed to the Board on the basis of their integrity, independent mindedness, experience, skill and the ability to commit time and effort to carry out his duties and responsibilities effectively.

The NC also assesses the independence of Independent Non-executive Directors and making recommendations to the Board on such appointments or re-election. All directors are also subject to re-election by shareholders at the annual general meeting pursuant to the Bye-laws of the Company. In accordance with the Company's Bye-laws, one-third of the directors who have been longest in office since their last election or re-election are subject to retirement by rotation at least once every three years. All retiring directors are eligible for re-election.

During the year ended 31 March 2022, the NC held 1 meeting to assess the independence of Independent Non-executive Directors and to review the structure, size and composition of the Board, the rotation, retirement and re-election of directors and the Board Diversity Policy.

The individual attendance of each NC member is set out below:

Name of Nomination Committee members	Meetings attended/held
Mr. Chong Man Hung Jeffrey *(Chairman)*	1/1
Mr. Li Kam Chung	1/1
Mr. Tsui Pang	1/1

Board Diversity Policy

The Board adopted the Board Diversity Policy by setting out the approach to achieve diversity on the Board. The Company seeks to achieve board diversity through the consideration of a number of factors, including but not limited to skills, regional and industry experience, background, race, gender and other qualities. The Company will also take into account of its own business model and specific needs from time to time in determining the optimum composition of the Board. The NC is responsible for setting measurable objectives for achieving diversity on the Board and giving recommendation to the Board for adoption. The Board Diversity Policy shall be reviewed by the NC, as appropriate, to ensure its effectiveness.

Nomination Policy

The Company has adopted the Nomination Policy, which establishes written guidelines and procedures for nominating and appointing new directors to the Board.

The Nomination Committee shall identify and nominate suitable candidates for the Board's consideration. In the selection process, the Nomination Committee makes reference to criteria including, inter alia:

– Reputation for integrity, accomplishment and experience in the Company's related businesses

– Professional and educational background

– Potential time commitment for the Board/committee

– Independence of the Independent Non-executive Directors

The nomination committee will convene meetings to consider the nomination of the candidate and make recommendations to the Board. The criteria to be adopted by the Board in considering each individual shall be their ability to contribute to the effective carrying out by the Board of its responsibilities.

REMUNERATION COMMITTEE

The Company established the Remuneration Committee ("RC") in 2005. The RC comprises three Independent Non-executive Directors, namely Mr. Li Kam Chung, Mr. Chong Man Hung Jeffrey and Mr. Tsui Pang. Mr. Li Kam Chung is the Chairman of the RC.

The RC adopted the model to make recommendations to the Board on the remuneration packages of individual executive directors and senior management so that they are responsible for advising the Board on the Company's overall policy and structure for the remuneration of directors and senior management, the remuneration packages of all directors and senior management, reviewing and advising the Board of their performance-based remuneration, reviewing and advising the Board of the compensation to directors and senior management in connection with any loss or termination of their office or appointment. The RC also ensures that no director or any of his associates is involved in deciding his own remuneration.

In recommendation of the emolument payable to directors to the Board, the RC takes into consideration factors such as salaries paid by comparable companies, time commitment and responsibilities of the directors, employment and market conditions.

During the year ended 31 March 2022, the RC held 1 meeting to review the remuneration packages of directors and senior management and considered that the existing remuneration packages to each director and senior management are reasonable and appropriate with reference to the financial performance of the Company, employment and market conditions as a whole. The remuneration paid to each Director for the year ended 31 March 2022 are shown in note 7 to the financial statements.

The individual attendance of each RC member is set out below:

Name of Remuneration Committee members	Meetings attended/held
Mr. Li Kam Chung *(Chairman)*	1/1
Mr. Chong Man Hung Jeffrey	1/1
Mr. Tsui Pang	1/1

DIRECTORS' AND AUDITOR'S RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Board acknowledges its responsibilities for the preparation of the consolidated financial statements of the Group for the year ended 31 March 2022 which give a true and fair view of the state of affairs of the Group in accordance with statutory requirements and applicable accounting standards. The Board is not aware of any material uncertainties relating to events or conditions which may cast significant doubt over the Group's ability to continue as a going concern. The Board is also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company.

The statement of the auditors of the Company regarding their reporting responsibilities for the financial statements is set out in the Independent Auditor's Report on pages 58 to 62 of this annual report.

RISK MANAGEMENT & INTERNAL CONTROL

The Board acknowledges that it has overall responsibility for the establishment and maintenance of an adequate and effective risk management and internal control system of the Company and reviewing its effectiveness.

The Board is committed to review the adequacy and effectiveness of the Group's risk management and internal control system annually so as to protect and safeguard the interest of shareholders and assets of the Company. During the year, the Board has engaged Crowe (HK) Risk Advisory Limited, an independent outsourced internal auditor to maintain an effective internal audit function to facilitate the Board in assessing its risk management and internal control systems. The controls are to manage rather than to eliminate the risk of failure to achieve business objectives, and provide reasonable assurance (but not absolute guarantee) against material misstatements or losses that assets are adequately safeguard, operational controls are in place, business risks are suitably protected and proper accounting records are maintained.

The Group has reviewed an internal audit charter to ensure that the scope, duties and responsibilities and reporting protocol of the internal audit function remain consistent with internal audit strategies and objectives. The Group also conducted an annual risk assessment for the year to identify respective strategic risks, operational risks, financial risks and compliance risks of its major business. The identified risks were analysed and evaluated based upon a combination of the significance of consequence and the likelihood of its occurring. The management of the Company is responsible for the coordination, follow-up and monitoring of the risk mitigation plans. All the significant risks and its status of mitigation were reported to the Board and Audit Committee for discussion and approval in a timely manner.

Based on the outcome of the risk assessment and following a risk-oriented methodology audit approach, the Company has devised a continuous three-year audit plan that prioritised the significant risks identified into annual audit projects.

An annual review was performed according to the audit plan with a view to assisting the Board and the AC to evaluate the effectiveness of the Group's risk management and internal control mechanism. The review also covered material controls, including financial, operational and compliance controls at entity and operational levels.

The Company has also established a policy ("Policy on Securities Transactions") on handling and dissemination of inside information that set out the procedures in handling inside information in an accurate and secure manner and to avoid possible mishandling of inside information within the Group.

The Board has reviewed the effectiveness of the risk management and internal control system of the Group annually, including financial, operational and compliance controls. Based on the monitoring of the Group on an ongoing basis, the results of the risk assessments and the outcome of the annual audit review, the Board and the AC are of the opinion that the Group has maintained adequate and effective risk management and internal control system to protect and safeguard the interest of shareholders and assets of the Company during the year ended 31 March 2022.

DIRECTORS' TRAINING

All Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. Each of the newly appointed Directors receives comprehensive and formal induction training on or before his appointment, so as to ensure that he/she has an appropriate understanding of the Company's business and the director's duties and responsibilities. In order to allow the Directors to understand the up-to-date development of regulatory and compliance issues, they are also provided with market news and regulatory updates. The training participated by individual Director during the year ended 31 March 2022 is summarized as follows:

Name of Directors	Reading legal and regulatory updates
Executive Directors	
Mr. Christiaan Rudolph de Wet de Bruin	✓
Ms. Cheung Pak Sum	✓
Mr. Phen Chun Shing Vincent	✓
Independent Non-executive Directors	
Mr. Li Kam Chung	✓
Mr. Chong Man Hung Jeffrey	✓
Mr. Tsui Pang	✓

DIVIDEND POLICY

The Company has adopted a Dividend Policy that aims to provide the guidelines for the Board to determine whether dividends are to be declared and paid to the shareholders and the level of dividend to be paid. Under the Dividend Policy, in deciding whether to propose a dividend and in determining the dividend amount, the Board shall take into account, inter alia, the following factors:

(a) the Group's financial results;

(b) the financial condition of the Group;

(c) future cash requirements and availability for business operations, business strategies and future development needs;

(d) the availability of funds to meet the financial covenants of our Group's bank loans; and

(e) any other factors that our Board may consider appropriate.

The payment of the dividend by the Company is also subject to any restrictions under the Companies Act of Bermuda and the Bye-Laws of the Company. Any final dividends declared by the Company must be approved by an ordinary resolution of its shareholders at an annual general meeting. The Board may from time to time pay to the shareholders such interim and/or special dividends as it considers to be justified by the profits of the Group.

Any declaration and/or payment of future dividends under the dividend policy are/is subject to the Board's determination that the same would be in the best interests of the Group and the shareholders of the Company as a whole. The Board endeavors to strike a balance between the shareholders' interests and prudent capital management and the Board will review the dividend policy from time to time and may exercise at its sole and absolute discretion to update, amend and/or modify the policy at any time as it deems fit and necessary. There is no assurance that dividends will be paid in any particular amount for any given period.

AUDITOR'S REMUNERATION AND AUDITOR'S RELATED MATTERS

During the year ended 31 March 2022, the Group engaged Crowe (HK) CPA Limited ("Crowe") as the Group's external auditor to fill the casual vacancy arising from the resignation of Deloitte Touche Tohmatsu ("Deloitte"), and to hold office until the conclusion of the AGM. The consolidated financial statements for the year ended 31 March 2022 of the Company have been audited by Crowe. The remuneration paid or payable to Deloitte and Crowe for the years ended 31 March 2022 and 2021 respectively is set out as follows:

	Fees paid/payable for the year ended 31 March	
	2022	**2021**
	HK$'000	HK$'000
Audit service, excluding disbursement	1,000	2,900
Non-audit service	550	280

COMPANY SECRETARY

During the year ended 31 March 2022, the company secretary attended relevant professional training for not less than 15 hours.

CONSTITUTIONAL DOCUMENTS

There are no significant changes in the Company's constitutional documents during the year ended 31 March 2022.

COMMUNICATION WITH SHAREHOLDERS

The Company aims to provide its shareholders with high standards of disclosure and financial transparency through the publication of annual and interim reports, notices, announcements and circulars etc. made through the websites of the Company and the Stock Exchange.

The Board also maintains an on-going dialogue with shareholders and uses general meetings to communicate with shareholders. The Company encourages all shareholders to attend general meetings which provides a useful forum for shareholders to exchange views with the Board. The Chairmen of the Board, members of relevant committees and senior management of the Company should also be available to answer the shareholders' questions.

SHAREHOLDERS' RIGHTS

The Company also encourages the shareholders to participating in the decision making process of the Company by the following means under different circumstances:

Procedures for directing shareholders' enquiries to the Board

Shareholders should put their enquiries regarding their shareholdings to the Company's Hong Kong Branch Share Registrar via hotline 2980 1333 or email to is-enquiries@hk.tricorglobal.com.

Shareholders may request for the Company's publicly available information and/or send their enquiries and concern to the Company at the head office and principal place of business of the Company or email their enquiries to the Company to contact@taunggold.com.hk.

All the enquiries will be directed to and reviewed by the Company Secretary of the Company. The Company Secretary should summarize the enquiries and submit a copy of the summary to the Board in the next board meeting. Records of all the communications with the shareholders should be maintained by the Company Secretary.

Procedures to put forward proposals in general meeting

Any number of shareholders representing not less than one-twentieth of the total voting rights of all the shareholders having at the date of the requisition a right to vote at the general meeting to which the requisition relates or not less than 100 shareholders holding shares of the Company, are entitled in writing to require a move in the general meeting.

Written requisition attention to the Company Secretary shall be signed and deposited in accordance with the Bermuda Companies Act 1981 (as amended) to put forward proposals in general meeting.

Procedures to convene special general meeting ("SGM")

Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid-up capital of the Company carrying the voting right at the general meeting are entitled to require a SGM to be held by written requisition, duly signed by all the concerned shareholders, deposited to the Company Secretary of the Company at the head office and principal place of business of the Company.

Written requisition attention to the Company Secretary shall be signed and deposited in accordance with the Company's Bye-laws and the Bermuda Companies Act 1981 (as amended) to require a SGM to be convened by the Board for the transaction of business specified in the written requisition.

INDEPENDENT AUDITOR'S REPORT

Crowe

國富浩華（香港）會計師事務所有限公司
Crowe (HK) CPA Limited
香港 銅鑼灣 禮頓道77號 禮頓中心9樓
9/F Leighton Centre,
77 Leighton Road,
Causeway Bay, Hong Kong

TO THE SHAREHOLDERS OF TAUNG GOLD INTERNATIONAL LIMITED
(incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Taung Gold International Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 63 to 135, which comprise the consolidated statement of financial position as at 31 March 2022, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and 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 2022, 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 (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the 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.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of mining assets	
We identified the impairment assessment of mining assets in South Africa as a key audit matter due to the significance of this balance to the consolidated statement of financial position and significant judgment and estimation uncertainty associated with determining their recoverable amounts. For the annual impairment testing of the Group's mining assets in South Africa, the recoverable amount of the relevant cash-generating unit ("CGU"), in which the mining assets are included, was determined based on the higher of fair value less costs of disposal and value in use. The determination of the recoverable amount requires the Group to estimate the future cash flows expected to arise from the CGU and a suitable discount rate to be applied in the discounted cash flows model. The recoverable amounts of the Group's mining assets in South Africa as at 31 March 2022 have been arrived at on the basis of a valuation carried out by an independent qualified professional valuer not connected to the Group (the "Valuer"). The valuation is dependent on certain significant inputs that involve judgment and estimation made by the management of the Group together with the Valuer, including, among other factors, expected future inflation rates in United States and South Africa, future gold price, expected exchange rate of United States Dollars ("USD") against South Africa Rand ("ZAR") and a discount rate. As at 31 March 2022, the Group has mining assets in South Africa of approximately HK$3,205,370,000. A reversal of impairment loss of approximately HK$125,148,000 has been recognised on these mining assets for the year ended 31 March 2022. Further details of the impairment assessment on the Group's mining assets in South Africa are set out in note 13 to the consolidated financial statements.	Our procedures in relation to the impairment assessment of mining assets included: • obtaining an understanding of the management's basis and assessment in relation to impairment of mining assets; • involving our valuation expert to evaluate the appropriateness of the valuation methodology and model used by the Valuer to determine the recoverable amount of the CGU; • evaluating the reasonableness of key assumptions (including the expected future inflation rates in United States and South Africa, future gold price, expected exchange rate of USD against ZAR, discount rate and timing to start development of mining assets) used in the valuation model by assessing the publicly available information and expected future performance of the CGU; and • comparing the input data such as operating expenses and capital expenditure used in the valuation model to feasibility reports.

OTHER MATTER

The consolidated financial statements of the Group for the year ended 31 March 2021 were audited by another auditor who expressed an unmodified opinion on those statements on 30 June 2021.

INFORMATION OTHER THAN CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors are responsible for the other information. The other information comprises all the information included in the annual report other than 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 THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors of the Company 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 of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the Audit Committee in discharging their responsibilities 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. This report is made solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, 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.

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 the Audit Committee 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 the Audit Committee 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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, 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.

Crowe (HK) CPA Limited
Certified Public Accountants
Hong Kong, 28 June 2022

Chan Wai Dune, Charles
Practising Certificate Number P00712

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2022

	NOTES	2022 HK$'000	2021 HK$'000
Other income	6	1,045	1,863
Other gains and losses	6	(1,067)	(4,480)
Administrative and operating expenses		(34,866)	(35,339)
Finance costs	8	(1,431)	(1,273)
Impairment loss on other receivable	18(b)	(21,636)	–
Reversal of impairment loss/(impairment loss) on mining assets	13	125,148	(626,129)
Share of results of associates	15	(12)	(12)
Profit/(loss) before taxation		67,181	(665,370)
Income tax expense	9	–	–
Profit/(loss) for the year	10	67,181	(665,370)
Other comprehensive income			
Item that may be subsequently reclassified to profit or loss:			
Exchange differences arising on translation of foreign operations		64,655	633,122
Total comprehensive income/(expense) for the year		131,836	(32,248)
Profit/(loss) for the year attributable to:			
– Owners of the Company		45,147	(526,232)
– Non-controlling interests		22,034	(139,138)
		67,181	(665,370)
Total comprehensive income/(expense) attributable to:			
– Owners of the Company		96,009	(28,092)
– Non-controlling interests		35,827	(4,156)
		131,836	(32,248)
Earnings/(loss) per share	11		
– Basic and diluted earnings/(loss) per share (HK cents)		0.25	(2.92)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2022

	NOTES	2022 HK$'000	2021 HK$'000
Non-current assets			
Property, plant and equipment	*12*	**2,341**	2,526
Mining assets	*13*	**3,205,370**	3,022,642
Right-of-use assets	*14*	**1,457**	337
Interests in associates	*15*	**490**	502
Financial assets at fair value through profit or loss	*16*	**52,536**	54,969
Deposit for acquisition of an investment	*17*	**–**	60,000
Rental deposit	*18*	**425**	–
Pledged bank deposits	*19*	**764**	751
		3,263,383	3,141,727
Current assets			
Other receivables, prepayment and deposits	*18*	**14,171**	6,971
Bank balances and cash	*20*	**163,168**	163,140
		177,339	170,111
Current liabilities			
Lease liabilities	*21*	**1,189**	282
Other payables and accruals	*22*	**6,652**	10,319
		7,841	10,601
Net current assets		**169,498**	159,510
Total assets less current liabilities		**3,432,881**	3,301,237
Non-current liabilities			
Lease liabilities	*21*	**282**	–
Provision for rehabilitation costs	*23*	**11,554**	12,028
		11,836	12,028
Net assets		**3,421,045**	3,289,209

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2022

	NOTES	**2022** **HK$'000**	2021 HK$'000
Capital and reserves			
Share capital	*24*	**181,515**	181,515
Reserves		**2,558,382**	2,462,373
Equity attributable to owners of the Company		**2,739,897**	2,643,888
Non-controlling interests	*33*	**681,148**	645,321
Total equity		**3,421,045**	3,289,209

The consolidated financial statements on pages 63 to 135 were approved and authorised for issue by the board of directors on 28 June 2022 and are signed on its behalf by:

PHEN CHUN SHING, VINCENT
DIRECTOR

CHEUNG PAK SUM
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2022

	Attributable to owners of the Company										
	Share capital HK$'000	Share premium HK$'000	Capital reserve HK$'000 *(note (a))*	Other reserve HK$'000 *(note (b))*	Contributed surplus HK$'000 *(note (c))*	Foreign currency translation reserve HK$'000	Share-based payments reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 April 2020	181,515	5,307,443	(829)	(74,746)	147,828	(1,551,934)	11,412	(1,348,709)	2,671,980	649,477	3,321,457
Loss for the year	–	–	–	–	–	–	–	(526,232)	(526,232)	(139,138)	(665,370)
Exchange differences arising on translation of foreign operations	–	–	–	–	–	498,140	–	–	498,140	134,982	633,122
Total comprehensive income/(expense) for the year	–	–	–	–	–	498,140	–	(526,232)	(28,092)	(4,156)	(32,248)
Lapse of share options	–	–	–	–	–	–	(11,412)	11,412	–	–	–
At 31 March 2021 and 1 April 2021	181,515	5,307,443	(829)	(74,746)	147,828	(1,053,794)	–	(1,863,529)	2,643,888	645,321	3,289,209
Profit for the year	–	–	–	–	–	–	–	45,147	45,147	22,034	67,181
Exchange differences arising on translation of foreign operations	–	–	–	–	–	50,862	–	–	50,862	13,793	64,655
Total comprehensive income for the year	–	–	–	–	–	50,862	–	45,147	96,009	35,827	131,836
At 31 March 2022	181,515	5,307,443	(829)	(74,746)	147,828	(1,002,932)	–	(1,818,382)	2,739,897	681,148	3,421,045

Notes:

(a) Capital reserve included the difference of HK$800,000 between the nominal value of the share capital of Taung Gold International Limited (the "Company") issued on acquisition of assets through acquisition of subsidiaries and the fair value of the consideration shares issued. Pursuant to a sale and purchase agreement dated 20 June 2008 and a supplemental agreement dated 31 July 2008, the Company issued 10,000,000 consideration shares of HK$1 each to the vendor as part of the purchase consideration for the acquisition of 70% equity interests in Union Sense Development Limited. The acquisition was completed on 1 December 2008. The fair value of the 10,000,000 consideration shares issued was HK$9,200,000 which was determined by reference to the published share price at the date of exchange.

(b) Other reserve mainly represented the difference between the fair values of consideration given by a subsidiary of the Company in exchange for certain share of net assets of Taung Gold (Pty) Limited ("TGL"), a partially owned subsidiary of the Company, held by the non-controlling shareholders in prior years.

(c) Contributed surplus represented amounts of HK$51,562,000 and HK$96,266,000 arising from (i) the difference between the nominal value of the aggregate share capital of the subsidiaries acquired pursuant to the group reorganisation completed on 2 October 1995 over the nominal value of the share capital of the Company issued in exchange thereof; and (ii) the capital reorganisation during the year ended 31 March 2010 (the "Capital Reorganisation") respectively. Pursuant to the Capital Reorganisation, (i) the issued share capital of the Company was reduced by cancelling the paid-up capital to the extent of HK$0.90 on each issued share such that the par value of each issued share was reduced from HK$1.00 to HK$0.10, thereby giving rise to a credit of HK$104,094,000 (the "Capital Reduction"); (ii) the share subdivision involved the sub-division of each authorised but unissued share into ten new shares ("Share Subdivision"); and (iii) upon the Capital Reduction and the Share Subdivision becoming effective, the entire amount standing to the credit of the share premium account of the Company was reduced to nil (the "Share Premium Reduction"). The total credit amount arising from both the Capital Reduction and the Share Premium Reduction was transferred to the contributed surplus account of the Company which would be utilised in accordance with the bye-laws of the Company and all applicable laws including, without limitation, to set-off against the accumulated losses of the Company. The special resolution in relation to the Capital Reorganisation was duly passed by the shareholders at the special general meeting held on 12 November 2009 and became effective on the same date.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2022

	2022 HK$'000	2021 HK$'000
OPERATING ACTIVITIES		
Profit/(loss) before taxation	**67,181**	(665,370)
Adjustments for:		
Interest income	**(744)**	(1,858)
Finance costs	**1,431**	1,273
Share of results of associates	**12**	12
Depreciation of property, plant and equipment	**364**	355
Depreciation of right-of-use assets	**1,210**	1,335
Change in provision for rehabilitation costs	**(1,711)**	133
Gain on disposal of property, plant and equipment	**–**	(10)
(Reversal of impairment loss)/impairment loss on mining assets	**(125,148)**	626,129
Impairment loss on other receivables	**21,636**	–
Fair value loss on financial assets at fair value through profit or loss	**3,282**	10,046
Unrealised exchange loss/(gain)	**14,549**	(3,211)
Operating cash flows before movements in working capital	**(17,938)**	(31,166)
Decrease in other receivables, prepayment and deposits	**657**	108
Decrease in other payables and accruals	**(3,706)**	(266)
NET CASH USED IN OPERATING ACTIVITIES	**(20,987)**	(31,324)
INVESTING ACTIVITIES		
Interest received	**730**	1,839
Purchase of property, plant and equipment	**(150)**	(47)
Proceed from disposal of property, plant and equipment	**–**	33
Exploration costs incurred	**(7,793)**	(6,024)
Refund of deposit for acquisition of an investment	**30,000**	–
NET CASH GENERATED FROM/(USED IN) INVESTING ACTIVITIES	**22,787**	(4,199)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2022

	2022 HK$'000	2021 HK$'000
FINANCING ACTIVITIES		
Interest paid	**(63)**	(40)
Repayment of lease liabilities	**(1,114)**	(1,332)
CASH USED IN FINANCING ACTIVITIES	**(1,177)**	(1,372)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**623**	(36,895)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**163,140**	199,594
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**(595)**	441
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash	**163,168**	163,140

1. GENERAL INFORMATION

Taung Gold International Limited (the "Company") is incorporated in Bermuda as an exempted company and registered with limited liability under the Companies Act 1981 of Bermuda (as amended). The shares of the Company 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 Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM12, Bermuda and Unit 1901, 19/F, Nina Tower, 8 Yeung Uk Road, Tsuen Wan, New Territories, Hong Kong, respectively.

The Company acts as an investment holding company. The principal activities of its subsidiaries are set out in note 32. The Company and its subsidiaries are collectively referred to as the Group.

The functional currency of the Company is United States dollars ("USD"). For the convenience of the users of the consolidated financial statements, the consolidated financial statements are presented in Hong Kong dollars ("HK$") as the shares of the Company are listed on the Stock Exchange.

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

The Group had applied the following amendments to HKFRS issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") to the financial statements for the current accounted period:

Amendment to HKFRS 16	Covid-19-Related Rent Concession
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

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

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") AND HONG KONG ACCOUNTING STANDARDS ("HKASs") *(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 that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts and the related Amendments[2]
Amendments to HKFRS 3	Reference to the Conceptual Framework[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[2]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[2]
Amendments to HKAS 8	Definition of Accounting Estimates[2]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[2]
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use[1]
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018 – 2020[1]

1 Effective for annual periods beginning on or after 1 January 2022

2 Effective for annual periods beginning on or after 1 January 2023

3 Effective for annual periods beginning on or after a date to be determined

The Group is in the process of making an amendment of what the impact of these development is expected to be in the period of initial application. So far it was concluded that the adoption of then is unlikely to have an significant impact on the consolidated financial statements.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("Listing Rules") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value 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 "Share-based Payment", leasing transactions that are accounted for in accordance with HKFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 "Inventories" or value in use in HKAS 36 "Impairment of Assets" ("HKAS 36").

For financial instruments which are transacted at fair value and a valuation technique that unobservable inputs is to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.1 Basis of preparation of consolidated financial statements *(Continued)*

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

3.2 Significant accounting policies

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved 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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Basis of consolidation *(Continued)*

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.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Changes in the Group's interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9 "Financial Instruments" ("HKFRS 9") or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Asset acquisitions

Optional concentration test

The Group can elect to apply an optional concentration test, on a transaction-by-transaction basis, that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed.

Asset acquisitions

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 financial assets or financial liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to the other 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.

Investments in associates

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

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, investments in associates are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associates. Changes in net assets of the associate other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associates.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Investments in associates *(Continued)*

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

The Group assesses whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 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 is not allocated to any asset, including goodwill, that 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 the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate and the retained interest is a financial asset within the scope of HKFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate and the fair value of any retained interest and any proceeds from disposing of the relevant interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate.

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application of HKFRS 16 or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Non-lease components are separated from lease component on the basis of their relative stand-alone prices.

Short-term leases

The Group applies the short-term lease recognition exemption to leases of office premises that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Leases *(Continued)*

The Group as a lessee (Continued)

Right-of-use assets *(Continued)*

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever the lease term has changed in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Leases *(Continued)*

The Group as a lessee (Continued)

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Property, plant and equipment

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

Depreciation is recognised so as to write off the cost of items of property, plant and equipment 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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Exploration and evaluation assets

Exploration and evaluation expenditures are recognised at cost on initial recognition. Subsequent to initial recognition, exploration and evaluation expenditures are stated at cost less identified impairment loss.

Exploration and evaluation assets include the cost of exploration rights and the expenditures incurred in the search for mineral resources as well as the determination of the technical feasibility and commercial viability of extracting those resources. Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of exploration and evaluation assets may exceed their recoverable amounts. An impairment loss is recognised in profit or loss.

When the technical feasibility and commercial viability of extracting natural resources become demonstrable and financing for development becomes available, previously recognised exploration and evaluation assets are reclassified as development assets. These assets are assessed for impairment before reclassification.

Impairment of exploration and evaluation assets

The carrying amount of the exploration and evaluation assets is reviewed annually. When one of the following events or changes in circumstances, which is not exhaustive, indicate that the carrying amount may not be recoverable has occurred, impairment test is performed in accordance with HKAS 36.

- the period for which the Group has the right to explore in the specific area has expired during the period or will expire in the near future.
- substantive expenditure on further exploration for and evaluation of natural resources in the specific area is neither budgeted nor planned.
- exploration for and evaluation of natural resources in the specific area have not led to the discovery of commercially viable quantities of natural resources and the Group has decided to discontinue such activities in the specific area.
- sufficient data (such as gold price, exchange rate and discount rate) exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset exceeds its recoverable amount. Where an impairment loss subsequently reverses, the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Impairment of property, plant and equipment and right-of-use assets

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment and right-of-use assets 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 relevant asset is estimated in order to determine the extent of the impairment loss, if any.

The recoverable amount of property, plant and equipment and right-of-use assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

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 (or a cash-generating unit) 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. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. 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 or the group of cash-generating units. 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 or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Impairment of property, plant and equipment and right-of-use assets *(Continued)*

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) 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 or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

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 on 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 that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

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

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Foreign currencies *(Continued)*

Exchange differences relating to the retranslation of the Group's net assets in USD to the Group's presentation currency (i.e. HK$) are recognised directly in other comprehensive income and accumulated in foreign currency translation reserve. Such exchange differences accumulated in the foreign currency translation reserve are not reclassified to profit or loss subsequently.

Government grants

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

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Government grants relating to compensation of expenses are deducted from the related expenses, other government grants are presented under "other income".

Retirement benefit costs

Payments to the Mandatory Provident Fund Scheme ("MPF Scheme") and other defined contribution retirement benefit plans are recognised as expenses when employees have rendered service entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries and annual leave) after deducting any amount already paid.

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 profit/(loss) before taxation because 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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Taxation *(Continued)*

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.

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset 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 for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 "Income Taxes" requirements to the leasing transaction as whole. Temporary differences relating to right-of-use assets and lease liabilities are assessed on a net basis. Excess of depreciation on a right-of-use assets over the lease payments for the principal position of lease liabilities resulting in net deductible temporary differences.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Taxation *(Continued)*

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax is recognised in profit or loss.

Provision for rehabilitation costs

Provision for rehabilitation costs is recognised when the Group has present obligation (legal or constructive) as a result of exploration and evaluation, development and production activities undertaken, and it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the obligation. The estimated future obligations include the costs of removing facilities, abandoning sites and restoring the affected areas.

Provision for rehabilitation costs is the best estimate of the present value of the expenditure required to settle the restoration obligation at the end of the reporting period, based on current legal and other requirements and technology. Future restoration costs are reviewed annually and any changes in the estimate are reflected in the present value of the provision at the end of the reporting period.

The initial estimate of the provision for rehabilitation costs relating to exploration and evaluation, development and production facilities is capitalised into the cost of the related asset and depreciated on the same basis as the related asset.

Changes in the estimation of the provision for rehabilitation costs that result from changes in the estimated timing or amount of cash flows, including the effects of revisions to estimated lives of operation or a change in the discount rate, are added to, or deducted from, the cost of the related asset in the period it occurred.

If a decrease in liability exceeds the carrying amount of the asset, the excess is recognised immediately in profit or loss. Unwinding of the effect of discounting on the provision is recognised as finance costs.

Contingent liabilities

A contingent liability is a present obligation arising from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Where the Group is jointly and severally liable for an obligation, the part of the obligation that is expected to be met by other parties is treated as a contingent liability ad it is not recognised in the consolidated financial statements.

The Group assesses continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item of previously dealt with as a contingent liability, a provision is recognised in the consolidated financial statements in the reporting period in which the change in probability occurs, except in the extremely rare circumstances where no reliable estimate can be made.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Financial instruments

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

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 ("FVTPL")) 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 FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and 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 asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an investment in other comprehensive income if that investment in equity instrument is neither held-for-trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 "Business Combinations" applies.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Classification and subsequent measurement of financial assets *(Continued)*

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a 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.

In addition, the Group may irrevocably designate a financial asset that is required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item in the consolidated statement of profit or loss and other comprehensive income.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including pledged bank deposits, other receivables, rental deposit, deposits and bank balances) which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

For the financial assets at amortised cost, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets *(Continued)*

(i) Significant increase in credit risk *(Continued)*

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor or borrower is unlikely to pay its creditors or lenders, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets *(Continued)*

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets *(Continued)*

(v) Measurement and recognition of ECL *(Continued)*

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment loss and reversal of impairment loss in profit or loss for all financial instruments by adjusting their carrying amount.

Derecognition of financial assets

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 measured at amortised cost, the difference between the financial asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments 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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity (Continued)

Equity instruments

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

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

Financial liabilities, including other payables, are subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

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

Equity-settled share-based payment transactions

Share options granted to employees

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

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payments reserve). At the end of each reporting period, the Group revises its estimates of the number of equity instruments that are expected to vest based on assessment of all relevant non-market vesting conditions. 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 estimate, with a corresponding adjustment to share-based payments reserve. For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

When the share options are exercised, the amount previously recognised in share-based payments reserve will be transferred to share premium. When the share options are forfeited after the vesting date or still not exercised at the expiry date (i.e. lapsed), the amount previously recognised in share-based payments reserve will be transferred to accumulated losses.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Financial instruments *(Continued)*

Equity-settled share-based payment transactions (Continued)

Share options granted to consultants

Equity-settled share-based payments with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the Group obtains the goods or the counterparty renders the service. The fair values of the goods or services received are recognised as expenses (unless the goods or services qualify for recognition as assets).

Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's board of directors (the chief operating decision maker) for the purposes of allocating resources to, and assessing the performance of, the Group's lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make various estimates about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates are based on historical experience, expectations of future and other information that are considered to be relevant. Actual results may differ from these estimates.

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

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

4. KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Impairment loss recognised in respect of mining assets

Mining assets are assessed for impairment annually. Determining whether mining assets are impaired requires an estimation of the recoverable amount of the cash-generating units ("CGU") to which these assets have been allocated. The determination of the recoverable amount requires the Group to estimate the future cash flows expected to arise from the CGU and a suitable discount rate to be applied in the discounted cash flows model. Assumptions adopted in the estimation of future cash flows by the management of the Group are based on estimation, among others, expected inflation rates in United States and South Africa, future gold price, expected exchange rate of USD against South Africa Rand ("ZAR") and timing to start development of mining assets. Where the actual future cash flows are less than expected, a material impairment loss may arise. The recoverable amounts of the Group's mining assets in South Africa have been arrived at on the basis of valuation carried out by an independent qualified professional valuer (the "Valuer") not connected to the Group.

As at 31 March 2022, the carrying amount of the Group's mining assets located in South Africa is approximately HK$3,205,370,000 (2021: HK$3,022,642,000). After performing an impairment assessment on the mining assets by the management of the Group, a reversal of impairment loss of approximately HK$125,148,000 is recognised on the mining assets during the year ended 31 March 2022 (2021: impairment loss of approximately HK$626,129,000).

Details of the impairment assessment on the mining assets are set out in note 13.

Fair value of loans to SepGold and TG EPP (both defined in note 16)

The Group made loans to SepGold and TG EPP, which are qualified Black Economic Empowerment ("BEE") companies in South Africa, for subscription of shares in TGL in order to meet domestic requirements in South Africa. SepGold and TG EPP then became shareholders of TGL (i.e. shareholders of a subsidiary of the Company). The future cash flows of the loans depend primarily on the cash flows to be generated from the mining projects, namely the Evander Project and the Jeanette Project (both defined in note 13), held by TGL, which may be achieved by way of distributing dividends to SepGold and TG EPP. In addition, these loans are interest-free. Therefore, these loans are not held within a business model whose objective is to collect contractual cash flows that are solely payments of principal and interest on the principal amount outstanding and these loans are measured at FVTPL under HKFRS 9. The fair value of these loans are dependent on aforementioned future cash flows to be generated from the mining projects and the discount rates applied to such future cash flows. Where the actual future cash flows or discount rates are changed, a change of fair value of these loans may arise.

In determining the fair values of these loans as at 31 March 2022, the management of the Group have taken into account the returns from the Evander Project and the Jeanette Project, including considering their development status, expected commencement of commercial production, expected reserves and the future gold price, where appropriate, in order to estimate the timing of repayment of these loans. The Group engaged the Valuer to perform estimation of future cash flows expected to arise from these loans and the appropriate discount rate. As at 31 March 2022, the aggregate carrying amount of the loans to SepGold and TG EPP measured at FVTPL is approximately HK$52,536,000 (2021: HK$54,969,000). A fair value loss of approximately HK$3,282,000 (2021: HK$10,046,000) on these financial assets at FVTPL is recognised in profit or loss during the year ended 31 March 2022.

Details of the loans to SepGold and TG EPP are set out in note 16.

5. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision maker ("CODM"), for the purposes of resource allocation and assessment of segment performance focuses on types of goods delivered or services provided.

The Group's operating and reportable segments under HKFRS 8 are as follows:

(a) gold exploration and development in the Republic of South Africa ("South Africa"); and

(b) trading of minerals.

No operating segments have been aggregated in arriving at the reportable segments of the Group.

Segment revenue and results

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

For the year ended 31 March 2022

	Gold exploration and development in South Africa HK$'000	Trading of minerals HK$'000	Total HK$'000
REVENUE			
External sales	–	–	–
Segment profit	**102,864**	–	**102,864**
Unallocated other income			**1,020**
Unallocated corporate expenses			**(14,992)**
Finance costs – interest on lease liabilities			**(63)**
Impairment loss on other receivables			**(21,636)**
Share of results of associates			**(12)**
Profit before taxation			**67,181**

5. SEGMENT INFORMATION *(Continued)*

Segment revenue and results *(Continued)*

For the year ended 31 March 2021

	Gold exploration and development in South Africa HK$'000	Trading of minerals HK$'000	Total HK$'000
REVENUE			
External sales	–	–	–
Segment loss	(649,570)	–	(649,570)
Unallocated other income			1,502
Unallocated corporate expenses			(17,250)
Finance costs – interest on lease liabilities			(40)
Share of results of associates			(12)
Loss before taxation			(665,370)

The accounting policies of the operating and reportable segments are the same as the Group's accounting policies described in note 3. Segment profit/(loss) during the years ended 31 March 2022 and 31 March 2021 represents profit/(loss) from each segment without allocation of certain other income, central administrative expenses, interest on lease liabilities and share of results of associates. This is the measure reported to the CODM for the purposes of resources allocation and performance assessment.

5. SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities

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

At 31 March 2022

	Gold exploration and development in South Africa HK$'000	Trading of minerals HK$'000	Total HK$'000
ASSETS			
Segment assets	3,265,434	–	3,265,434
Property, plant and equipment			561
Right-of-use assets			1,457
Interests in associates			490
Other receivables, prepayment and deposits			10,152
Bank balances and cash			162,628
Consolidated assets			3,440,722
LIABILITIES			
Segment liabilities	14,485	–	14,485
Other payables and accruals			3,721
Lease liabilities			1,471
Consolidated liabilities			19,677

5. SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities *(Continued)*

At 31 March 2021

	Gold exploration and development in South Africa HK$'000	Trading of minerals HK$'000	Total HK$'000
ASSETS			
Segment assets	3,087,915	–	3,087,915
Property, plant and equipment			798
Right-of-use assets			337
Interests in associates			502
Deposit for acquisition of an investment			60,000
Other receivables, prepayment and deposits			1,660
Bank balances and cash			160,626
Consolidated assets			3,311,838
LIABILITIES			
Segment liabilities	17,006	–	17,006
Other payables and accruals			5,341
Lease liabilities			282
Consolidated liabilities			22,629

For the purpose of monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating and reportable segments, other than certain property, plant and equipment, right-of-use assets, interests in associates, deposit for acquisition of an investment, rental deposits, certain other receivables, prepayment and deposits and certain bank balances and cash.

- all liabilities are allocated to operating and reportable segments other than certain other payables and accruals and lease liabilities.

5. SEGMENT INFORMATION *(Continued)*

Other segment information

Amounts included in the measure of segment profit or loss or segment assets:

For the year ended 31 March 2022

	Gold exploration and development in South Africa HK$'000	Trading of minerals HK$'000	Unallocated HK$'000	Total HK$'000
Additions to property, plant and equipment	34	–	116	150
Additions to right-of-use assets	–	–	2,330	2,330
Additions to mining assets	7,793	–	–	7,793
Depreciation of property, plant and equipment	10	–	354	364
Depreciation of right-of-use assets	–	–	1,210	1,210
Fair value loss on financial assets at FVTPL	3,282	–	–	3,282
Interest income	(407)	–	(323)	(730)
Rental income	(110)	–	–	(110)
Finance costs	1,368	–	63	1,431

For the year ended 31 March 2021

	Gold exploration and development in South Africa HK$'000	Trading of minerals HK$'000	Unallocated HK$'000	Total HK$'000
Additions to property, plant and equipment	20	–	27	47
Additions to mining assets	6,024	–	–	6,024
Gain on disposal of property, plant and equipment	(10)	–	–	(10)
Depreciation of property, plant and equipment	16	–	339	355
Depreciation of right-of-use assets	–	–	1,335	1,335
Fair value loss on financial assets at FVTPL	10,046	–	–	10,046
Interest income	(356)	–	(1,502)	(1,858)
Finance costs	1,233	–	40	1,273

5. SEGMENT INFORMATION *(Continued)*

Geographical information

The Group's operations are located in South Africa and Hong Kong.

Information about the Group's non-current assets is presented based on the geographical location of the assets.

	Non-current assets *(note)* As at 31 March	
	2022	2021
	HK$'000	HK$'000
Hong Kong (country of domicile)	**2,506**	61,637
South Africa	**3,207,152**	3,024,370
	3,209,658	3,086,007

Note: Non-current assets excluded financial assets at FVTPL, rental deposit and pledged bank deposits.

6. OTHER INCOME AND OTHER GAINS AND LOSSES

	2022	2021
	HK$'000	HK$'000
Other income		
Rental income	**110**	–
Interest income on bank deposits	**730**	1,839
Interest income on rental deposit	**14**	19
Others	**191**	5
	1,045	1,863
Other gains and losses		
Gain on disposal of property, plant and equipment	**–**	10
Foreign exchange gain, net	**2,215**	5,556
Fair value loss on financial assets at FVTPL *(Note 16)*	**(3,282)**	(10,046)
	(1,067)	(4,480)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

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

Directors' and chief executive's emoluments

Directors' and chief executive's remuneration for the year, disclosed pursuant to the applicable Listing Rules and the Hong Kong Companies Ordinance, is as follows:

	2022				2021			
	Fees HK$'000	Salaries, allowances and other benefits HK$'000	Contributions to retirement benefits scheme HK$'000	Total HK$'000	Fees HK$'000	Salaries, allowances and other benefits HK$'000	Contributions to retirement benefits scheme HK$'000	Total HK$'000
Executive directors								
Mr. Christiaan Rudolph de Wet de Bruin	250	–	–	250	250	–	–	250
Mr. Neil Andrew Herrick *(note)*	–	–	–	–	–	3,305	–	3,305
Ms. Cheung Pak Sum	–	624	18	642	–	602	18	620
Mr. Phen Chun Shing, Vincent	–	770	18	788	–	770	18	788
Independent non-executive directors								
Mr. Li Kam Chung	250	–	–	250	250	–	–	250
Mr. Tsui Pang	250	–	–	250	250	–	–	250
Mr. Chong Man Hung, Jeffrey	250	–	–	250	250	–	–	250
Total	1,000	1,394	36	2,430	1,000	4,677	36	5,713

Notes: Mr. Neil Andrew Herrick ("Mr. Herrick") retired as executive director and also ceased to be the chief executive officer of the Company with effect from the conclusion of the annual general meeting on 28 August 2020. Therefore, Mr. Herrick was also the chief executive officer of the Company up till 28 August 2020 and his emoluments disclosed above included those for services rendered by him as the chief executive. Besides, Mr. Herrick ceased to be alternate director to Mr. Christiaan Rudolph de Wet de Bruin on 18 September 2020.

The executive directors' emoluments shown above are for their services in connection with the management of the affairs of the Company and the Group. The independent non-executive directors' emoluments shown above are for their services as directors of the Company.

7. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS *(Continued)*

Employees' emoluments

The five highest paid employees of the Group during the year do not include any director (2021: one), and details of whose remuneration are set out in the disclosures above. Details of the remuneration of the remaining five (2021: four) highest paid employees, who are neither a director nor chief executive officer of the Company, for the year are as follows:

	2022 HK$'000	2021 HK$'000
Salaries and allowances	**6,544**	4,750

Their emoluments are within the following bands:

	2022 Number of employees	2021 Number of employees
Nil to HK$1,000,000	**1**	1
HK$1,000,001 to HK$1,500,000	**3**	3
HK$1,500,001 to HK$2,000,000	**1**	–
	5	4

During both years, no emoluments were paid by the Group to the directors of the Company, the chief executive officer of the Company or the five individuals with the highest emoluments in the Group as an inducement to join or upon joining the Group.

During the year ended 31 March 2022, HK$Nil (2021: HK$1,804,000) was paid to a director of the Company as compensation for loss of office.

None of the directors of the Company or the chief executive officer of the Company waived or agreed to waive any emoluments during both years.

8. FINANCE COSTS

	2022 **HK$'000**	2021 HK$'000
Interest on lease liabilities	**(63)**	(40)
Unwinding of discounting effect of provision for rehabilitation costs	**(1,368)**	(1,233)
	(1,431)	(1,273)

9. INCOME TAX EXPENSE

Hong Kong Profits Tax for both years was calculated at 16.5% on the estimated assessable profits of the subsidiaries incorporated and operating in Hong Kong for the year. No provision for Hong Kong Profits Tax was made as these subsidiaries had no assessable profits for both years.

Under South African tax law, the corporate tax for both years was calculated at 28% on the estimated assessable profits of the subsidiaries incorporated and operating in South Africa for the year. No provision for South African profits tax was made as these subsidiaries had no assessable profits for both years.

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

	2022 **HK$'000**	2021 HK$'000
Profit/(loss) before taxation	**67,181**	(665,370)
Tax at South African profits tax rate of 28%	**18,811**	(186,304)
Tax effect of expenses not deductible for tax purpose	**8,470**	177,845
Tax effect of income not taxable for tax purpose	**(39,303)**	(480)
Tax effect of tax losses not recognised	**12,019**	8,936
Tax effect of share of results of associates	**3**	3
Income tax expense for the year	**–**	–

At the end of the reporting period, the Group had estimated unused tax losses of HK$380,478,000 (2021: HK$337,553,000) available for offset against future profits. No deferred tax asset was recognised due to the unpredictability of future profit streams. All tax losses as at 31 March 2022 and 31 March 2021 may be carried forward indefinitely.

10. (PROFIT)/LOSS FOR THE YEAR

(Profit)/loss for the year has been arrived at after charging/(crediting):

	2022 HK$'000	2021 HK$'000
Auditor's remuneration		
– Auditor of the Company	**1,000**	2,948
– Other auditor	**711**	465
	1,711	3,413
Depreciation of property, plant and equipment	**364**	355
Depreciation of right-of-use assets	**1,210**	1,335
Change in provision for rehabilitation costs		
(included in administrative and operating expenses)	**(1,711)**	133
Impairment loss on other receivable	**21,636**	–
Staff costs (including directors' emoluments as disclosed in Note 7)		
– Salaries and other benefits *(note)*	**14,093**	18,646
– Contributions to retirement benefits scheme	**144**	143
	14,237	18,789
Less: Amount capitalised in mining assets	**(4,701)**	(3,803)
	9,536	14,986

Note: During the year ended 31 March 2021, the Group received Covid-19-related government grants of HK$514,000 which has been offset against staff costs. No related grant was received during the year.

11. EARNINGS/(LOSS) PER SHARE

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

	2022 **HK$'000**	2021 HK$'000
Profit/(loss) attributable to owners of the Company		
Profit/(loss) for the purposes of calculating basic and diluted earnings/(loss) per share:		
Profit/(loss) for the year attributable to owners of the Company	**45,147**	(526,232)

	2022 **'000**	2021 '000
Number of shares		
Weighted average number of ordinary shares for the purposes of calculating basic and diluted earnings/(loss) per share	**18,035,062**	18,035,062

The weighted average number of ordinary shares for the purpose of calculating basis and diluted earnings/(loss) per share for the years ended 31 March 2022 and 31 March 2021 has been adjusted for the number of ordinary shares held by the Company during the reporting period.

For the year ended 31 March 2022, diluted earnings per share equals basic earnings per share as there was no dilutive potential share.

The calculation of diluted loss per share for the year ended 31 March 2021 did not assume the exercise of the Company's outstanding share options as assuming exercise of these share options would result in a decrease in loss per share.

12. PROPERTY, PLANT AND EQUIPMENT

	Plant and machinery HK$'000	Furniture and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
COST				
At 1 April 2020	1,422	4,956	3,792	10,170
Additions	–	47	–	47
Disposals	–	(30)	(43)	(73)
Exchange realignment	297	417	10	724
At 31 March 2021 and 1 April 2021	1,719	5,390	3,759	10,868
Additions	–	150	–	150
Disposals	–	(37)	–	(37)
Exchange realignment	29	40	–	69
At 31 March 2022	1,748	5,543	3,759	11,050
DEPRECIATION				
At 1 April 2020	–	4,862	2,751	7,613
Provided for the year	–	42	313	355
Eliminated on disposals	–	(7)	(43)	(50)
Exchange realignment	–	415	9	424
At 31 March 2021 and 1 April 2021	–	5,312	3,030	8,342
Provided for the year	–	52	312	364
Eliminated on disposals	–	(37)	–	(37)
Exchange realignment	–	40	–	40
At 31 March 2022	–	5,367	3,342	8,709
CARRYING VALUES				
At 31 March 2022	1,748	176	417	2,341
At 31 March 2021	1,719	78	729	2,526

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

The above items of property, plant and equipment, other than plant and machinery, are depreciated on a straight-line basis, after taking into account the residual value, at the following rates per annum:

Plant and machinery	10%–16.7%
Furniture and equipment	16.7%–33%
Motor vehicles	20%

13. MINING ASSETS

	HK$'000
Mining assets	
At 1 April 2020	3,015,780
Impairment loss	(626,129)
Additions	6,024
Change in provision for rehabilitation costs *(Note 23)*	(72)
Exchange realignment	627,039
At 31 March 2021	3,022,642
Reversal of impairment loss	125,148
Additions	7,793
Change in provision for rehabilitation costs *(Note 23)*	(318)
Exchange realignment	50,105
At 31 March 2022	3,205,370

The mining assets comprise of exploration and evaluation assets and decommissioning assets.

As at 31 March 2022, the carrying amount of the Group's exploration and evaluation assets is approximately HK$3,193,064,000 (2021: HK$3,010,697,000).

As at 31 March 2022, the carrying amount of the Group's decommissioning assets is approximately HK$12,306,000 (2021: HK$11,945,000).

13. MINING ASSETS *(Continued)*

Mining assets in South Africa

The mining assets principally represent the mining rights for the gold mining projects in South Africa, namely the Evander Project and the Jeanette Project. The mining right for the Evander Project is valid for 26 years commencing from 18 July 2012 until 28 April 2038, and the mining right for the Jeanette Project is valid for 30 years commencing from 7 June 2017 until 6 June 2047. In the opinion of the directors of the Company, the renewal and application for extension of mining rights for the Evander Project and the Jeanette Project are highly probable so long as the applicant complies with the requirements as set out in the Mineral and Petroleum Resources Development Act of South Africa. In previous years, the Group completed the bankable feasibility study and pre-feasibility study for the Evander Project and the Jeanette Project respectively and the details are set out in the Company's announcement on 12 September 2016 and 9 March 2017 respectively. Subsequently, the Group completed the feasibility study for the Jeanette Project and the details are set out in the Company's announcement on 30 August 2019.

In the preparation of the consolidated financial statements for the years ended 31 March 2022 and 31 March 2021, the directors of the Company determined whether there is any impairment indicator or reversal of impairment indicator on the mining assets relating to the Evander Project and the Jeanette Project. Where an indicator of impairment or reversal of impairment exists, a formal estimate of the recoverable amount on the mining assets is made at the end of the reporting period. Impairment indicators are noted for the mining assets due to lasting of COVID-19 pandemic in South Africa as well as travel restrictions which further delays the Group's mining plan in South Africa. The downgrade of South Africa's credit rating by international credit rating agencies primarily due to its socio-economic or political instability, structural constraints, weak pace of economic reforms and adverse impact from COVID-19 pandemic was an impairment indicator during the reporting period.

The recoverable amounts of the Group's mining assets in South Africa as at 31 March 2022 have been arrived at on the basis of a valuation carried out by an independent qualified professional valuer. Based on the valuation performed, a reversal of impairment losses on the mining asset was recognised. The reversal was mainly resulted from the increase in gold price during the year, offset by the further delay of project due to lasting of COVID-19 pandemic in South Africa as well as travel restriction which delays the Group's mining plan in South Africa.

The recoverable amounts of the Evander Project and the Jeanette Project were determined by the management of the Group with reference to their value in use. The management of the Group applied discounted cash flows approach to assess the recoverable amount of the CGU to which the mining assets relating to the Evander Project and the Jeanette Project are allocated.

During the year ended 31 March 2022, the capitalised expenses relating to the mining assets in gold exploration and development operation in South Africa and presented as investing activities of the consolidated statement of cash flows are HK$7,793,000 (2021: HK$6,024,000).

No revenue was generated from these mining assets during the years ended 31 March 2022 and 31 March 2021.

13. MINING ASSETS *(Continued)*

Mining assets in South Africa *(Continued)*

Jeanette Project

Given the completion of the feasibility study of the Jeanette Project during the year ended 31 March 2021, the development of the Jeanette Project will be split into two phases, namely Phase 1 and Phase 2. Phase 1 of the Jeanette Project focuses on the development in the northern portion of the orebody and establishment of the surface infrastructure for a stand-alone mining and a modular processing operation. Phase 2 of the Jeanette Project focuses on the development in the southern portion of the orebody and increment of the capacity of the processing plant and associated infrastructure. The development of Phase 2 of the Jeanette Project will be commenced after the development of Phase 1 of the Jeanette Project.

The discounted cash flows approach applied to the Jeanette Project is based on an effective discount rate of 18.75% (2021: 18.51%) and a cash flows projection prepared from a financial forecast covering a mine life period until the mine resources of the Jeanette Project run out based on probable reserves.

The amount of reserve used in the projection is 19.97 mt (2021: 19.97 mt) and it is assumed the mineral reserve is mined 22 (2021: 22) years from 2028 (2021: 2027) for Phase 1 and 22 (2021: 22 years) from 2031 (2021: 2030) for Phase 2 at an average rate of 0.91 (2021: 0.91) mt per annum. The discount rate is estimated using the capital asset pricing model with the risk free rate at 10.55% (2021: 11.34%), the market risk premium at 1.64% (2021: 2.80%), the entity specific risk premium at 5.0% (2021: 3.0%) and beta at 0.86 (2021: 0.82). Other key assumptions for the fair value calculation related to the estimation of cash inflows/outflows which include total operating costs of approximately USD5,695,575,000 (2021: USD5,430,224,000), capital expenditure of approximately USD1,565,111,000 (2021: USD1,459,009,000), expected future inflation rate ranged 2.0% to 7.7% (2021: 2.3% to 2.5%) per annum affecting operating and capital costs, USD/ZAR exchange rate of 14.61 (2021: 14.78) and gold prices of USD1,965 (2021: USD1,724) per ounce and an average production rate of 11.3g (2021: 11.3g) per ton.

In the opinion of the directors of the Company, a reversal of impairment loss of approximately HK$10,989,000 (2021: impairment loss of approximately HK$263,261,000) was recognised for the mining assets in relation to the Jeanette Project for the year ended 31 March 2022.

Evander Project

As disclosed previously, the completion of the feasibility study of the Jeanette Project results in splitting the project into Phase 1 and Phase 2 and this phased approach reduces the requirement of capital cost and the production lead time in each phase. The directors of the Company considered the development of Phase 1 of the Jeanette Project will be the primary focus of the Group at the current stage and the development of the Evander Project will be deferred for few years than originally planned.

The discounted cash flows approach applied to the Evander Project is based on an effective discount rate of 18.75% (2021: 18.51%) and a cash flows projection prepared from a financial forecast covering a mine life period until the mine resources run out based on probable reserves.

13. MINING ASSETS *(Continued)*

Mining assets in South Africa *(Continued)*

Evander Project *(Continued)*

The amount of reserve used in the projection is 19.64 mt (2021: 19.64 mt) and it is assumed the mineral reserve is mined 19 (2021: 19) years from 2034 (2021: 2033) at an average rate of 1.03 mt (2021: 1.03 mt) per annum. The discount rate was estimated using the capital asset pricing model with the risk free rate at 10.55% (2021: 11.34%), the market risk premium at 1.64% (2021: 2.80%), the entity specific risk premium at 4.0% (2021: 3.0%) and beta at 0.86 (2021: 0.82). Other key assumptions for the fair value calculation related to the estimation of cash inflows/outflows which include total operating costs of USD3,248,664,000 (2021: USD3,112,304,000), capital expenditure of USD1,057,295,000 (2021: USD993,564,000), expected future inflation rate ranged 2.0% to 7.7% (2021: 2.3% to 2.5%) per annum affecting operating and capital costs, USD/ZAR exchange rate of 14.61 (2021: 14.78) and gold prices of USD1,965 (2021: USD1,724) per ounce and an average production rate of 6.8g (2021: 6.8g) per ton.

In the opinion of the directors of the Company, a reversal of impairment loss of approximately HK$114,159,000 (2021: impairment loss of approximately HK$362,868,000) was recognised for the mining assets in relation to the Evander Project for the year ended 31 March 2022.

Sensitivity analysis

The key assumptions, to which the calculation of value in use for the Jeanette Project and the Evander Project are the most sensitive, are the discount rate, the long term gold price and the year to start mining (i.e. first year of generating revenue). An increase of the discount rate from 18.75% to 19.25% over the life of the mining assets would increase the impairment loss for the Jeanette Project and the Evander Project by HK$205,405,000 and HK$85,683,000 respectively. An adverse change of 10% of the long term gold price over the life of mining assets would increase the impairment loss for the Jeanette Project and the Evander Project by HK$351,563,000 and HK$200,221,000 respectively. A delay of year to start mining for the Jeanette Project from 2028 to 2029 and the Evander Project from 2034 to 2035 would increase the impairment loss by HK$335,752,000 and HK$106,157,000 respectively.

Note that the above sensitivities assume that the specific assumption moves in isolation whilst all other assumptions are held constant. In reality, a change in one of the assumptions may accompany a change in another assumption which may have an offsetting impact. Action is also usually taken to respond to adverse changes in economic assumptions that may mitigate the impact of any such change.

14. RIGHT-OF-USE ASSETS

	Office HK$'000	Total HK$'000
As at 31 March 2022		
Carrying amount	1,457	1,457
As at 31 March 2021		
Carrying amount	337	337
For the year ended 31 March 2022		
Depreciation charge	1,210	1,210
For the year ended 31 March 2021		
Depreciation charge	1,335	1,335

	2022 HK$'000	2021 HK$'000
Expense relating to short-term leases	**96**	527
Total cash outflow for leases	**1,273**	1,899
Additions to right-of use assets	**2,330**	–

For both years, the Group leases various offices for its operations. Lease contracts are entered into for fixed term of 6 months to 2 years without any extension or termination options. Lease terms are negotiated on an individual basis. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

In addition, as at 31 March 2022, lease liabilities of HK$1,471,000 (2021: HK$282,000) are recognised with related right-of-use assets of HK$1,457,000 (2021: HK$337,000). The lease agreements do not impose any covenants (other than the security interests in the leased assets that are held by the lessor). Leased assets may not be used as security for borrowing purposes.

The Group regularly entered into short-term leases for office. As at 31 March 2022 and 31 March 2021, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed above.

15. INTERESTS IN ASSOCIATES

	2022 HK$'000	2021 HK$'000
Cost of investments in associates – unlisted	**27,905**	27,905
Share of post-acquisition losses and other comprehensive expense	**(27,415)**	(27,403)
	490	502

Interests in associates

As at 31 March 2022 and 31 March 2021, the Group has interests in the following associates:

Name of entity	Form of entity	Country/ place of incorporation	Country/ place of operation	Class of shares held	Proportion of nominal value of registered capital held by the Group		Proportion of voting power held		Principal activities
					2022	2021	**2022**	2021	
Goldster Global Limited	Incorporated	British Virgin Islands ("BVI")	Hong Kong	Ordinary	**45%**	45%	**45%**	45%	Inactive
Oneshine Investments Limited	Incorporated	BVI	Hong Kong	Ordinary	**44%**	44%	**44%**	44%	Inactive

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

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	NOTES	2022 HK$'000	2021 HK$'000
Financial assets at fair value through profit or loss represent:			
Loan to Sephaku Gold Holdings (Proprietary) Limited ("SepGold")	(i)	**48,838**	51,100
Loan to Taung Gold EPP RF (Pty) Limited ("TG EPP")	(ii)	**3,698**	3,869
		52,536	54,969

Notes:

(i) SepGold is a historically disadvantaged South African company in terms of BEE requirements in South Africa. SepGold is a qualified BEE company in South Africa. The loan to SepGold is secured by the pledge of 39,402,071 shares of TGL, representing 15.39% of the issued share capital of TGL. 50% of any dividend declared by TGL in any financial year due to SepGold shall be applied towards the repayment of the loan. The loan carried interest at the prime rate quoted by ABSA Bank Limited in South Africa plus 4% per annum. The principal amount of the loan to SepGold was ZAR433,066,688 and an amount of ZAR17,425,499 was repaid in previous years. The loan to SepGold has no fixed repayment term.

In March 2017, the Group and SepGold started negotiation on the loan repayment schedule and arrangement including (i) waiver of the interest accrued on the loan, (ii) deletion in its entirety of a clause in the loan agreement which the Group and SepGold entered into on 22 July 2011 (the "Vendor Financing Agreement") about payment of any interest in relation to the loan and (iii) extension of the repayment date of the loan to 31 December 2020.

On 24 April 2017, the Group and SepGold entered into a supplemental agreement to the Vendor Financing Agreement (the "Supplemental Agreement") in relation to the matters mentioned above. Details about the Supplemental Agreement were set out in the Company's announcement on 24 April 2017.

In March 2018, the Group and SepGold entered into negotiations on the SepGold loan repayment schedule in particular related to extending of the loan repayment date to 31 December 2027 following due consideration of the appropriate timing and amount of dividends expected from TGL after the planned commencement of the Evander Project and the Jeanette Project.

On 4 May 2018, the Group and SepGold entered into a second supplemental agreement to the Vendor Financing Agreement (the "Second Supplemental Agreement") confirming the matter mentioned above. Details about the Second Supplemental Agreement entered into between the Group and SepGold were set out in the Company's announcement on 4 May 2018. The Supplemental Agreement and the Second Supplemental Agreement were approved by the shareholders of the Company in the special general meeting on 27 June 2018.

(ii) On 22 April 2016, the Group and TG EPP, which is the qualified BEE company, entered into a loan agreement. Pursuant to the loan agreement, the Group made an interest-free loan of ZAR36,926,000 with a maturity date on 31 December 2021 to TG EPP for the purpose of enabling TG EPP to acquire a particular percentage of TGL's issued share capital when the shareholding owned by the qualified BEE company in TGL dropped below 26%. Given the current status of the Jeanette Project and the Evander Project, the directors of the Company do not expect the loan to TG EPP can be settled on 31 December 2021 and, thus, the entire balance of the loan to TG EPP is classified as non-current assets as at 31 March 2022 and 2021. The loan is secured by the pledge of 5,058,327 shares in TGL, representing 2% of the issued share capital of TGL.

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS *(Continued)*

The loans to SepGold and TG EPP are not held within a business model whose objective is to collect contractual cash flows that are solely payments of principal and interest on the principal amount outstanding and, thus, these loans are classified as financial assets at FVTPL and measured at FVTPL. The directors of the Company assessed the fair value of the loans to SepGold and TG EPP by taking into account the returns from the Jeanette Project and the Evander Project, including considering their exploration and development status, their expected commencement of commercial production, their expected reserves and the future gold price, where appropriate, in order to estimate the timing of repayment of these loans. The Group engaged the Valuer to perform estimation of future cash flows expected to arise from the loans and the appropriate discount rates.

A fair value loss of HK$3,282,000 (2021: HK$10,046,000) in relation to the loans to SepGold and TG EPP is recognised in profit or loss during the year ended 31 March 2022.

Details of the valuation techniques and key inputs in relation to these loans measured at FVTPL are set out in note 27.

17. DEPOSIT FOR ACQUISITION OF AN INVESTMENT

On 28 December 2016, Bright Quality Management Limited as purchaser (the "Purchaser"), which is a wholly-owned subsidiary of the Company, the seller and the guarantor entered into the sale and purchase agreement (the "Agreement"), pursuant to which the Purchaser has conditionally agreed to purchase, and the seller has conditionally agreed to sell the entire issued share capital of the BVI Target Company, for the consideration of HK$146,000,000 (the "Proposed Acquisition"). The guarantor has agreed to guarantee the seller's obligations under the Agreement. A refundable deposit of HK$60,000,000 was paid by the Group.

Upon completion of the Proposed Acquisition, the Company would indirectly hold a 100% of the issued share capital of the BVI Target Company and indirectly 21% of the issued share capital of the Pakistani Target Company. As a result of the Proposed Acquisition, the BVI Target Company would become a wholly-owned subsidiary of the Company.

The Pakistani Target Company holds an exploration license for copper, gold and associated minerals in Balochistan, Pakistan.

The Purchaser and the seller subsequently entered into an addendum on 25 June 2019 (the "First Addendum") and 26 June 2020 (the "Second Addendum") respectively to extend the long stop date. Details of the First Addendum and Second Addendum have been disclosed in the announcements dated 25 June 2019 and 26 June 2020 respectively.

17. DEPOSIT FOR ACQUISITION OF AN INVESTMENT *(Continued)*

On 25 June 2021, the Group decided not to proceed with the Proposed Acquisition and entered into a termination agreement (the "Termination Agreement") with the seller and the guarantor to terminate the Proposed Acquisition (the "Termination"). Pursuant to the Termination Agreement, the Proposed Acquisition be terminated with effect from the date of the Termination Agreement, and the Group and the seller released each other from their respective obligations. Following the Termination, HK$30,000,000 of the deposit has been refunded to the Group, while the seller and the guarantor undertook to refund the remaining HK$30,000,000 of the deposit (the "Remaining Deposit") on or before 31 December 2021. With regard to the negotiation amongst the Purchaser, the seller and the guarantor after 31 December 2021, an agreement was reached and on 27 June 2022, the Purchaser entered into an addendum with the seller (the "Addendum to Termination Agreement"). Pursuant to the Addendum to the Termination Agreement, the Purchaser, the seller and the guarantor agreed to extend the repayment date for the refund of the Remaining Deposit on or before 31 December 2022. Details about this Termination are set out in the Company's announcements on 25 June 2021 and 27 June 2022 respectively.

18. OTHER RECEIVABLES, PREPAYMENT AND DEPOSITS

	2022 **HK$'000**	2021 HK$'000
Deposits *(note a)*	**2,442**	2,991
Value added tax ("VAT") recoverable	**517**	1,299
Other receivables and prepayment *(note b)*	**11,212**	2,681
	14,171	6,971
Representing:		
Current	**14,171**	6,971
Non-current	**425**	–
	14,596	6,971

Note:

(a) Except for rental deposits of HK$425,000 (2021: HK$Nil) which are expected to be recovered after one year from the end of the reporting period, all other deposit, prepayments and other receivables are expected to be recovered or recognised as expense within one year.

(b) Included in other receivables, prepayment and deposits, was HK$30,000,000 in relation to the refund of Remaining Deposit from the seller (note 17). At the end of the reporting period, the directors of the Company considered that there was an increase in credit risk given that the outstanding receivables was past due and the recoverability is uncertain. Accordingly, impairment loss was recognised against the balance as at 31 March 2022. Further details on the Group's credit policy and credit risk arising from other receivables are set out in note 27.

19. PLEDGED BANK DEPOSITS

Pledged bank deposits

As at 31 March 2022, the pledged bank deposits of approximately ZAR1,426,000 (equivalent to approximately HK$764,000) (2021: approximately ZAR1,426,000 (equivalent to approximately HK$751,000)) are mainly for performance guarantees provided to the Department of Mineral Resources of South Africa in relation to application of the mining permits on exploration of various small mining projects which require rehabilitation and management of negative environmental impacts on the mining areas. The Group terminated the application and obtained the closure certificates from the Department of Mineral Resources of South Africa during the year ended 31 March 2020. Accordingly, certain balance of the pledged bank deposits were released during the year ended 31 March 2020.

The pledged bank deposits carry effective interest rates ranging from 3.00% to 3.41% (2021: 3.15% to 7.27%) per annum.

20. BANK BALANCES AND CASH

Bank balances comprise saving deposits and fixed deposits with maturity less than three months, which carry effective interest rates ranging from 0.01% to 2.00% (2021: 0.10% to 6.50%) per annum.

The Group's bank balances that are denominated in currencies other than the functional currency of the respective group entities are set out below:

	2022 **HK$'000**	2021 HK$'000
Renminbi ("RMB")	**771**	741
HK$	**4,264**	5,570
	5,035	6,311

21. LEASE LIABILITIES

	2022 HK$'000	2021 HK$'000
Lease liabilities payable:		
Within one year	**1,189**	282
Within a period of more than one year but not more than two years	**282**	–
	1,471	282
Less: Amount due for settlement with 12 months shown under current liabilities	**(1,189)**	(282)
Amount due for settlement after 12 months shown under non-current liabilities	**282**	–

The weighted average incremental borrowing rates applied to lease liabilities was 4.51% (2021: 4.51%).

22. OTHER PAYABLES AND ACCRUALS

	2022 HK$'000	2021 HK$'000
VAT payables	**810**	1,771
Other payables	**484**	537
Other accruals	**5,358**	8,011
	6,652	10,319

23. PROVISION FOR REHABILITATION COSTS

	HK$'000
At 1 April 2020	8,767
Unwinding of discounting effects for the year	1,233
Revaluation debited to profit or loss	133
Revaluation recognised as reversal of decommissioning assets *(Note 13)*	(72)
Exchange realignment	1,967
At 31 March 2021 and 1 April 2021	12,028
Unwinding of discounting effects for the year	1,368
Revaluation credited to profit or loss	(1,711)
Revaluation recognised as reversal of decommissioning assets *(Note 13)*	(318)
Exchange realignment	187
At 31 March 2022	11,554

The provision for mine rehabilitation includes the anticipated costs of future rehabilitation, restoration and dismantling of mining areas from which natural resources have been extracted. These provisions include future cost estimates associated with plant closures, waste site closures, monitoring, demolition, decontamination, water purification, and permanent storage of historical residues. The discount rate used in determining this provision is 12.81% (2021: 11.42%) per annum.

24. SHARE CAPITAL

	Number of shares	Share capital HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 April 2020, 31 March 2021, 1 April 2021 and 31 March 2022	30,000,000,000	300,000
Issue and fully paid:		
At 1 April 2020, 31 March 2021, 1 April 2021 and 31 March 2022	18,151,471,981	181,515

All shares ranked *pari passu* in all respects with other shares in issue.

25. EQUITY-SETTLED SHARE-BASED PAYMENT TRANSACTIONS

Share option scheme of the Company

The Company has adopted a share option scheme (the "2010 Share Option Scheme") at a special general meeting of the Company held on 4 January 2010 and its mandate limit was refreshed on 21 November 2014. The 2010 Share Option Scheme had been expired on 3 January 2020.

A resolution was duly passed at a special general meeting of the Company held on 28 August 2020 to approve and adopt the new share option scheme (the "2020 Share Option Scheme").

The purpose of the 2020 Share Option Scheme is to provide the Company with a flexible and effective means of incentivising, rewarding, remunerating, compensating and/or providing benefits to participants in recognition of their contribution to the Group.

Eligible participants of the 2020 Share Option Scheme include any person who is (or will be on and following the offer date) an employee (whether full time or part time) holding salaried office or employment under a contract with the Company and any of their respective subsidiaries (as defined in the Companies Ordinance), and any entity (including associated company) in which the Company, any of its holding companies or any of their respective subsidiaries holds any equity interest ("Eligible Entity") or is a director (including executive and non-executive directors) of an Eligible Entity or any adviser, consultant, agent, contractor, customer and supplier of any member of the Group or any Eligible Entity whom the board of directors in its sole discretion considers eligible for the 2020 Share Option Scheme on the basis of his or her contribution to the Group.

The maximum number of shares which may be issued upon exercise of all outstanding share options granted and yet to be exercised under the 2020 Share Option Scheme and all outstanding options granted and yet to be exercised under any other share option schemes of the Company shall not exceed 30% of the total number of shares in issue from time to time.

The total number of shares which may be issued upon exercise of all share options to be granted under the 2020 Share Option Scheme and any options to be granted under any other share option schemes of the Company must not in aggregate exceed 10% of the total number of shares in issue on 28 August 2020. Share options which lapsed in accordance with the terms of the 2020 Share Option Scheme and any other share option schemes of the Company will not be counted for the purpose of calculating the 10% limit. The Company may seek approval of the shareholders in a general meeting for refreshing the 10% limit under the 2020 Share Option Scheme, save that the total number of shares which may be issued upon exercise of all share options granted under the 2020 Share Option Scheme and any other share option schemes of the Company under the limit as refreshed shall not exceed 10% of the total number of shares in issue as at the date of approval of the limit as refreshed. Share options previously granted under the 2020 Share Option Scheme and any other share option schemes of the Company (including share options outstanding, cancelled, lapsed in accordance with the terms of the relevant scheme, or exercised options) will not be counted for the purpose of calculating the limit as refreshed.

25. EQUITY-SETTLED SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

Share option scheme of the Company *(Continued)*

The total number of shares issued and to be issued upon exercise of the share options granted to each eligible participant (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the total number of shares in issue.

Each grant of share options to a director, chief executive or substantial shareholder of the Company, or to any of their respective associates, under the 2020 Share Option Scheme must be subject to approval by independent non-executive directors to whom share options have not been granted. In addition, any grant of share options to a substantial shareholder or an independent non-executive director of the Company, or any of their associates, which would result in the shares issued and to be issued upon exercise of all share options already granted and to be granted under the 2020 Share Option Scheme (including share options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant in aggregate over 0.1% of the shares in issue and with an aggregate value (based on the closing price of the Company's shares at the date of each grant) in excess of HK$5 million, must be approved by the shareholders in a general meeting.

The offer of a grant of share options shall be accepted within 21 days from the date of the offer, upon payment of a nominal consideration of HK$1 in total by the grantee.

The exercisable period of the share options granted is determined by the directors of the Company, save that such period shall not be more than 10 years from the date of the offer of the share options, subject to the provisions for early termination set out in the 2020 Share Option Scheme.

There is no minimum period for which the share options must be held before the exercise of the subscription right attaching thereto, except as otherwise imposed by the board of directors.

The exercise price of the share options is determined by the board of the Company, but shall not be less than the highest of (i) the closing price of the Company's shares as quoted on the daily quotation sheets of the Stock Exchange on the date of the offer of the share options; (ii) the average closing price of the Company's shares as quoted on the daily quotation sheets of the Stock Exchange for the five trading days immediately preceding the date of the offer; and (iii) the nominal value of the Company's shares.

The 2020 Share Option Scheme became effective on 28 August 2020 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

The Company has not granted any share options during the years ended 31 March 2022 and 2021. At 31 March 2022 and 2021, there were no outstanding share options.

26. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that 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 Company consists of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital disclosed in note 24 and reserves disclosed in the consolidated statement of changes in equity. Management of the Group reviews the capital structure on a continuous basis taking into account the cost of capital and the risk associated with the capital. The Group will balance its overall capital structure through new share issues as well as the raising of new debts.

27. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2022	2021
	HK$'000	HK$'000
Financial assets		
Financial assets at FVTPL	**52,536**	54,969
Amortised cost	**175,144**	166,613
Financial liabilities		
Amortised cost	**5,842**	8,548

Financial risk management objective and policies

The Group's major financial instruments include financial assets at FVTPL, other receivables and deposits, rental deposit, pledged bank deposits, bank balances and cash and other payables and accruals. Details of these financial instruments are disclosed in respective notes. The risk associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

27. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objective and policies *(Continued)*

Market risk

Currency risk

Certain subsidiaries of the Company have bank balances and cash, other receivables and deposits and other payables and accruals denominated in foreign currencies, other than the functional currency of respective group companies which expose the subsidiaries to foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, management of the Group monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period:

	Assets		Liabilities	
	2022	2021	**2022**	2021
	HK$'000	HK$'000	**HK$'000**	HK$'000
RMB	**771**	741	**–**	–
HK$	**4,271**	5,577	**3,658**	5,304

In addition, as at 31 March 2022, the Group's exposure to foreign currency risk also arose from USD denominated intercompany balance with carrying amounts of approximately HK$67,381,000 (2021: HK$56,593,000), which was not denominated in the functional currency of the respective group entities as the borrowers. These intercompany balances do not form part of the Group's net investment in foreign operations.

Sensitivity analysis

The currency risk mainly arises from the exchange rate of USD against HK$ and RMB.

The directors of the Company consider the Group's exposure in HK$ relative to USD is insignificant since HK$ is pegged to USD. Accordingly, no sensitivity analysis is presented for USD against HK$. The following table details the Group's sensitivity to a 5% (2021: 5%) increase and decrease in the functional currency of each group entity against RMB and all other variables were held constant, translating to the presentation currency, HK$, at the closing rate at the end of the reporting period. 5% (2021: 5%) is the sensitivity rate used by management of the Group in the assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding monetary items which are denominated in RMB of respective group entities and adjusts their translation at the end of the reporting period for a 5% (2021: 5%) change in exchange rate of RMB. A positive number below indicates a decrease in post-tax loss for the year where RMB strengthen 5% (2021: 5%) against the functional currency of each group entities. For a 5% (2021: 5%) weakening of RMB against the relevant functional currency there would be an equal and opposite impact on the result.

27. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objective and policies *(Continued)*

Market risk *(Continued)*

Currency risk (Continued)

Sensitivity analysis *(Continued)*

(Increase)/decrease in post-tax (profit)/loss for the year

	2022 **HK$'000**	2021 HK$'000
USD against RMB impact	**(28)**	27

Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate pledged bank deposits and bank balances. The Group is also exposed to fair value interest rate risk in relation to fixed-rate bank balances and lease liabilities. The Group currently does not enter into any hedging instrument for fair value interest rate risk.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. For variable-rate pledged bank deposits and bank balances, the analysis is prepared assuming the variable-rate pledged bank deposits and bank balances at the end of the reporting period was outstanding for the whole year. A 50 basis points increase or decrease is used for variable-rate pledged bank deposits and bank balances which represents the management's assessment of the reasonably possible change in interest rates.

For the variable-rate pledged bank deposits and bank balances, if interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's post-tax profit for the year would increase/decrease by approximately HK$91,000 (2021: post-tax loss for the year would decrease/increase by approximately HK$11,000).

Other price risk

The Group is exposed to other price risk mainly through its loans to SepGold and TG EPP which are measured at FVTPL. The fair value adjustment of loans to SepGold and TG EPP would be affected positively or negatively, primarily, by changes in the future cash flows and the discount rate applied for discounting the future cash flows.

If the discount rates had been increased/decreased by 30%, given other variables remaining constant, post-tax profit for the year ended 31 March 2022 would be decreased/increased by approximately HK$18,701,000 and HK$31,169,000 (2021: post-tax loss would be increased/decreased by approximately HK$17,585,000 and HK$28,804,000) respectively as a result of the changes in fair value of loans to SepGold and TG EPP.

27. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objective and policies *(Continued)*

Credit risk and impairment assessment

At the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial asset, except that the credit risks associated with the financial assets at FVTPL is mitigated because they are secured over shares of TGL. Details of the securities over the financial assets at FVTPL are set out in note 16.

Except for the financial assets at FVTPL, the Group performed impairment assessment for financial assets under ECL model. Information about the Group's credit risk management, maximum credit risk exposures and the related impairment assessment, if applicable, are summarised as below:

Financial assets at amortised cost

For other receivables and deposits, the gross carrying amount of these balances as at 31 March 2022 is HK$11,212,000 (2021: HK$2,722,000) and the management of the Group measures their loss allowance equal to 12m ECL. The ECL allowance for other receivables is assessed and determined by reference to the independent professional valuer's assessment in accordance with HKFRS 9 which take into consideration the personal credit report of the seller, the historical market default records and forward-looking information. As at 31 March 2022, other receivables of HK$30,000,000 was past due and an impairment loss of HK$21,636,000 (2021: HK$Nil) was recognised for the year ended 31 March 2022.

For bank balances and pledged bank deposits, the gross carrying amount of these balances as at 31 March 2022 is HK$163,932,000 (2021: HK$163,891,000) and management of the Group measures their loss allowance equal to 12m ECL. In addition, these balances are placed in various authorised financial institutions either with high credit ratings or good financial background and the management of the Group considers the credit risk of such authorised financial institutions is low.

Liquidity risk

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

27. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objective and policies *(Continued)*

Liquidity risk *(Continued)*

Liquidity table

The following table details the Group's expected maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows.

	Weighted average effective interest rate	Repayable on demand or within 3 months	3 months to 1 year	1 year to 2 years	Total undiscounted cash flows	Total carrying amount
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 31 March 2022						
Non-derivative financial liabilities						
Other payables and accruals	**N/A**	**5,842**	**–**	**–**	**5,842**	**5,842**
Lease liabilities	**4.51**	**223**	**1,005**	**283**	**1,511**	**1,471**
At 31 March 2021						
Non-derivative financial liabilities						
Other payables and accruals	N/A	8,548	–	–	8,548	8,548
Lease liabilities	4.51	284	–	–	284	282

Fair value measurements of financial instruments

This note provides information about how the Group determines fair values of various financial assets.

Some of the Group's financial instruments are measured at fair value for financial reporting purposes. The directors of the Company delegate the chief financial officer (the "CFO") of the Company to determine the appropriate valuation techniques and inputs for fair value measurements. In estimating the fair value, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages the Valuer to perform the valuation. The CFO of the Group works closely with the Valuer to establish the appropriate valuation techniques and inputs to the model. The CFO of the Group reports the findings in the valuation to the directors of the Company annually to explain the cause of fluctuations in the fair values.

27. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objective and policies *(Continued)*

Fair value measurements of financial instruments *(Continued)*

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

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

Financial assets	Fair value as at 31 March 2022 HK$'000	2021 HK$'000	Fair value hierarchy	Valuation technique(s) and key inputs
Loan to SepGold	**48,838**	51,100	Level 3	Discounted cash flows based on the estimated future cash flows of the Evander Project and the Jeanette Project in South Africa and the amounts that are expected to be received from SepGold and TG EPP for loans repayment, discounted at a rate of 18.75% (2021: 18.00%).
Loan to TG EPP	**3,698**	3,869	Level 3	

There are no transfers among Level 1, 2 and 3 during the year.

An increase in the discount rate used in isolation would result in a decrease in the fair value measurement of the loans to SepGold and TG EPP and vice versa. A 30% increase in the discount rate holding all other variables constant would decrease the total carrying amounts of the loans to SepGold and TG EPP as at 31 March 2022 by HK$18,701,000 (2021: HK$17,585,000).

27. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objective and policies *(Continued)*

Fair value measurements of financial instruments *(Continued)*

Reconciliation of Level 3 fair value measurements

	Loan to SepGold at FVTPL HK$'000	Loan to TG EPP at FVTPL HK$'000	Total HK$'000
At 1 April 2020	50,819	3,848	54,667
Fair value loss recognised in profit or loss	(9,339)	(707)	(10,046)
Exchange realignment	9,620	728	10,348
At 31 March 2021	51,100	3,869	54,969
Fair value gain recognised in profit or loss	(3,050)	(232)	(3,282)
Exchange realignment	788	61	849
At 31 March 2022	48,838	3,698	52,536

The fair value changes of loans to SepGold and TG EPP of HK$3,282,000 (2021: HK$10,046,000) are included in "other gains and losses" line item in the consolidated statement of profit or loss and other comprehensive income.

Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis

The management of the Group estimates the fair values of its financial assets and financial liabilities measured at amortised cost using the discounted cash flows analysis.

The management of the Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

28. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Lease liabilities HK$'000 *(Note 21)*
At 1 April 2020	1,614
Financing cash flows	(1,372)
Finance costs recognised	40
At 31 March 2021 and 1 April 2021	282
New lease entered	2,303
Financing cash flows	(1,177)
Finance costs recognised	63
At 31 March 2022	1,471

29. RETIREMENT BENEFIT SCHEMES

The Group operates a MPF Scheme under rules and regulations of Mandatory Provident Fund Schemes Ordinance for all its employees in Hong Kong. All the employees of the Group in Hong Kong are required to join the MPF Scheme. Contributions are made based on a percentage, which is 5%, of the employees' salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The Group's contribution to the MPF Scheme in respect of the employee's relevant income is subject to a cap to monthly relevant income of HK$30,000 since 1 June 2014, which contribution is matched by employees. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme. No forfeited contribution is available to reduce the contribution payable in the future years as at 31 March 2022 and 31 March 2021.

During the year ended 31 March 2022, the total costs charged to the profit or loss in relation to the Group's total contributions to retirement benefits scheme are HK$144,000 (2021: HK$143,000).

30. RELATED PARTY TRANSACTIONS

(a) Compensation of key management personnel

The remuneration for key management personnel of the Group, including the amounts paid to directors of the Company as disclosed in note 7, during the year is as follows:

	2022 HK$'000	2021 HK$'000
Short-term benefits	8,034	8,623
Contributions to retirement benefits scheme	36	36
	8,070	8,659

(b) Balances with related parties

Details of the balances with related parties as at 31 March 2022 and 31 March 2021 are set out in note 16.

31. CAPITAL COMMITMENTS

	2022 HK$'000	2021 HK$'000
Capital expenditure in respect of the gold projects contracted for but not provided in the consolidated financial statements – Mining assets	1,201	430

32. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Particulars of the Company's principal subsidiaries as at 31 March 2022 and 31 March 2021 are as follows:

Name of subsidiary	Country/ place of incorporation	Country/place of operation	Issued share capital/ paid up capital/ registered capital	Directly 2022	Directly 2021	Indirectly 2022	Indirectly 2021	Principal activities
Lee Hing Mining Industry Limited	Hong Kong	Hong Kong	Ordinary HK$100	**–**	–	**100%**	100%	Inactive
TGL	South Africa	South Africa	Ordinary ZAR58,040,000	**65.60%**	65.60%	**12.98%**	12.98%	Exploration, development and mining of gold and associated minerals
Taung Gold Exploration (West) (Pty) Limited *(note)*	South Africa	South Africa	Ordinary ZAR7,875	**–**	–	**78.58%**	78.58%	Exploration, development and mining of gold and associated minerals
Taung Gold Exploration Limited *(note)*	South Africa	South Africa	Ordinary ZAR7,875	**–**	–	**78.58%**	78.58%	Exploration, development and mining of gold and associated minerals
Taung Gold (North West) (Pty) Limited *(note)*	South Africa	South Africa	Ordinary ZAR100	**–**	–	**78.58%**	78.58%	Exploration, development and mining of gold and associated minerals
Taung Gold (Free State) (Pty) Limited *(note)*	South Africa	South Africa	Ordinary ZAR100	**–**	–	**78.58%**	78.58%	Exploration, development and mining of gold and associated minerals
Ulinet (Pty) Limited *(note)*	South Africa	South Africa	Ordinary ZAR100	**–**	–	**78.58%**	78.58%	Exploration, development and mining of gold and associated minerals

Note: These companies are wholly-owned subsidiaries of TGL.

32. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY *(Continued)*

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

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 either investment holding or inactive.

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

33. DETAILS OF A NON-WHOLLY OWNED SUBSIDIARY THAT HAS MATERIAL NON-CONTROLLING INTERESTS

The table below shows details of a non-wholly owned subsidiary of the Group that has material non-controlling interests:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit/(loss) allocated to non-controlling interests		Accumulated non-controlling interests	
		31 March 2022	31 March 2021	**31 March 2022 HK$'000**	31 March 2021 HK$'000	**31 March 2022 HK$'000**	31 March 2021 HK$'000
TGL	South Africa	**21.42%**	21.42%	**22,034**	(139,138)	**681,148**	645,321

33. DETAILS OF A NON-WHOLLY OWNED SUBSIDIARY THAT HAS MATERIAL NON-CONTROLLING INTERESTS *(Continued)*

Summarised financial information in respect of TGL and its subsidiaries is set out below on a consolidated basis. The summarised financial information below represents amounts before intragroup eliminations.

	2022 **HK$'000**	2021 HK$'000
Non-current assets	**3,260,451**	3,080,089
Current assets	**4,983**	7,826
Non-current liabilities	**(11,554)**	(12,028)
Current liabilities	**(73,914)**	(63,193)
Equity attributable to owners of the Company	**2,498,818**	2,367,373
Non-controlling interests	**681,148**	645,321

33. DETAILS OF A NON-WHOLLY OWNED SUBSIDIARY THAT HAS MATERIAL NON-CONTROLLING INTERESTS *(Continued)*

	Year ended 31 March 2022 HK$'000	Year ended 31 March 2021 HK$'000
Income	**707**	360
Reversal of impairment loss/(impairment loss) on mining assets	**125,148**	(626,129)
Expenses	**(22,991)**	(23,801)
Profit/(loss) for the year	**102,864**	(649,570)
Profit/(loss) attributable to:		
– Owners of the Company	**80,830**	(510,432)
– Non-controlling interests	**22,034**	(139,138)
Profit/(loss) for the year	**102,864**	(649,570)
Other comprehensive income attributable to:		
– Owners of the Company	**50,615**	495,186
– Non-controlling interests	**13,793**	134,982
Other comprehensive income for the year	**64,408**	630,168
Total comprehensive income/(expense) attributable to:		
– Owners of the Company	**131,445**	(15,246)
– Non-controlling interests	**35,827**	(4,156)
Total comprehensive income/(expense) for the year	**167,272**	(19,402)
Net cash outflow from operating activities	**(20,483)**	(12,287)
Net cash outflow from investing activities	**(7,825)**	(6,026)
Net cash inflow from financing activities	**11,552**	17,435
Net cash outflow	**(16,757)**	(878)

34. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period includes:

	2022 HK$'000	2021 HK$'000
Non-current assets		
Investments in subsidiaries	**2,498,935**	2,366,400
Amounts due from subsidiaries	**337,134**	353,342
	2,836,069	2,719,742
Current assets		
Amounts due from subsidiaries	**231**	2,954
Other receivables	**309**	301
Bank balances and cash	**4,624**	1,467
	5,164	4,722
Current liabilities		
Other payables and accruals	**3,654**	5,303
Amount due to a subsidiary	**58,849**	57,934
	62,503	63,237
Net current liabilities	**(57,339)**	(58,515)
Net assets	**2,778,730**	2,661,227
Capital and reserves		
Share capital	**181,515**	181,515
Reserves	**2,597,215**	2,479,712
Total	**2,778,730**	2,661,227

34. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

Movement in the Company's reserves

	Share premium HK$'000	Capital reserve HK$'000	Contributed surplus HK$'000	Share-based payments reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2020	5,307,443	(800)	147,828	11,412	(2,911,579)	2,554,304
Loss and total comprehensive expense for the year	–	–	–	–	(74,592)	(74,592)
Lapse of share options	–	–	–	(11,412)	11,412	–
At 31 March 2021	5,307,443	(800)	147,828	–	(2,974,759)	2,479,712
Profit and total comprehensive income for the year	–	–	–	–	117,503	117,503
At 31 March 2022	5,307,443	(800)	147,828	–	(2,857,256)	2,597,215

35. DIVIDEND

No dividend was paid or proposed for ordinary shareholders of the Company during 2022, nor has any dividend been proposed since the end of the reporting period (2021: nil).

36. EVENTS AFTER THE END OF THE REPORTING PERIOD

Saved as disclosed elsewhere in these consolidated financial statements, the Group has the following events subsequent to the end of the reporting period:

On 25 June 2021, the Group decided not to proceed with the Proposed Acquisition and entered into a Termination Agreement with the seller and the guarantor to terminate the Proposed Acquisition. Pursuant to the Termination Agreement, the Proposed Acquisition be terminated with effect from the date of the Termination Agreement, and the Group and the seller released each other from their respective obligations. Following the Termination, HK$30,000,000 of the deposit has been refunded to the Group, while the seller and the guarantor undertook to refund the Remaining Deposit on or before 31 December 2021. With regard to the negotiation amongst the Purchaser, the seller and the guarantor after 31 December 2021, an agreement was reached and on 27 June 2022, the Purchaser entered into the Addendum to Termination Agreement. Pursuant to the Addendum to the Termination Agreement, the Purchaser, the seller and the guarantor agreed to extend the repayment date for the refund of the Remaining Deposit on or before 31 December 2022. Details about this Termination are set out in the Company's announcements on 25 June 2021 and 27 June 2022 respectively.

FINANCIAL SUMMARY

A summary of the published results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the audited consolidated financial statements, is set out below:

RESULTS

	Year ended 31 March				
	2018	2019	2020	2021	**2022**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
Revenue	–	–	–	–	**–**
Profit (loss) attributable to:					
– Owners of the Company	(389,047)	(33,871)	(41,359)	(526,232)	**45,147**
– Non-controlling interests	(25,796)	(2,482)	(6,404)	(139,138)	**22,034**
	(414,843)	(36,353)	(47,763)	(665,370)	**67,181**

ASSETS AND LIABILITIES

	As at 31 March				
	2018	2019	2020	2021	**2022**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
Total assets	5,056,714	4,167,185	3,341,526	3,311,838	**3,440,722**
Total liabilities	28,261	22,774	20,069	22,629	**19,677**
Total equity	5,028,453	4,144,411	3,321,457	3,289,209	**3,421,045**