RISING DEVELOPMENT HOLDINGS LIMITED
麗 盛 集 團 控 股 有 限 公 司

(Incorporated in Bermuda with limited liability)
(Stock Code: 1004)

Annual Report
2014

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Lai Leong *(Chairman & Chief Executive Officer)*
Mr. Kong Shan, David
Mr. Lam Kwan Sing
Mr. Wong Nga Leung
Mr. Hon Ming Sang

Independent Non-executive Directors

Mr. Fok Ho Yin, Thomas
Mr. Tsui Ching Hung
Ms. Cheung Oi Man, Amelia

COMPANY SECRETARY

Mr. Hon Ming Sang

AUTHORISED REPRESENTATIVES

Mr. Lam Kwan Sing
Mr. Hon Ming Sang

AUDIT COMMITTEE

Mr. Fok Ho Yin, Thomas *(Chairman)*
Mr. Tsui Ching Hung
Ms. Cheung Oi Man, Amelia

REMUNERATION COMMITTEE

Mr. Fok Ho Yin, Thomas *(Chairman)*
Mr. Tsui Ching Hung
Ms. Cheung Oi Man, Amelia

NOMINATION COMMITTEE

Mr. Lai Leong *(Chairman)*
Mr. Fok Ho Yin, Thomas
Mr. Tsui Ching Hung
Ms. Cheung Oi Man, Amelia

AUDITORS

Li, Tang, Chen & Co.
Certified Public Accountants (Practising)
10th Floor, Sun Hung Kai Centre
30 Harbour Road
Wanchai
Hong Kong

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Rooms 2004-5, 20th Floor
World Trade Centre
280 Gloucester Road
Causeway Bay
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Codan Services Limited
Clarendon House
2 Church Street
Hamilton HM11
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

PRINCIPAL BANKERS

HSBC
DBS Bank (Hong Kong) Limited
Bank of China (Hong Kong) Limited
Wing Hang Bank, Limited

STOCK CODE

1004

COMPANY WEBSITE

www.hkrising.com

On behalf of the board of directors (the "Board") of Rising Development Holdings Limited (the "Company"), I present the annual report and audited financial statements of the Company and its subsidiaries (the"Group") for the year ended 31 March 2014.

RESULTS OF THE GROUP

During the year under review, the Group recorded a turnover of HK$79,219,000 (2013:HK$80,721,000), representing a slightly decrease of 1.86% as compared to the same period of last year. The decrease in turnover was due to a slightly drop in the trading in security. The net loss attributed to equity shareholders of the Company for the current year amounted to HK$118,084,000 as compared to a net loss of HK$214,500,000 last year, result in a basic loss per share this year of HK$8.44 cents (2013: basis loss per share of HK$15.47 cents), representing a decrease in loss by 45%. The loss was mainly due to the impairment loss of mining business required current market valuation to be made each year on the mining right with respect to the Vanadium Mine. The valuation was conducted by an independent valuer, which amount to RMB767,000,000 (equivalent to HK$958,980,000) as at 31 March 2014 as compared to its carrying amount of RMB872,000,000 (equivalent to HK$1,089,128,000) as at 31 March 2013, resulting in a loss after tax of HK$78,769,000 for the year attributed to the equity shareholders of the Company.

Property bubbles appeared in some 2-3 tier cities in China, huge local government borrowings, defaults in repayment of some shadow bank loans that had helped fuel the credit expansion seen in the country in the wake of the Western financial crisis, target GDP growth lower to about 7.5% at its slowest pace in a decade during the period, weak export and low Purchasing Manager Index, all these mixing signals at the same time appeared in PRC indicated bad signs for the PRC economy ahead; reduction of the size of QE monthly and quicker expectation for interest upward rebound that delivered by US Federal may cause impact of fund outflow from emerging market and affect the stability of financial markets globally. On the political side, sanctions imposed by White house and European allies on Russia as a result of Ukraine Crimea crisis, sovereignty disputes of islands around South China Sea, and Eastern China, all these economic and political uncertainties and drawbacks imply a much tougher challenge for the coming year. In view of the above, the Group is going to exercise more caution to face the challenges and will try our best to achieve a better performance in 2014.

Financial year 2013/14 earmarked the commencement of the Group's solar power generation business. With the PRC Government's latest plan to increase the solar power capacity over the next decade to promote clean, efficient and low carbon energy, the Group has been actively looking at potential investments in solar energy sector. During the year under review, we had successfully completed the acquisition of a solar power generation project for the development of a 40MW solar power plant in Jilin. We had also entered into various memorandum of understanding and framework agreements for the acquisition and development of the solar power plants in PRC. The Group has been and will continue to focus on the solar power generation business. Through acquisitions of grid connected solar power plants and development and construction of new solar power plants as well as alliance with other major players in the solar energy industry, we intend to establish our Group as one of the leading solar energy market participants in the PRC in the near future. With the targets and policies set by the PRC Government to promote the solar energy, we expect the PRC solar energy industry will undergo a rapid expansion in the short term and become a significant contribution to the energy consumption nationwide in the long term future.

FINAL DIVIDEND

Since tough environment and challenges are expected due to weaker PRC economy and slower recovery of both US and ECU, at the same time no profit has been recorded by the Group during the year, the Board does not recommend the payment of a final dividend for the year ended 31 March 2014.

ACKNOWLEDGEMENT

I would like to take this opportunity to thank all shareholders, investors, bankers, business associates and customers for their continuous support to the Group, and to my fellow directors and all staff members for their hard work and contributions in 2013 and looking forward for the same could extend to the Group in 2014.

Lai Leong
Chairman

Hong Kong, 9 May 2014

EXECUTIVE DIRECTORS

Mr. Lai Leong, aged 49, was appointed as an executive Director, Chairman of the Board and Chief Executive Officer of the Company on 6 August 2013. He is a member and the chairman of the Nomination Committee of the Company. Mr. Lai received an MBA degree from the Maastricht School of Management in the Netherlands in 2005. Since 1991, he has worked for several property and trading companies in Mainland China and has over 24 years of experience in property investment, development and management and in corporate management for companies in Hong Kong and in Mainland China. Mr. Lai was an executive Director, a Chairman of the Board and Chief Executive Officer of the Company from 31 August 2007 to 15 March 2010.

Mr. Lai is a director of certain subsidiaries of the Company. He is also a director and beneficial owner of Oriental Day International Limited the controlling shareholder of the Company.

Mr. Kong Shan, David, aged 60, was appointed as an executive Director on 31 August 2007. He is responsible for the business development of the Group. Mr. Kong graduated from Shenzhen University in Mainland China with a diploma in Business Administration. He has more than 25 years of experience in property development and investment and corporate management in Mainland China.

Mr. Lam Kwan Sing, aged 44, was appointed as an executive Director on 1 August 2010. He is also a director of certain subsidiaries of the Company. Mr. Lam was graduated from the City University of Hong Kong with a degree in Bachelor of Arts in Accountancy. He has more than 16 years of experience in the commercial and corporate finance field. Mr. Lam is currently a director of China National Resources, Inc., a company listed on NASDAQ since 2003, which is principally engaged in the acquisition and exploitation of mining rights, including the exploitation, mineral extraction, processing and sale of iron, zinc and other nonferrous metals extracted or produced at mines primarily located in Anhui province in the PRC. Mr. Lam is currently also an executive director and chief executive officer of Enterprise Development Holdings Limited (a company listed on the main board of the Hong Kong Stock Exchange, stock code: 1808) and an independent non-executive director of Hao Tian Resources Group Limited (a company listed on the main board of the Hong Kong Stock Exchange, stock code: 474). He was an executive director of Shanghai Industrial Urban Development Group Limited (a company listed on the main board of the Hong Kong Stock Exchange, stock code: 563) from May 2008 to July 2010.

Mr. Wong Nga Leung, aged 36, was appointed as an executive Director on 26 October 2011. Mr. Wong graduated from the University of New South Wales, Sydney with a Master of Commerce and Bachelor of Commerce. Mr. Wong has extensive experience in the private equity, commercial and corporate finance field. He is also a Chartered Financial Analyst. Before joining our Company, Mr. Wong worked in various international investment banks.

Mr. Hon Ming Sang, aged 35, was appointed as an independent non-executive Director on 3 August 2012 and re-designated from independent non-executive Director to an executive Director and the company secretary of the Company on 31 December 2012. Mr. Hon graduated with an honor degree of Professional Accountancy in the School of Accountancy from the Chinese University of Hong Kong. He is a CFA charter, a member of the Hong Kong Society of Financial Analysts, a member of the Hong Kong Institute of Certified Public Accountants, a fellow member of the Association of Chartered Certified Accountants, an associate member of the Hong Kong Institute of Chartered Secretaries and an associate member of the Institute of Chartered Secretaries and Administrators. Mr. Hon has previously worked in an international audit firm and has several years of working experience in listed companies and financial institutions. He has extensive experience in corporate finance, merger and acquisition, investment and financial management and compliance services. Mr. Hon was an executive director, financial controller and qualified accountant of Carnival Group International Holdings Limited (a company listed on the main board of the Hong Kong Stock Exchange, stock code: 996) from January 2010 to January 2014.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Fok Ho Yin, Thomas, aged 43, was appointed as an independent non-executive Director on 31 August 2007. He is also the chairman of both the Audit Committee and Remuneration Committee and a member of the Nomination Committee of the Company. Mr. Fok had worked in the Listing Division of the Hong Kong Stock Exchange and has over 18 years of experience in the field of corporate finance and, in particular, in equity financing and financial restructuring. Mr. Fok is a member of Hong Kong Institute of Certified Public Accountants and CPA Australia. He is also a Chartered Financial Analyst. Mr. Fok is currently also an executive director and chief financial officer of Jian ePayment Systems Limited (a company listed on the growth enterprise market of the Hong Kong Stock Exchange, stock code: 8165), and an independent non-executive director of Greenfield Chemical Holdings Limited (a company listed on the main board of the Hong Kong Stock Exchange, stock code: 582).

Mr. Tsui Ching Hung, aged 61, was appointed as an independent non-executive Director on 31 August 2007. He is also a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company. Mr. Tsui holds a Master of Science degree in Polymer Science and a Master of Business Administration degree from University of Aston and University of Warwick in the United Kingdom respectively. He has extensive experience in senior management positions of several multinational corporations in Hong Kong. Mr. Tsui is currently also an executive director of CST Mining Group Limited (a company listed on the main board of the Hong Kong Stock Exchange, stock code: 985). Mr. Tsui was an non-executive director of G-Resources Group Limited (a company listed on the main board of Hong Kong Stock Exchange, stock code: 1051) from July 2009 to December 2012.

Ms. Cheung Oi Man, Amelia, aged 61, was appointed as an independent non-executive Director, a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company on 31 December 2012. Ms. Cheung qualified as a solicitor in 1976 and has been in private practice in Hong Kong for about 30 years. She holds a Master of Laws degree (specializing in economic law) from Peking University, PRC. Ms. Cheung is also a China-Appointed Attesting Officer and an accredited mediator. She has substantial experience in corporate and financial matters. Ms. Cheung is currently the principal of Messrs. Amelia Cheung & Co., Solicitors.

MANAGEMENT DISCUSSION AND ANALYSIS

Turnover by Business Segments

Ratio analysis by business segments for the Group's turnover for the year ended 31 March 2014 is as follows:

- Trading in securities: approximately HK$71,897,000, 90.8% of turnover (2013: HK$73,923,000, 91.6%)
- Trading of fur skins: approximately HK$Nil, 0% of turnover (2013: HK$7,000, 0%)
- Trading of fur garment: approximately HK$7,322,000, 9.2% of turnover (2013: HK$6,791,000, 8.4%)

Turnover by Geographical Region

Ratio analysis by geographical region for the Group's turnover for the year ended 31 March 2014 is as follows:

- Mainland China and Hong Kong: approximately HK$79,219,000, 100% of turnover (2013: HK$80,588,000, 99.8%)
- Other regions: approximately HK$Nil, 0% of turnover (2013: HK$133,000, 0.2%)

BUSINESS REVIEW

Investment Business

Trading in securities

During the year, turnover from trading in securities was HK$71,897,000, representing a decrease of 2.74% compared with the corresponding period last year of HK$73,923,000. Profit of HK$3,558,000 was recorded from this sector during the year as compared to a record of loss of HK$11,660,000 with the corresponding period last year. The profit was mainly due to a record of unrealized gain on investments in listed financial assets at fair value through profit or loss. We are taking steps to improve the profitability in profit in the sector of trading of security in 2014.

Investments

The Group's turnover in investments was nil during the period and was the same nil for the corresponding period last year. Profit of HK$111,000 was recorded from this sector during the period, a decrease in profit by 93.9% compared to the profit of HK$1,817,000 was recorded in the corresponding period last year. The reduction in profit was mainly due to about 40% lesser dividend income received from unlisted available-for-sale financial assets during the period compared to that of last year, and the dividend income was mainly from an investment in a property investment in Vietnam.

Fur Business

Trading of fur skins

During the year, the turnover in trading of fur skins was nil compared to the same period of last year HK$7,000, representing 100% dropped in sales in trading of fur skins. Loss of HK$168,000 was recorded compared to that of last year's loss of HK$544,000, representing a reduction of loss by 69.1%. The loss were mostly due to administrative expenses allocated to this sector of business. We are in the process to review the possibility to resume this line of business in 2014 as substantial drop in auction prices meant less risk both in trading and keeping of stock for fur skins.

Trading of fur garment

During the year, the turnover in trading of fur garment was recorded at HK$7,322,000 compared to the same period of last year which was recorded at HK$6,791,000 representing a 7.82% increase in sales of trading in fur garment. Loss of HK$8,807,000 was recorded compared to that of last year's loss of HK$10,814,000, representing a drop of loss by 18.56%. The loss were mostly due to administrative expenses allocated to this sector of business. We are taking plans to improve the performance of this sector through expanding the sales network and allocating more marketing strategies. We believe 2014 will be a tough year as tighter government expenditure controls and its ripple effect would prevail and affect our major PRC market.

Mining Business

The mining business of the Group had not started contributing revenue during the year, revenue was the same nil for corresponding period last year. However, a loss of HK$136,094,000 was recorded in this sector during the year, compared to a loss of HK$248,172,000 in the corresponding period last year, representing a reduction of loss by 45.16% compared to that of the same period last year. The loss was mainly due to impairment loss on the value of exploration and evaluation assets of the Group. The loss was mainly due to the reduction in the fair value of the mining rights held by the Group in the Vanadium Mine as at 31 March 2014 valued by an independent valuer BMI Appraisals Limited ("BMI"), described further below.

The Company acquired the 80% interest in its Vanadium Mine in Xunyangba County, Ningshan Town, Shaanxi Province in April 2008. The current mining licence covers an area of approximately 2.2 square-kilometres. The Company's acquisition took place prior to current requirements of Chapter 18 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") coming into effect, and was based on a geological model prepared by the Institute of Mineral Resources Chinese Academy of Geological Sciences（中國地質科學院礦產資源研究所）in accordance with the Chinese Mineral Resource/Reserves Classification（固體礦產資源／儲量分類GB/T17766-1999) which identified approximately 300,761 tonnes metric tonnes of Vanadium Pentoxide (V_2O_5) reserve. As disclosed in the shareholders circular dated 26 February 2008 of the Company (the "Circular"), the first stage of mining operation of the Vanadium Mine with refinery and daily production capacity of 500 metric tonnes ores was originally scheduled to commence production in early 2009.

With the decline of V_2O_5 selling price post acquisition as a result of economic crisis since 2008 (from the peak in August 2008 of around RMB275,000/metric tonne to its lowest of around RMB65,000/metric tonne around April 2013), development of the Vanadium Mine has become uneconomical. In early 2013, the Company has engaged an independent mining engineering expert (the "Engineer") to carry out a technical and economic review of the Group's Vanadium Mine. The Engineer confirmed the Company that the project was uneconomical and affirmed the view of the Company's management that the Company should postpone the development of the Vanadium project until the V_2O_5 market recovers. Therefore, the Group had continued its earlier decision to slow down the project to wait for the recovery of the V_2O_5 selling price and stabilisation of V_2O_5 selling price at a level which renders the development and production commercially viable, as stated in the Group's interim and annual reports since 2009. Consequently, the Company has only incurred minimal expenses in the development of the Vanadium Mine, focusing mainly on preparatory works for new construction, extraction and production. No exploration, development or production activity had been carried out during the year.

The reserves of the Vanadium Mine (of average grade at 1.13%) according to the Chinese Mineral Resource/Reserves Classification as included in the Circular was as follows:

Category	Ore Quantity *(tonne)*	Grade *(% V_2O_5)*	Contained V_2O_5 *(tonne)*
332	6,545,401	1.15	75,083
333	14,209,599	1.13	160,669
334	5,916,518	1.10	65,009
Total	**26,671,518**	**1.13**	**300,761**

Reserves of the Vanadium Mine as at 31 March 2014 remains unchanged since the acquisition (being 300,761 metric tonne of V_2O_5) given that no material extraction was done due to the delay in the development of the mine for reasons explained above.

In addition to the amount of Vanadium mining reserves, the time to production of the Group's Vanadium Mine and the changes of the V_2O_5 market price are the key factors that affect the valuation of the mining rights of the Group.

Based on the lastest development plan of the Group, commencement of the first stage of production (envisaged at the time of the acquisition of the Vanadium Mine to take place in 2009) will instead take place in 2016. This will allow management 12 months to observe and monitor any improvement in and the stability of V_2O_5 selling prices and a further 9 to 12 months for the construction of access roads and to order production facilities. The development plan (which remains unchanged from that adopted in 2009 except as to the timing of commencement of production) targets the production of 500 metric tonne/day in the first year of production, 1,000 metric tonne/day in the second and third year of production, 2,000 metric tonne/day in the fourth and fifth year of production and 3,500 metric tonne/day from the six year of production and thereafter, at a production cost ranging from around RMB55,000/metric tonne to RMB67,000/metric tonne for the first ten years of production.

Actual operation and development plans will remain dependent on, and subject to revision, based on management's analysis of the market price of V_2O_5 and its stability, the rate and period of return of the projects and the risks of investment in and development of the mine.

At 31 March 2014, the fair value of the mining right classified as part of the "exploration and evaluation assets" in the Group's audited consolidated balance sheet as at that date was determined by excessive earnings method under the income approach. It decreased by RMB105 million when compared with its fair value as at 31 March 2013 using the same excess earnings method for valuation. Such decrease was mainly due to a decrease in the V_2O_5 market price (as at 31 March 2013: about RMB73,000/metric tonne; as at 31 March 2012: about RMB78,000/metric tonne; as at 31 March 2011: about RMB95,000/metric tonne). For valuation purposes, BMI, projected the V_2O_5 selling price in the valuation report as at 31 March 2014 to increase by 3-4% annually, which is more or less in line with the estimated annual inflation rate in China which does not differ materially from the rate of price increase used in the valuation of the mining rights as at 31 March 2013. The discount rates applied by BMI in both valuations as at 31 March 2014 and 31 March 2013 were 14.18% and 14.23% respectively, in valuation this year BMI have factored into a 3% company specific risk premium (31 March 2013: 3%) due to the continued delay in commencement of production, while there has been no significant change to the assumed cost of debt and discount applied by BMI in 2014 and 2013, as the China Above 5 Years Best Lending Rate and the 10-year Chinese Government Bond yield used as reference for this purpose have remained largely similar as of the relevant valuation dates.

Solar Energy

The Group has been identifying and exploring suitable projects and/or investments with good potential for acquisition. As China Government has selected solar as one of the key ways to promote clean energy over the next decade, the Company has been actively looking at potential investments in solar sector. The Board of the Company considers solar investment to be a good potential investment for the Group and will provide revenue streams to the Group and will benefit the Group and its shareholders as whole in the future. As a result during the year,

(a) On 28 January 2014, the Company announced a non-legal binding agreement, memorandum of understanding was entered into between Surplus Basic Limited, an indirect wholly-owned subsidiary of the Company, and Linkage Group Limited, in relation to the proposed acquisition, directly or indirectly, of the entire equity interest in Jinchang Jintai Photovoltaic Company Limited 金昌錦泰光伏電力有限公司. The memorandum of understanding does not create any legally binding commitment between parties to proceed with the proposed acquisition and is subject to the parties entering into definitive agreements for the proposed acquisition. The target company is principally engaged in the operation of two solar power stations with an aggregate annual production capacity of 100MW in Jinchang, Gansu Province, both of which have already connected to the grid.

(b) On 13 February 2014, the Company announced a further memorandum of understanding was entered into between Surplus Basic Limited, an indirect wholly-owned subsidiary of the Company, and Accurate Win Limited, in relation to the proposed acquisition, directly or indirectly, of the entire equity interest in Jinchang Guo Yuan Power Limited 金昌國源電力有限公司.

The memorandum of understanding does not create any legally binding commitment between parties to proceed with the proposed acquisition and is subject to the parties entering into definitive agreements for the proposed acquisition. The target company is principally engaged in the operation of solar power station with an annual production capacity of 100MW which have already connected to the grid in Jinchang, Gansu Province.

(c) On 12 March 2014, the Company announced the signing of a framework agreement, between the Company's wholly-subsidiary, Shanghai Chaoyang Photovoltaic (上海超陽光伏電力有限公司) and Hareon Solar Technology Co Ltd (海潤光伏科技股份有限公司), under the framework agreement, they have to the cooperate in the development, construction and financing of solar power plants having aggregate production capacity of not less than 800MW and the distribution of their output. And further on 20 March 2014, the Group has announced the signing of a cooperation agreement and an equity transfer agreement in respect of Jilin Hareon, currently a wholly-owned subsidiary of Shanghai listed Hareon Solar, by which Chaoyang Photovoltaic (a wholly-owned subsidiary of the Company) agreed to purchased 51% equity interest in Jilin Hareon for a cash consideration of RMB510,000 (approximately HK$637,500) and to provide up to RMB36,720,000 (approximately HK$45,900,000) by further capital injection or shareholders loan to Jilin Hareon. Jilin Hareon was established on 22 November 2013 and is the project company established by Hareon Solar for the development of the 40MW photovoltaic power generation project in Taonan, Jilin, the PRC. It has a registered capital of RMB1,000,000. Based on unaudited financial information provided by Hareon Solar, Jinlin Solar has not recorded any revenue and had incurred immaterial expenses in the financial year ended 31 December 2013. The cooperation agreement and equity transfer agreement do not constitute a notifiable transaction of the Company under the Listing Rules. Subsequently, the said 51% equity interest transfer was completed on 27 March 2014.

PROSPECTS

Trading in Securities

Equity market is expected to be risky this year as US market has reached a comparatively high level while at the same China is facing an uncertain structural adjustment in production so as to face over growth in the supply side of middle and low end products. Whether China's adjustment be successful or not be an excuse for fluctuation and more likely on the downside at initial stage. The property bubble and potential bank or financial loans that may threaten the most important financial engine, the banking industry of PRC. So as a whole, 2014 is definitely a tough year for investment in securities and cautious attitudes have to be kept in this sector of business in the forthcoming period.

Investment Business

The reverse rising expectation of Renminbi, the official currency of PRC, reflected the downward economic of China and its potential risks. As Hong Kong's economy is highly linked with China's, we are cautious about the economy growth both of China and Hong Kong. The recent Ukraine crisis between US, European Union and Russia may affect global trading and investment, and as a result of more sanctions to be imposed, it would affect the steady and stable economic recovery in Europe and ripples globally. The pace of recovery of US economy is slow, despite the US federal reserve (FED) maintaining low interest rate, weaker Dollar and Quantity Easing policy to keep growth, the unemployment rate and the housing price are not recovering as well as expected, which we believe was resulted in the FED still keeping a low interest environment. The rebalancing strategy of US implemented in Asia affects the Sino-Japan as well as Japan-Korean relationships and in turn affect its relative trading, global trading and worsening the investment environment turn in 2014. All these uncertainties and drawbacks imply a much tougher and challenge investment environment for the year ahead. The Group is looking forward for a better performance in this sector despite all the above-mentioned uncertainties by exercising more caution and monitoring all sectors of business.

Fur Business

Trading of fur skins

At the beginning of 2014, the international auction prices have dropped by around 30% as compared to that in the 4th quarter of 2013. As with what we had mentioned before, when market prices are unstable trading risks become relatively high for both ourselves as consumer or as agent for the Chinese intermediate clients. When prices drop substantially and its' risk becomes comparatively lower, we will be looking for opportunities in returning to this sector of business in due course.

Trading of fur garment

We have successfully and progressively established our marketing channels in PRC, geographically covering cities in the north-eastern, north-western and southern part of China for the trading of fur garment. These marketing channels include permanent shops and seasonal outlets. By using temporarily outlets to test out marketing locations during peak seasons and sell lower margin fashion goods and accessories at low seasons, this will prevent many other fixed costs or permanent deposits that in the end will help us limit our operating expenses, this mixing channels, has assisted in flexibly expanding our marketing plans at minimal operating costs.

Sales figure in the sales of fur garment was almost the same as targeted last year despite tighter government expenditure controls and lower local consumptions prevailed in the PRC. However, the effect of the reduced government expenditures imposed by the new PRC administration is now gradually hampering our traditional retail business especially in the area of fur garment and luxury market in the PRC include Hong Kong. In order to survive such adverse conditions in the forthcoming year, we have to exercise more caution in operating the business. At the same time we have to be agile enough to react to the change in weather, and to decrease our stocks and goods step by step to reduce stocking risk for fur garment, as international auction prices are at the same time on a downward trend.

In Hong Kong in the area of wholesale business, we will keep our existing strategy of obtaining wholesale opportunities by co-operating with various fashion chains and brands. Different forms of co-operation through OEM, OBM using our own designs are being carried out simultaneously. Also we will continue our strategy to launch our own designer's collection label of LECOTHIA and FREDERICK so as to build our own brand in the long run. This new line up of wholesale business with various fashion chains hopefully will bring more business opportunities and generate a steady income for our Group in 2014.

Mining Business

The Chinese government is confronting the cumulative consequences of its economic growth in the past years since the open door policy with little attention paid to ecological and social costs. Presently, China has to shift to a more balanced form of development, to lower its GDP growth but with target to keep the employment at a safety level so as to prevent social instability. On the other hand, the US and European economy had not recovered at a pace as planned after the financial and sovereignty crisis, as a result most metal prices dropped significantly including our Vanadium Pentoxide V_2O_5. V_2O_5 selling price is still at low side at about RMB70,000/metric tonne as at 31 March 2014, despite its rebound by about 7.1% from its recent lowest at around RMB65,000/metric tonne in April 2013 (31 March 2013: RMB73,000). The development work in our site were purposely slowed down as mentioned before as a result of low V_2O_5 market price and the Group will continue to exercise control over costs and expenses given that the Vanadium Mine is not yet in production pending sustained recovery of the market for V_2O_5.

Solar Energy

With various supporting policies by the PRC Government recently, rapid growth in the solar energy industry becomes inevitable. According to the National Energy Administration of PRC, the total new installed solar capacity in 2013 amounted to 12.9GW representing a growth of 198% with the cumulative installed capacity of 19.4GW by the end of 2013; solar farms at 16.3GW and distributed systems at 3.1GW. Of the solar farms, 468 solar power plants were built in 2013, making the aggregate number of solar power plants to 741 by the end of 2013, a growth of 171%. In order to tap into this fast growing market, the Group will continue to identify and invest in suitable projects with good potential. The Group will focus on the strategic development of the solar power generation business and devote more resources in the business in the coming future. The Company is confident that the solar energy business will become the key growth contributor to the Group's business in both short and long run.

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally derives cash for operation from internal cash flow from banks in Hong Kong and PRC. As at 31 March 2014, the Group had cash and bank balances of approximately HK$20,465,000 (2013: HK$22,736,000). As at 31 March 2014, the Group's interest bearing borrowings (including margin loan payable, other loans and convertibles notes) amounted to approximately HK$37,827,000 (2013: HK$78,707,000). As at 31 March 2014, the shareholders' funds amounted to approximately HK$780,607,000 (2013: HK$833,129,000). Accordingly, the gearing ratio (as calculated in note 39 to the financial statements) was 2.2% (2013: 6.7%).

As at 31 March 2014, the Group had net current assets of approximately HK$45,436,000 (2013: HK$59,290,000) and current ratio (being current assets over current liabilities) of 2 (2013: 3).

CAPITAL STRUCTURE

1) On 12 October 2011, the Company issued convertible notes with a nominal value of HK$100,000,000. The convertible notes bear interest at 5% per annum with maturity date on 11 October 2014. The holders of the convertible notes have the right to convert on any business date at any time following 12 October 2011 until the date falling 7 days before (and excluding) 11 October 2014, into ordinary share of the Company at an initial conversion price of HK$1.00 per share (subject to adjustment). The Company shall have the right at any time from the date of issue of the convertible notes and inclusive of the maturity date to redeem the whole or part of the outstanding convertible. The effective interest rate of the liability component is 19.55% per annum.

   On 14 February 2014, total principal of HK$100,000,000 were converted into 100,000,000 new ordinary shares of the Company of HK$0.01 each.

   Cash and bank balances include the following amounts denominated in a currency other than the Group's and Company's functional currency, Hong Kong dollars:

	2014	2013
	HK$'000	*HK$'000*
Euro	**52**	77
United States dollars	**302**	261
Danish Krone	**20**	27
Renminbi	**3,483**	1,473

The Group monitors capital using a gearing ratio, which is net debt divided by the total equity of the Group. Net debt includes interest-bearing bank and other borrowings, less cash and bank balances, and excludes discontinued operations. Capital includes equity attributable to equity holders of the Company. The gearing ratio of the Group as at the end of the reporting periods was as follows:

	2014	2013
	HK$'000	*HK$'000*
Borrowings		
Margin loan payable	**10,326**	14,921
Other loans	**27,501**	–
Convertible notes	**–**	63,786
Total borrowings	**37,827**	78,707
Less: cash and bank balances	**(20,465)**	(22,736)
Net debt	**17,362**	55,971
Total equity	**780,607**	833,129
Gearing ratio	**2.2%**	6.7%

Neither the Company nor its subsidiaries are subject to externally imposed capital requirements.

Details in the changes of the capital structure of the Group held as at 31 March 2014 are set out in notes 28, 30, 32 and 38 to the financial statement.

CHARGES ON ASSETS

At 31 March 2014 and 31 March 2013, the Group did not obtain any banking facilities and borrowings except for margin loan payable and convertible notes, details of which are set out in notes 28 and 30 respectively to the financial statements.

At 31 March 2014 and 31 March 2013, the Group and the Company have pledged certain financial assets at fair value through profit or loss held under the margin account to secure the margin loan payable of HK$10,326,000 (2013: HK$14,921,000).

FOREIGN EXCHANGE EXPOSURE

The Group's businesses are mainly conducted in United States dollars and Renminbi, with minimal exposure to fluctuations in foreign exchanges.

SIGNIFICANT INVESTMENTS AND MATERIAL ACQUISITIONS

There was no significant investment held by the Group as at 31 March 2014. Details of significant investments in subsidiaries held by the Group as at 31 March 2014 are set out in note 18 to the financial statements.

Material acquisition and Disposal of subsidiaries or Associated Companies

On 20 March 2014, the Group has announced the signing of a cooperation agreement and an equity transfer agreement in respect of 吉林海潤光伏電力技術開發有限公司 Jilin Hareon Electric Development Company Limited* (Jilin Hareon), currently a wholly-owned subsidiary of Hareon Solar, by which Chaoyang Photovoltaic (a wholly-owned subsidiary of the Company) agreed to purchased 51% equity interest in Jilin Hareon for a cash consideration of RMB510,000 (approximately HK$637,500) and to provide up to RMB36,720,000 (approximately HK$45,900,000) by further capital injection or shareholders loan to Jilin Hareon.

Jilin Hareon was established on 22 November 2013 and is the project company established by Hareon Solar for the development of the 40MW photovoltaic power generation project in Taonan, Jilin, the PRC. It has a registered capital of RMB1,000,000. Based on unaudited financial information provided by Hareon Solar, Jinlin Solar has not recorded any revenue and had incurred immaterial expenses in the financial year ended 31 December 2013.

The cooperation agreement and equity transfer agreement do not constitute a notifiable transaction of the Company under the Listing Rule. Subsequently, the said 51% equity interest transfer was completed on 27 March 2014.

Save as disclosed above, the Group has not made any other material acquisition or disposal of subsidiaries or associated companies for the year ended 31 March 2014.

EMPLOYEES

As at 31 March 2014, the Group employed around 50 employees in Hong Kong, Macau and Mainland China (31 March 2013: 47). The Group's remuneration policies are based primarily on the prevailing market rate and the performance of individual employees. Fringe benefits, including Mandatory Provident Fund, medical benefits and training are provided. The Group has also established a discretionary bonus scheme for its management and staff with awards determined annually based upon the performance of the Group and individual employees.

CONTINGENT LIABILITIES

The Company and the Group had no contingent liabilities as at 31 March 2014.

The Board of the Company believes that good corporate governance practices are increasingly important for maintaining and promoting shareholder value and investor confidence. The Board sets appropriate policies and implements corporate governance practices which are considered appropriate to the conduct and growth of the Group's business.

CORPORATE GOVERNANCE PRACTICES

The Company has applied the principles of all the applicable code provisions of the Code on Corporate Governance Practices (the "Code on CGP") as set out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") as its own code on corporate governance practices. During the year ended 31 March 2014, the Company was in compliance with all code provisions set out in the Code on CGP except for the deviations from code provisions A.2.1, A.4.1, A.4.2 and E.1.2 of the Code on CGP, which are explained below.

1. Code provision A.2.1 of the Code on CGP requires the roles of the Chairman of the Board and Chief Executive Officer should be separate and should not be performed by the same individual.

   Dr. Lee Yuk Lun, *JP* was appointed as an Executive Director on 31 August 2007 and was elected Chairman of the Board from 15 March 2010 to 6 August 2013. On 6 August 2013, Mr. Lai Leong was appointed as an Executive Director and was elected Chairman of the Board.

   Upon their appointment as the Chairman of the Board, they also takes up the role of the Chief Executive Officer of the Company. The Board believes that vesting the roles of both Chairman of the Board and Chief Executive Officer in the same person provides the Company with strong and consistent leadership and allows for more effective and efficient business planning and decisions as well as the execution of long-term business strategies. The Board considers that such an arrangement will not impair the balance of power and authority between the Board and the management of the Company.

2. Code provision A.4.1 of the Code on CGP requires the non-executive directors should be appointed for a specific term and subject to re-election. During the year ended 31 March 2014, the terms of appointment of the three independent non-executive Directors expired and thereafter they are not appointed for a specific term, but they are subject to the retirement by rotation and re-election at the Company's annual general meeting at least once every three years in accordance with the Company's bye-laws (the "Bye-Laws").

3. Code provision A.4.2 of the Code on CGP requires every director, including those appointed for a specific term, to be subject to retirement by rotation at least once every three years. Pursuant to the Bye-Laws, all directors, excluding the Chairman of the Board, shall retire from office by rotation at least once every three years. The Board considers that, though there is a deviation from the code provision A.4.2 of the Code on CGP, the aforementioned provision in the Bye-Laws is appropriate to the Company since the continuous leadership by the Chairman of the Board allows for effective and efficient planning and implementation of business decisions and strategies which is significant for stability and growth of the Group.

4. Code Provision E.1.2 of the Code on CGP requires the Chairman of a listed issuer should attend the issuer's annual general meeting. Dr. Lee Yuk Lun, *JP*, the Chairman of the Board, was unable to attend the Company's 2013 AGM as he had another important business engagement. Despite his absence, he had arranged for Mr. Lam Kwan Sing, the Company's executive director who is well versed in all the business activities and operations of the Group, to attend and chair the meeting and communicate with the shareholders. All the other members also attended the 2013 AGM to give shareholders an opportunity of having a direct dialogue with the Board members.

Save as those mentioned above and in the opinion of the Directors, the Company has met the code provisions set out in the Code on CGP during the year ended 31 March 2014.

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 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry to all Directors, the Company confirmed that all Directors have complied with the required standard set out in the Model Code throughout the year ended 31 March 2014.

The Company has also established written guidelines on no less exacting terms than the Model Code (the "Employees Written Guidelines"), governing securities transactions by employees who are likely to possess inside information of the Company and/or its securities. No incident of non-compliance of the Employees Written Guidelines by relevant employees was noted by the Company.

In case when the Company is aware of any restricted period for dealings in the Company's securities, the Company will notify its directors and relevant employees in advance.

BOARD OF DIRECTORS

The Board is responsible for the leadership and control of the Company, and is responsible for setting up the overall strategy as well as reviewing the operation and financial performance of the Group. The Board reserved for its decision or consideration matters covering overall Group strategy, major acquisitions and disposals, annual budgets, annual and interim results, recommendations on Directors' appointment or re-appointment, approval of major capital transactions and other significant operational and financial matters. The management was delegated the authority and responsibility by the Board for the daily management of the Group. In addition, the Board has also delegated various responsibilities to the Board committees. Further details of these committees are set out in this report.

The Board currently consists of eight Directors including five executive Directors and three independent non-executive Directors:

Executive Directors

Mr. Lai Leong *(Chairman & Chief Executive Officer) (Appointed on 6 August 2013)*
Mr. Kong Shan, David
Mr. Lam Kwan Sing
Mr. Wong Nga Leung
Mr. Hon Ming Sang

Independent Non-Executive Directors

Mr. Fok Ho Yin, Thomas
Mr. Tsui Ching Hung
Ms. Cheung Oi Man, Amelia

The Board members have no financial, business, family or other material/relevant relationships with each other. Such balanced Board composition is formed to ensure strong independence exists across the Board. The composition of the Board reflects the balanced skills and experience for effective leadership. The biographical information of the Directors are set out on pages 5 to 6 under the section headed "Biographies of Directors".

The list of directors (by category) is also disclosed in all corporate communications issued by the Company pursuant to the Listing Rules from time to time. The independent non-executive directors are expressly identified in all corporate communications of the Company.

Change in information of directors

During the year ended 31 March 2014, pursuant to Rule 13.51B(1) of the Listing Rule, the changes in information of the Directors are set out below:

On 6 August 2013, Dr. Lee Yuk Lun, *JP*, was relinquish his role as Chairman of the Board and Chief Executive Officer of the Company, a member and the chairman of the Nomination Committee and the authorized representative of the Company. He was resigned as an Executive Director of the Company on 27 January 2014.

On 6 August 2013, Mr. Lai Leong has been appointed as an Executive Director, Chairman of the Board and Chief Executive Officer of the Company and a member and the chairman of the Nomination Committee of the Company.

Mr. Lai Leong ("Mr. Lai") has entered a formal letter of appointment with the Company on 6 August 2013 with no fixed terms of employment and he is entitled to receive a monthly director's remuneration in the sum of HK$100,000 which is determined with reference to his duties and responsibilities, the prevailing market conditions and the recommendation from the remuneration committee. Mr. Lai is not appointed for a specific term but, in accordance with the Bye-Laws of the Company, he shall hold office of Executive Director subject to retirement by rotation and re-election at the annual general meeting of the Company.

On 6 August 2013, Mr. Lam Kwan Sing, as an Executive Director of the Company, has been appointed as the authorized representative of the Company for the purpose of Rule 3.05 of the Listing Rules.

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Directors' Training

According to the code provision A.6.5 of the Code on CGP, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the board remains informed and relevant.

All Directors have participated in continuous professional development by way of receiving in-house briefing, taking part in training relating to the Listing Rules and corporate governance matters or attending seminars relating to their role as a director of listed issuer. Each of the Directors has provided a record of training they received for the financial year ended 31 March 2014 to the Company.

Chairman and Chief Executive Officer

Mr. Lai Leong was appointed as the Chairman of the Board of the Company in place of Dr. Lee Yuk Lun, *JP* on 6 August 2013. Upon their appointment as the Chairman of the Board, they also takes up the role of the Chief Executive Officer of the Company. The Board believes that vesting the roles of both Chairman of the Board and Chief Executive Officer in the same person provides the Company with strong and consistent leadership and allows for more effective and efficient business planning and decisions as well as the execution of long-term business strategies. The Board considers that such an arrangement will not impair the balance of power and authority between the Board and the management of the Company.

Non-executive Directors

The three independent non-executive Directors are persons of high calibre, with academic and professional qualifications in the fields of accounting, finance and law. With their experience gained from various sectors, they provide strong support towards the effective discharge of the duties and responsibilities of the Board. Each independent non-executive Director gives an annual confirmation of his/her independence to the Company, and the Company considered each of them is independent under Rule 3.13 of the Listing Rules. During the year ended 31 March 2014, all the independent non-executive Directors of the Company are not appointed for a specific term, but they are subject to retirement by rotation and re-election by shareholders at annual general meeting pursuant to the Bye-Laws.

Board Diversity Policy

The Board has adopted a Board Diversity Policy on 22 November 2013 (the "Policy") which sets out the approach to achieve diversity on the Board. The Company recognises that increasing diversity at the Board level will support the attainment of the Company's strategic objectives and sustainable development. The Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The Company will also take into consideration its own business model and specific needs from time to time in determining the optimum composition of the Board.

The Board delegated certain duties under the Policy to the Nomination Committee. The Nomination Committee will discuss and review the measurable objectives for implementing the Policy from time to time to ensure their appropriateness and the progress made towards achieving those objectives will be ascertained.

The Nomination Committee will review the Board Diversity Policy, as appropriate, to ensure its continued effectiveness from time to time.

Board Meetings

The Board has four scheduled meetings a year at approximately quarterly interval and additional meetings will be held as and when required. The four scheduled Board meetings for a year are planned in advance. During the regular meetings of the Board, the Board reviewed the operation and financial performance and reviewed and approved the annual and interim results. During the year ended 31 March 2014, the Board held eleven meetings. All Directors were given an opportunity to include any matters in the agenda for regular Board meetings, and were given sufficient time to review documents and information relating to matters to be discussed in Board meetings in advance.

Name of Directors	Number of attendance
Executive Directors	
– Mr. Lai Leong (Chairman & Chief Executive Officer) *(Note 1)*	5/5
– Dr. Lee Yuk Lun, *JP* *(Note 2)*	10/10
– Mr. Kong Shan, David	11/11
– Mr. Lam Kwan Sing	11/11
– Mr. Wong Nga Leung	11/11
– Mr. Hon Ming Sang	11/11
Independent Non-executive Directors	
– Mr. Fok Ho Yin, Thomas	9/11
– Mr. Tsui Ching Hung	11/11
– Ms. Cheung Oi Man, Amelia	9/11

Notes:

1. Mr. Lai Leong was appointed as an executive Director, Chairman of the Board and Chief Executive Officer of the Company, a member and the chairman of the Nomination Committee on 6 August 2013, and 5 Board meeting were held after his appointment.

2. Dr. Lee Yuk Lun, *JP* relinquish his role as Chairman of the Board and Chief Executive Officer of the Company, a member and the chairman of the Nomination Committee and the authorized representative of the Company on 6 August 2013. Dr. Lee Yuk Lun*, JP* was resigned as an executive Director on 27 January 2014 and 10 Board meeting were held before his resignation.

Board minutes are kept by the Company Secretary and are open for inspection by the Directors. Every Board member is entitled to have access to Board papers and related materials and has unrestricted access to the advice and services of the Company Secretary, and has the liberty to seek external professional advice if so required.

Appropriate insurance cover has been arranged by the Company in respect of relevant actions against its Directors.

General Meetings

During the year ended 31 March 2014, one general meeting of the Company, being 2013 AGM, was held on 2 August 2013.

Name of Directors	Number of attendance
Executive Directors	
– Mr. Lai Leong *(Chairman & Chief Executive Officer)* *(Note 1)*	N/A
– Dr. Lee Yuk Lun, *JP* *(Note 2)*	0/1
– Mr. Kong Shan, David	1/1
– Mr. Lam Kwan Sing	1/1
– Mr. Wong Nga Leung	1/1
– Mr. Hon Ming Sang	1/1
Independent Non-executive Directors	
– Mr. Fok Ho Yin, Thomas	1/1
– Mr. Tsui Ching Hung	1/1
– Ms. Cheung Oi Man, Amelia	1/1

Notes:

1. Mr. Lai Leong was appointed as an executive Director, Chairman of the Board and Chief Executive Officer of the Company, a member and the chairman of the Nomination Committee on 6 August 2013, no general meeting was held after his appointment.

2. Dr. Lee Yuk Lun, *JP* relinquish his role as Chairman of the Board and Chief Executive Officer of the Company, a member and the chairman of the Nomination Committee and the authorized representative of the Company on 6 August 2013. Dr. Lee Yuk Lun*, JP* resigned as an executive Director on 27 January 2014, and 1 general meeting was held before his resignation.

The Board is responsible for maintaining an on-going dialogue with shareholders and in particular, uses annual general meetings or other general meetings to communicate with them and encourage their participation.

NOMINATION COMMITTEE

In considering the nomination of new Directors, the Board will take into account the qualification, ability, working experience, leadership and professional ethics of the candidates.

The Company established the Nomination Committee with written terms of reference on 14 March 2012 and currently consists of three independent non-executive Directors, namely Mr. Fok Ho Yin, Thomas, Mr. Tsui Ching Hung and Ms. Cheung Oi Man, Amelia, and one executive Director, namely Mr. Lai Leong (as chairman).

The terms of reference of the Nomination Committee is currently made available on the websites of the Stock Exchange and the Company. Terms of reference adopted by the Nomination Committee are aligned with the code provisions set out in the Code on CGP.

The function of the Nomination Committee are to review and monitor the structure, size and diversity (including without limitation, gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service) of the Board and made recommendations on any proposed changes to the Board to complement the Company's corporate strategy; to identify qualified individuals to become members of the Board; to assess the independence of the independent non-executive Directors; to review the Policy, and review the measurable objectives that the Board has set for implementing the Policy, and the progress on achieving the objective; and to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman and the Chief Executive Officer.

During the year ended 31 March 2014, the Nomination Committee held one meeting to consider the proposed appointment of executive Director; to assess the independence of the independent non-executive Directors; to consider the re-election of Directors; and to review the composition of the Board.

Name of Members	**Number of attendance**
– Mr. Lai Leong *(Note1)* *(Chairman)*	N/A
– Dr. Lee Yuk Lun, *JP* *(Note 2)*	1/1
– Mr. Fok Ho Yin, Thomas	1/1
– Mr. Tsui Ching Hung	1/1
– Ms. Cheung Oi Man, Amelia	1/1

Notes:

1. Mr. Lai Leong was appointed as a member and the chairman of the Nomination Committee on 6 August 2013, and no meeting was held after his appointment, no general meeting was held after his appointment.

2. Dr. Lee Yuk Lun, *JP* ceased to act as a member of the Nomination Committee on 6 August 2013, and 1 meeting was held before his cessation.

REMUNERATION COMMITTEE

The Remuneration Committee comprises the three independent non-executive Directors, namely Mr. Fok Ho Yin, Thomas (as chairman), Mr. Tsui Ching Hung and Ms. Cheung Oi Man, Amelia. The terms of reference of the Remuneration Committee is currently made available on the websites of the Stock Exchange and the Company.

Terms of reference adopted by the Remuneration Committee are aligned with the code provisions set out in the Code on CGP.

The functions of the Remuneration Committee are to make recommendations to the Board on the Company's policy and structure on the remuneration packages for all Directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy.

During the year ended 31 March 2014, the Remuneration Committee held two meeting to review the remuneration of directors and senior management.

Name of Members	Number of attendance
– Mr. Fok Ho Yin, Thomas *(Chairman)*	2/2
– Mr. Tsui Ching Hung	2/2
– Ms. Cheung Oi Man, Amelia	2/2

The emoluments payable to Directors and senior management depend on their respective contractual terms under the employment agreements, if any, and is fixed by the Board with reference to the recommendation of the Remuneration Committee, the performance of the Group and the prevailing market conditions. Details of the remuneration of the Directors and senior management are set out in note 14 to the consolidated financial statements.

AUDIT COMMITTEE

The Audit Committee comprises the three independent non-executive Directors, namely Mr. Fok Ho Yin, Thomas (as chairman), Mr. Tsui Ching Hung and Ms. Cheung Oi Man, Amelia. The terms of reference of the Audit Committee is currently made available on the websites of the Stock Exchange and the Company.

Terms of reference adopted by the Audit Committee are aligned with the code provisions set out in the Code on CGP.

The Audit Committee is mainly responsible for making recommendations to the Board on the appointment, re-appointment and removal of the external auditor and to approve the remuneration and terms of engagement of the external auditor, and any questions of resignation or dismissal of such auditor; reviewing the interim and annual reports and financial statements of the Group; and overseeing the Company's financial reporting system including the adequacy of resources, qualifications and experience of staff in charge of the Company's financial reporting function and their training arrangement and budget, and internal control procedures.

The Audit Committee meets the external auditor regularly to discuss any area of concern during the audit. The Audit Committee reviews the interim and annual reports before submission to the Board. The Audit Committee focuses not only on the impact of the changes in accounting policies and practices but also on the compliance with accounting standards, the Listing Rules and the legal requirements in the review of the Company's interim and annual report.

During the year ended 31 March 2014, the Audit Committee held three meetings.

Name of Members	Number of attendance
– Mr. Fok Ho Yin, Thomas *(Chairman)*	3/3
– Mr. Tsui Ching Hung	3/3
– Ms. Cheung Oi Man, Amelia	3/3

During the year ended 31 March 2014, the Audit Committee reviewed the annual and interim results of the Group, which were in the opinion of the Audit Committee that the preparation of such results complied with the applicable accounting standards and the Listing Rules.

The Audit Committee noted the existing internal control system of the Group and also noted that review of the same will be carried out annually.

EXTERNAL AUDITORS

The statement of the external auditor of the Company about its reporting responsibilities on the Company's financial statements for the year ended 31 March 2014 is set out in the section headed "Independent Auditor's Report" in this annual report.

The fees paid/payable to Li, Tang, Chen & Co., the Company's auditor, in respect of audit services and non-audit services for the year ended 31 March 2014 are analyzed below:–

Type of services provided by the external auditor	**Fees paid/ payable** *HK$'000*
Audit services – audit fee for the year ended 31 March 2014	480
Non-audit services	100
Total	580

COMPANY SECRETARY

Mr. Hon Ming Sang was appointed as the company secretary of the Company on 31 December 2012.

Mr. Hon Ming Sang, plays the role in supporting the Board by ensuring good information flow within the Board, as well as communications with Shareholders and management and fulfill the qualification requirements laid down in the Listing Rules. Biographical details of Mr. Hon Ming Sang are set out in the section headed "Biographies of Directors" of this annual report.

Mr. Lam Kwan Sing, an executive Director of the Company, is the primary point of contact at the Company for the company secretary.

According to the requirements of Rule 3.29 of the Listing Rules, Mr. Hong Ming Sang had taken no less than 15 hours of relevant professional training for the financial year ended 31 March 2014.

SHAREHOLDERS' RIGHTS

The general meetings of the Company provide an opportunity for communication between the shareholders and the Board. An annual general meeting of the Company shall be held in each year and at the place as may be determined by the Board. Each general meeting, other than an annual general meeting, shall be called special general meeting.

SHAREHOLDERS TO CONVENE A SPECIAL GENERAL MEETING

Shareholders may convene a special general meeting of the Company according to the provisions as set out in the Bye-Laws and the Companies Act 1981 of Bermuda. The procedures shareholders can use to convene a special general meeting are set out in the document entitled "Procedures for Shareholders to Propose a Person for Election as a Director of the Company", which is currently available on the Company's website.

PUTTING ENQUIRIES BY SHAREHOLDERS TO THE BOARD

Shareholders may send written enquiries to the Company for the attention of the Company Secretary at the Company's principal place of business in Hong Kong.

VOTING BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. As such, all the resolutions to be set out in the notice of the forthcoming annual general meeting of the Company ("2014 AGM") will be vote by poll.

INVESTOR RELATIONS

The Company is committed to a policy of open and regular communication and reasonable disclosure of information to its shareholders.

Information of the Company is disseminated to the shareholders in the following manner:

- Delivery of annual and interim results and reports to all shareholders;

- Publication of announcements on the annual and interim results on the Stock Exchange website, and issue of other announcements and shareholders' circulars in accordance with the continuing disclosure obligations under the Listing Rules; and

- The general meeting of the Company is also an effective communication channel between the Board and shareholders.

The Company maintains a website at "www.hkrising.com" as a communication platform with shareholders and investors, where information on the Company's announcements, financial information and other information are available for public access. Shareholders and investors may send written enquiries or requests to the Company, for the attention of Company Secretary of the Company, as follows:

Address: Rooms 2004-5, 20/F., World Trade Centre, 280 Gloucester Road, Causeway Bay, Hong Kong.
Tel: (852) 3101 2121
Fax: (852) 2344 9392
Email: info@hkrising.com

Inquiries are dealt with in an informative and timely manner

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Board acknowledges its responsibility to prepare the Company's consolidated financial statements for each financial year which give a true and fair view of the state of affairs of the Group and the Company and of the results and cash flows of the Group for that year. In preparing the consolidated financial statements for the year ended 31 March 2014, the Board has selected suitable accounting policies and applied them consistently; made judgments and estimates that are prudent, fair and reasonable and prepared the accounts on a going concern basis.

The Directors are responsible for taking all reasonable and necessary steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Directors, having made appropriate enquiries, consider that the Group has adequate resources to continue in operational existence for the foreseeable future and that, for this reason, it is appropriate to adopt the going concern basis in preparing the consolidated financial statements.

INTERNAL CONTROL

Management had implemented a system of internal control to provide reasonable assurance that the Group's assets are safeguarded, proper accounting records are maintained, appropriate legislation and regulations are complied with, reliable financial information are provided for management and publication purpose and investment and business risks affecting the Group are identified and managed.

The Board has conducted a review of the effectiveness of the internal control system of the Group for the year ended 31 March 2014. The senior management reviews and evaluates the control process and monitors any risk factors on a regular basis and reports to the Board and the Audit Committee on any findings and measures to address the variances and identified risks.

The Board of Directors has pleasure in presenting their report together with the audited consolidated financial statements of the Group for the year ended 31 March 2014.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the Company's subsidiaries are set out in note 18 to the consolidated financial statements.

FINANCIAL STATEMENTS

The results of the Group for the year ended 31 March 2014 and the state of the Company's and the Group's affairs as at that date are set out in the consolidated financial statements on pages 35 to 107.

DIVIDENDS

The Board did not recommend the payment of a final dividend for the year ended 31 March 2014 (2013: Nil).

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the identity of the shareholders of the Company entitled to attend and vote at the annual general meeting of the Company to be held on Friday, 20 June 2014, the register of members of the Company will be closed from Thursday, 19 June 2014 to Friday, 20 June 2014, both dates inclusive, during which period no transfer of shares will be effected. All transfers accompanied by the relevant certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 18 June 2014.

DISTRIBUTABLE RESERVES

At 31 March 2014, the Company's reserves available for cash distribution and/or distribution in specie amounted to approximately HK$195,519,000 as computed in accordance with the Companies Act of Bermuda. In addition, under the laws of Bermuda, the Company's share premium account, with a balance of approximately HK$1,046,379,000 as at 31 March 2014, may be distributed in the form of fully paid bonus shares.

SHARE CAPITAL

Details of the movements in the Company's share capital during the year are set out in note 32 to the financial statements.

PRE-EMPTIVE RIGHTS

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 March 2014, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the past five financial years is set out on page 108 of this report.

CHARITABLE DONATIONS

During the year, the Group did not have charitable donations (2013: HK$500,000).

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Company and the Group are set out in note 17 to the financial statements

DIRECTORS

The list of Directors of the Company during the year and up to the date of this annual report is set out below:

Executive Directors

Mr. Lai Leong *(Chairman & Chief Executive Officer)* *(Note 1)* *(appointed on 6 August 2013)*
Dr. Lee Yuk Lun, *JP* *(Note 2)* *(resigned on 27 January 2014)*
Mr. Kong Shan, David
Mr. Lam Kwan Sing
Mr. Wong Nga Leung
Mr. Hon Ming Sang

Independent Non-executive Directors

Mr. Fok Ho Yin, Thomas
Mr. Tsui Ching Hung
Ms. Cheung Oi Man, Amelia

Notes:

1. Mr. Lai Leong was appointed as an executive Director, Chairman of the Board and Chief Executive Officer of the Company, a member and the chairman of the Nomination Committee on 6 August 2013.

2. Dr. Lee Yuk Lun, *JP* relinquish his role as Chairman of the Board and Chief Executive Officer of the Company, a member and the chairman of the Nomination Committee and the authorized representative of the Company on 6 August 2013. Dr. Lee Yuk Lun, *JP* resigned as an executive Director on 27 January 2014.

In accordance with clause 111 of the Company's Bye-Laws, Mr. Kong Shan, David, Mr. Fok Ho Yin, Thomas and Mr. Tsui Ching Hung will retire by rotation and being eligible, offer themselves for re-election at the 2014 AGM.

DIRECTORS' SERVICE CONTRACTS

None of the Directors who are proposed for re-election at the 2014 AGM has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

CONFIRMATION OF INDEPENDENCE

The Company has received from each of the independent non-executive Directors, a confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that all of the independent non-executive Directors are independent.

SHARE OPTION SCHEME

Details of the share option scheme of the Company are set out in note 32 to the financial statements.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from as disclosed under the heading "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures" and in the share option scheme disclosures in note 32 to the financial statements, at no time during the year or up to the date of this report were there any rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

DIRECTORS' INTERESTS IN CONTRACTS

No contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party, and in which a Director of the Company had a material interest, whether directly or indirectly subsisted at the year-end or at any time during the year end 31 March 2014.

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

As at 31 March 2014, the interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) ("SFO") which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 to the Listing Rules, are set out below:

(a) Long positions in the ordinary shares of HK$0.01 each of the Company

Name of Director	Capacity	Number of ordinary shares interested	Percentage of the Company's issued share capital
Mr. Lai Leong *(Note 1)*	Interest held by Controlled Corporation *(Note 2)*	810,757,600	54.55%

Notes:

1. Mr. Lai Leong resigned as an executive Director, Chairman and Chief Executive Officer of the Company with effect from 15 March 2010. On 6 August 2013, Mr. Lai Leong was appointed as an executive Director, Chairman of the Board and Chief Executive Officer of the Company, a member and the chairman of the Nomination Committee.

2. These shares owned by Oriental Day International Limited, which was 100% beneficially owned by Mr. Lai Leong. Oriental Day International Limited charged 734,155,000 shares in the listed corporation as security for a loan. A release of a share mortgage took place on 13 February 2014. Please refer to the section headed "Substantial shareholders' and other persons' interests and short positions in shares and underlying shares" for further details.

(b) Long positions in the underlying shares of the Company – physically settled unlisted equity derivatives

Details of the Company's share option scheme are set out in note 32 to the financial statements.

No share options were granted to, or exercised by, the directors and chief executive during the year. There was no outstanding option granted to the directors and chief executive at the beginning and at the end of the year.

Save as disclosed above, as at 31 March 2014, none of the Directors, chief executives of the Company or their associates had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations as defined in Part XV of the SFO as recorded in the register to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

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

As at 31 March 2014, so far as is known to any Director or chief executive of the Company, the following persons (other than the Directors or chief executive of the Company) had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly to be 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 other member of the Group:

(a) Long position in the ordinary shares of HK$0.01 each of the Company

Name of substantial shareholder	Capacity	Number of ordinary shares interested		Percentage of the Company's issued share capital
Mr. Lai Leong	Corporate interests	810,757,600	*(Note 1)*	54.55%
Oriental Day International Limited	Beneficial owner	810,757,600		54.55%

Notes:

1. These shares owned by Oriental Day International Limited, which was 100% beneficially owned by Mr. Lai Leong. Such interest was also disclosed as the interest of Mr. Lai Leong in the above section headed "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures".

Save as disclosed above, no other parties were recorded in the register of the Company required to be kept under section 336 of the SFO as having interests or short positions in the shares or underlying shares of the Company as at 31 March 2014.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Company confirmed that all Directors have complied with the required standard set out in the Model Code during the year ended 31 March 2014.

CONNECTED TRANSACTION

For the year ended 31 March 2014, the Group had no connected transaction as defined in the Listing Rules.

SUBSIDIARIES

Particulars of the subsidiaries of the Company as at 31 March 2014 are set out in note 18 and note 37 to the financial statements.

BORROWINGS

Particulars of borrowings of the Group as at 31 March 2014 are set out in note 41 to the financial statements.

DIRECTORS' EMOLUMENTS

Details of the remuneration of the Directors for year ended 31 March 2014 are set out in note 14 to the financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

Contracts with the Group's five largest suppliers combined by value, accounted for 78.89% in value of total purchases during the year ended 31 March 2014, while contracts with the Group's largest supplier by value, accounted for 25.49% in value of total purchases during the year ended 31 March 2014. Aggregate sales attributable to the Group's five largest customers were less than 49.39% of total turnover during the year ended 31 March 2014.

Save as disclosed above, none of the Directors, their associates or any other shareholder (which to the knowledge of the Directors owns more than 5% of the Company's share capital) had an interest in the major suppliers or customers noted above.

EMOLUMENT POLICY

The emoluments payable to directors of the Company are determined in accordance with their duties and responsibilities within the Company and the Company's performance, by a remuneration committee of the board of directors according to its terms of reference.

The emoluments of the employees of the Group are determined with reference to individual performance, professional qualifications, experience in the industry and relevant market trends.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained a sufficient public float as required under the Listing Rules during the year and up to the date of this report.

AUDIT COMMITTEE

The Audit Committee, comprising the three independent non-executive Directors of the Company with written terms of reference in compliance with the Code on CGP. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Group.

The Audit Committee has reviewed the audited financial statements of the Group for the year ended 31 March 2014.

AUDITORS

Messrs. Li, Tang, Chen & Co. retire and, being eligible, offer themselves for re-appointment. Save as disclosed above, there was no change in auditor during the past three years.

A resolution will be submitted to the 2014 AGM to re-appoint Messrs. Li, Tang, Chen & Co. as auditors of the Company.

ANNUAL REPORT

This Annual Report is printed in English and Chinese and is available on the Stock Exchange's website at "www.hkexnews.hk" under the "Listed Company Information" and our Company's website at "www.hkrising.com". Printed copies in both languages are posted to shareholders.

ANNUAL GENERAL MEETING

The 2014 AGM will be held on 20 June 2014. Details of the annual general meeting are set out in the notice of the annual general meeting which constitutes part of the circular to be sent to the Company's shareholders together with the Annual Report. Notice of the annual general meeting and the proxy form are also available on the Stock Exchange's website and the Company's website.

On behalf of the Board

Rising Development Holdings Limited
Lai Leong
Chairman

Hong Kong, 9 May 2014

李湯陳會計師事務所
LI, TANG, CHEN & CO.
Certified Public Accountants (Practising)

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF RISING DEVELOPMENT HOLDINGS LIMITED
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Rising Development Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 35 to 107, which comprise the consolidated and Company statements of financial position as at 31 March 2014, and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2014, and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Li, Tang, Chen & Co.
Certified Public Accountants (Practising)
10/F Sun Hung Kai Centre
30 Harbour Road
Wanchai
Hong Kong

9 May 2014

Consolidated Statement of Profit or loss

For the year ended 31 March 2014

	Note	2014 HK$'000	2013 HK$'000
TURNOVER	8	**79,219**	80,721
Cost of sales		**(77,811)**	(77,489)
Gross profit		**1,408**	3,232
Other income and net gains/(losses)	8		
– Net gain/(loss) from equity securities		**5,430**	(8,540)
– Others		**879**	(16,958)
Impairment loss on exploration and evaluation assets	20	**(134,081)**	(246,053)
Goodwill written off	21	**(19)**	–
Selling and distribution expenses		**(4,330)**	(5,028)
Operating and administrative expenses		**(23,206)**	(25,686)
LOSS FROM OPERATIONS		**(153,919)**	(299,033)
Finance costs	9	**(15,651)**	(14,311)
LOSS BEFORE TAX	10	**(169,570)**	(313,344)
INCOME TAX CREDIT	11(a)	**31,570**	61,513
LOSS FOR THE YEAR		**(138,000)**	(251,831)
ATTRIBUTABLE TO:			
Equity shareholders of the Company	12	**(118,084)**	(214,500)
Non-controlling interests		**(19,916)**	(37,331)
LOSS FOR THE YEAR		**(138,000)**	(251,831)
LOSS PER SHARE	16		
Basic		**HK(8.44) cents**	HK(15.47) cents
Diluted		**HK(8.44) cents**	HK(15.47) cents

Consolidated Statement of Profit or loss and Other Comprehensive Income

For the year ended 31 March 2014

	2014 *HK$'000*	2013 *HK$'000*
LOSS FOR THE YEAR	**(138,000)**	(251,831)
OTHER COMPREHENSIVE INCOME		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	**357**	13,034
OTHER COMPREHENSIVE INCOME FOR THE YEAR (NET OF TAX)	**357**	13,034
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(137,643)**	(238,797)
ATTRIBUTABLE TO:		
Equity shareholders of the Company	**(119,507)**	(203,975)
Non-controlling interests	**(18,136)**	(34,822)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(137,643)**	(238,797)

Consolidated Statement of Financial Position

As at 31 March 2014

	Note	2014 HK$'000	2013 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	17	**961**	1,767
Available-for-sale financial assets	19	**7,800**	7,800
Exploration and evaluation assets	20	**967,405**	1,100,341
		976,166	1,109,908
CURRENT ASSETS			
Inventories	22	**3,733**	4,369
Trade receivables	23	**2,257**	1,328
Prepayments, deposits and other receivables	24	**7,478**	5,440
Financial assets at fair value through profit or loss	25	**54,238**	50,841
Tax recoverable	11(b)	**2,831**	2,831
Cash and bank balances	26	**20,465**	22,736
		91,002	87,545
CURRENT LIABILITIES			
Trade payables	27	**530**	43
Customers' deposits		**1,682**	1,504
Margin loan payable	28	**10,326**	14,921
Other loans	28	**27,501**	–
Other payables and accruals	29	**4,937**	11,197
Tax payable		**590**	590
		45,566	28,255
NET CURRENT ASSETS		**45,436**	59,290
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,021,602**	1,169,198
NON-CURRENT LIABILITIES			
Convertible notes	30	**–**	63,786
Deferred tax liabilities	31	**240,995**	272,283
		240,995	336,069
NET ASSETS		**780,607**	833,129

Consolidated Statement of Financial Position

As at 31 March 2014

	Note	**2014** **HK$'000**	2013 HK$'000
CAPITAL AND RESERVES			
Share capital	*32*	**14,862**	13,862
Reserves	*33*	**620,712**	656,098
Equity attributable to equity shareholders of the Company		**635,574**	669,960
Non-controlling interests		**145,033**	163,169
TOTAL EQUITY		**780,607**	833,129

Lai Leong
Director

Lam Kwan Sing
Director

Statement of Financial Position

As at 31 March 2014

	Note	2014 HK$'000	2013 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	17	–	–
Interests in subsidiaries	18	1,200,641	1,211,692
		1,200,641	1,211,692
CURRENT ASSETS			
Prepayments, deposits and other receivables	24	1,577	1,450
Financial assets at fair value through profit or loss	25	54,238	50,841
Tax recoverable	11(b)	2,831	2,831
Cash and bank balances	26	4,106	3,678
		62,752	58,800
CURRENT LIABILITIES			
Amount due to a subsidiary	18	5,760	4,800
Other payables and accruals	29	873	7,967
		6,633	12,767
NET CURRENT ASSETS		56,119	46,033
TOTAL ASSETS LESS CURRENT LIABILITIES		1,256,760	1,257,725
NON-CURRENT LIABILITIES			
Convertible notes	30	–	63,786
NET ASSETS		1,256,760	1,193,939
CAPITAL AND RESERVES			
Share capital	32	14,862	13,862
Reserves	33(b)	1,241,898	1,180,077
TOTAL EQUITY		1,256,760	1,193,939

Lai Leong
Director

Lam Kwan Sing
Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2014

	Attributable to equity shareholders of the Company									
	Share capital	Share premium account	Contributed surplus	Convertible notes equity reserve	Exchange fluctuation reserve	Statutory reserve fund	Accumulated losses	Sub-total	Non-controlling interests	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Balance at 31 March 2012 and 1 April 2012	13,862	920,524	77,102	41,919	102,635	12	(282,119)	873,935	197,991	1,071,926
Loss for the year	–	–	–	–	–	–	(214,500)	(214,500)	(37,331)	(251,831)
Other comprehensive income for the year										
Exchange differences arising on translation of foreign operations	–	–	–	–	10,525	–	–	10,525	2,509	13,034
Total comprehensive income/(loss) for the year	–	–	–	–	10,525	–	(214,500)	(203,975)	(34,822)	(238,797)
Transactions with owners										
Redemption of convertible notes	–	–	–	(185)	–	–	185	–	–	–
Total transactions with owners	–	–	–	(185)	–	–	185	–	–	–
Balance at 31 March 2013	13,862	920,524	77,102	41,734	113,160	12	(496,434)	669,960	163,169	833,129

	Attributable to equity shareholders of the Company									
	Share capital	Share premium account	Contributed surplus	Convertible notes equity reserve	Exchange fluctuation reserve	Statutory reserve fund	Accumulated losses	Sub-total	Non-controlling interests	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Balance at 31 March 2013 and 1 April 2013	13,862	920,524	77,102	41,734	113,160	12	(496,434)	669,960	163,169	833,129
Loss for the year	–	–	–	–	–	–	(118,084)	(118,084)	(19,916)	(138,000)
Other comprehensive income for the year										
Exchange differences arising on translation of foreign operations	–	–	–	–	(1,423)	–	–	(1,423)	1,780	357
Total comprehensive loss for the year	–	–	–	–	(1,423)	–	(118,084)	(119,507)	(18,136)	(137,643)
Transactions with owners										
Conversion of convertible notes	1,000	125,855	–	(41,734)	–	–	–	85,121	–	85,121
Total transactions with owners	1,000	125,855	–	(41,734)	–	–	–	85,121	–	85,121
Balance at 31 March 2014	14,862	1,046,379	77,102	–	111,737	12	(614,518)	635,574	145,033	780,607

Consolidated Statement of Cash Flows

For the year ended 31 March 2014

	Note	2014 HK$'000	2013 HK$'000
OPERATING ACTIVITIES			
Loss before tax		**(169,570)**	(313,344)
Adjustments for:			
Interest expenses		**15,651**	14,311
Dividend income from unlisted available-for-sale financial assets		**(1,872)**	(3,120)
Dividend income from listed financial assets at fair value through profit or loss		**(162)**	(160)
Bank interest income		**(2)**	(12)
Depreciation		**471**	687
Goodwill written off		**19**	–
Impairment loss on exploration and evaluation assets	20	**134,081**	246,053
Loss/(gain) on disposal of property, plant and equipment		**365**	(50)
Unrealised (gain)/loss on investments in financial assets at fair value through profit or loss		**(3,396)**	11,820
Change in fair values of derivative components embedded in convertible notes		**–**	16,845
Net realised loss on derivative components of convertible notes		**–**	323
Foreign exchange (gain)/loss		**(1,040)**	492
Operating loss before working capital changes		**(25,455)**	(26,155)
Decrease/(increase) in inventories		**636**	(1,582)
(Increase)/decrease in trade receivables		**(930)**	570
(Increase)/decrease in prepayments, deposits and other receivables		**(2,029)**	387
Decrease in financial assets at fair value through profit or loss		**–**	35
Increase in trade payables		**488**	–
Increase/(decrease) in customers' deposits		**178**	(143)
Increase/(decrease) in other payables and accruals		**612**	(349)
Cash used in operating activities		**(26,500)**	(27,237)
Interest paid		**(1,315)**	(20)
Net cash used in operating activities		**(27,815)**	(27,257)

	Note	2014 HK$'000	2013 HK$'000
INVESTING ACTIVITIES			
Dividend received from unlisted available-for-sale financial assets		**1,872**	3,120
Dividend received from listed financial assets at fair value through profit or loss		**162**	160
Bank interest received		**2**	12
Proceeds on disposal of property, plant and equipment		**–**	50
Purchases of property, plant and equipment	*17(a)*	**(9)**	(747)
Acquisition of a subsidiary	*37*	**576**	–
Net cash generated from investing activities		**2,603**	2,595
FINANCING ACTIVITIES			
Increase in other loans		**27,536**	–
(Decrease)/increase in margin loan payable		**(4,595)**	14,921
Redemption of convertible notes		**–**	(465)
Net cash generated from financing activities		**22,941**	14,456
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(2,271)**	(10,206)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**22,736**	32,942
CASH AND CASH EQUIVALENTS AT END OF YEAR		**20,465**	22,736
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		**20,465**	22,736

1. CORPORATE INFORMATION

Rising Development Holdings Limited (the "Company") was incorporated in Bermuda on 8 August 1997 as an exempted company with limited liability under the Companies Act (as amended) of Bermuda. The principal office of the Company is located at Rooms 2004-2005, 20/F., World Trade Centre, 280 Gloucester Road, Causeway Bay, Hong Kong.

The Company is engaged in listed equity securities trading and investment holding. The principal activities of the subsidiaries are share investment, trading of fur garment and skins and businesses of mining natural resources and solar energy.

In the opinion of the directors, the ultimate holding company is Oriental Day International Limited, which is incorporated in the British Virgin Islands.

The consolidated financial statements are presented in Hong Kong dollars which is the same as the functional currency of the Company. All values are rounded to the nearest thousand except when otherwise indicated.

2. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for certain financial assets and liabilities which have been measured at fair value.

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2014. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All income, expenses and unrealized gains and losses resulting from intercompany transactions and intercompany balances within the Group are eliminated on consolidation in full.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 6.

3. APPLICATION OF NEW AND REVISED HKFRSs

The HKICPA has issued the following new and revised HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Group and the Company:

- Amendments to HKAS 1, Presentation of financial statements – *Presentation of items of other comprehensive income*
- Amendments to HKFRS 7, *Disclosures – Offsetting financial assets and financial liabilities*
- Amendments to HKFRS 10, HKFRS 11 and HKFRS 12, *Consolidated financial statements, joint arrangements and disclosure of interests in other entities: Transition guidance*
- HKFRS 10, *Consolidated financial statements*
- HKFRS 11, *Joint arrangements*
- HKFRS 12, *Disclosure of interests in other entities*
- HKFRS 13, *Fair value measurement*
- Revised HKAS 19, *Employee benefits*
- Revised HKAS 27, *Separate financial statements*
- Revised HKAS 28, *Investments in associates and joint ventures*
- *Annual Improvements to HKFRSs 2009-2011 Cycle*
- HKFRIC 20, *Stripping costs in the production phase of a surface mine*

Except as described below, the application of the new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

3. APPLICATION OF NEW AND REVISED HKFRSs (cont'd)

Amendments to HKAS 1, *Presentation of financial statements – Presentation of items of other comprehensive income*

The amendments require entities to present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The presentation of other comprehensive income in the consolidated statement of profit or loss and other comprehensive income in these financial statements has been modified accordingly. In addition, the Group has chosen to use the new titles "statement of profit or loss" and "statement of profit or loss and other comprehensive income" as introduced by the amendments in these consolidated financial statements.

New and revised standards on consolidation, joint arrangements, associates and disclosures

In the current year, the Group has applied for the first time the package of five standards on consolidation, joint arrangements, associates and disclosures comprising HKFRS 10 "Consolidated financial statements", HKFRS 11 "Joint arrangements", HKFRS 12 "Disclosure of interests in other entities", HKAS 27 (as revised in 2011) "Separate financial statements" and Revised HKAS 28 "Investments in associates and joint ventures", together with the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 regarding transitional guidance.

Revised HKAS 27 is not applicable to the Group as it deals only with separate financial statements.

HKFRS 10, *Consolidated financial statements*

HKFRS 10 replaces the parts of HKAS 27 "Consolidated financial statements" that deal with consolidated financial statements and HK(SIC) – INT 12 "Consolidation – Special purpose entities". HKFRS 10 changes the definition of control such that an investor has control over an investee when a) it has power over the investee, b) it is exposed, or has rights, to variable returns from its involvement with the investee and c) it has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee.

The directors of the Company has made an assessment as at the date of initial application of these standards (i.e. 1 April 2013) and concluded that the Group exercised control over its subsidiaries. As a result, the directors of the Company adopt these new and revised Standards on consolidation, joint arrangements, associates in its accounting policy and concluded these standards had no material effect on the consolidated financial statements of the Group for the current or prior accounting period except that the application of HKFRS 12 will result in disclosures in the consolidated financial statements as set out in note 18.

3. APPLICATION OF NEW AND REVISED HKFRSs (cont'd)

HKFRS 12, *Disclosure of interests in other entities*

HKFRS 12 brings together into a single standard all the disclosure requirements relevant to an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The disclosures required by HKFRS 12 are generally more extensive than those previously required by the respective standards. To the extent that the requirements are applicable to the Group, the Group has provided those disclosures in note 18.

HKFRS 13, *Fair value measurement*

HKFRS 13 replaces existing guidance in individual HKFRSs with a single source of fair value measurement guidance. HKFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments. To the extent that the requirements are applicable to the Group, the Group has provided those disclosures in notes 25, 30 and 38. Other than the additional disclosures, the adoption of HKFRS 13 does not have any material impact on the fair value measurements of the Group's assets and liabilities.

Amendments to HKFRS 7, *Disclosures – Offsetting financial assets and financial liabilities*

The amendments introduce new disclosures in respect of offsetting financial assets and financial liabilities. Those new disclosures are required for all recognised financial instruments that are set off in accordance with HKAS 32, Financial instruments: Presentation and those that are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments and transactions, irrespective of whether the financial instruments are set off in accordance with HKAS 32.

The adoption of the amendments does not have an impact on the consolidated financial statements because the Group has not offset financial instruments, nor has it entered into master netting arrangement or similar agreement which is subject to the disclosures of HKFRS 7 during the periods presented.

4. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2014

The following new and revised standards, amendments and interpretations have been issued but are not yet effective and have not been early adopted:

		Effective for accounting periods beginning on or after
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	*Investment entities*	1 January 2014
Amendments to HKFRS 9 and HKFRS 7	*Mandatory effective date of HKFRS 9 and transition disclosures*	*
HKFRS 9	*Financial instruments*	1 January 2015
Amendments to HKAS 19	*Defined benefit plans: Employee contributions*	1 July 2014
Amendments to HKAS 32	*Offsetting financial assets and financial liabilities*	1 January, 2014
Amendments to HKAS 36	*Recoverable amount disclosures for non-financial assets*	1 January 2014

4. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2014 (cont'd)

		Effective for accounting periods beginning on or after
Amendments to HKAS 39	*Novation of derivatives and continuation of hedge accounting*	1 January 2014
Amendments to HKFRSs	*Annual improvements to HKFRSs 2010-2012 cycle*	1 July 2014
Amendments to HKFRSs	*Annual improvements to HKFRSs 2011-2013 cycle*	1 July 2014
HKFRS 14	*Regulatory deferral accounts*	1 January 2016
HK(IFRIC)-INT 21	*Levies*	1 January 2014

* *Available for application – the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised.*

HKFRS 9 Financial instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for hedge accounting.

Key requirements of HKFRS 9 are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 "Financial instruments: Recognition and measurement" are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

4. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2014 (cont'd)

HKFRS 9 Financial instrument (cont'd)

- The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an "economic relationship". Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors of the Company anticipate that the adoption of HKFRS 9 in the future may have impact on amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

The directors of the Company anticipate that the application of the other new and revised HKFRSs will have no material impact on the results and financial position of the Group.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions and any unrealized profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealized gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at their proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Subsidiaries and non-controlling interests (cont'd)

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate.

In the Company's statement of financial position, the Company's interests in subsidiaries are stated at cost less any impairment losses.

Goodwill

Goodwill arising on acquisition is recognised in the consolidated statement of financial position as an asset, initially measured at cost and subsequently at cost less any accumulated impairment losses.

The carrying amount of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 March. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill forms part of a cash-generating unit (group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Excess over the cost of business combinations

Any excess of the Group's interest in the net fair value of the acquirees' identifiable assets, liabilities and contingent liabilities over the cost of acquisition of subsidiaries (previously referred to as negative goodwill), after reassessment, is recognised immediately in profit or loss.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowings costs.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

Buildings	The shorter of the lease terms and 50 years
Leasehold improvements	The shorter of the lease terms and 5 years
Plant and machinery	3 to 5 years
Furniture, fixtures, office equipment and motor vehicles	3 to 10 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Both the useful life of an asset and its residual value, if any, are reviewed annually.

Exploration and evaluation assets

Exploration and evaluation assets are recognised at cost on initial recognition. Subsequent to initial recognition, exploration and evaluation assets are stated at cost less any accumulated impairment losses.

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.

When the technical feasibility and commercial viability for extracting a mineral resource becomes demonstrable, any previously recognised exploration and evaluation assets are reclassified as property, plant and equipment, mining rights or other intangible assets. These assets are assessed for impairment and any impairment loss is recognised before reclassification.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Inventories

Inventories are stated at the lower of cost and net realisable value after allowances for obsolete or slow-moving items. Cost is determined on the first-in, first-out basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads based on a normal level of operating activity. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Investments and other financial assets

Financial assets in the scope of HKAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables or available-for-sale financial assets, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at the end of the reporting period.

All regular way purchases and sales of financial assets are recognised on the trade date i.e., the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationship as defined by HKAS 39. Derivatives, including separated embedded derivative, are also classified as held for trading unless they are designated as effective hedging instruments as defined by HKAS 39. Gains or losses on investments held for trading are recognised in profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative that are either designated or not classified as any of the other categories. At the end of each reporting period subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Changes in fair value are recognised in other comprehensive income and accumulated separately in equity, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously recognised in equity is removed from equity and recognised in profit or loss. Any impairment losses on available-for-sale financial assets are recognised in profit or loss. Impairment losses on available-for-sale equity investments will not reverse to profit or loss in subsequent periods. For available-for-sale debt investments, impairment losses are subsequently reversed if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Available-for-sale financial assets (cont'd)

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairments losses at the end of each reporting period subsequent to initial recognition. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired. The amount of the impairment loss is measured as the difference between the carrying amount of the asset and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses will not reverse in subsequent periods.

Impairment on assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through the use of an allowance account. The amount of the impairment loss is recognised in profit or loss.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

Impairment on available-for-sale financial assets

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss. Impairment losses on equity instruments classified as available-for-sale are not reversed through profit or loss.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost less allowance for impairment of doubtful debts, except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the Group retains the rights to receive cash flows from the asset, but has assumed an obligation to pay in full without material delay to a third party under a "pass-through" arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, where the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in net profit or loss when the liabilities are derecognised as well as through the amortisation process.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Convertible notes

Convertible notes that can be converted to equity share capital at the option of the holders, where the number of shares that would be issued on conversion and the value of the consideration that would be received at that time do not vary, are accounted for as compound financial instruments which contain both a liability component and an equity component. The derivative component embedded in the convertible notes is accounted for as derivative financial instruments.

At initial recognition the liability component of the convertible notes is measured as the present value of the future interest and principal payments, discounted at the market rate of interest applicable at the time of initial recognition to similar liabilities that do not have a conversion option. The derivative component is initially measured at fair value. Any excess of proceeds over the amount initially recognised as the liability component and derivative component is recognised as the equity component. Transaction costs that relate to the issue of a compound financial instrument are allocated to the liability, derivative and equity components in proportion to the allocation of proceeds. The portion relating to the derivative component is recognised immediately to profit or loss.

The liability component is subsequently carried at amortised cost. The interest expense recognised in profit or loss on the liability component is calculated using the effective interest method. The derivative component is remeasured to fair value at the end of each reporting period. The gain or loss on remeasurement to fair value is charged immediately to profit or loss. The equity component is recognised in the convertible notes equity reserve until either the note is converted or redeemed.

If the note is converted, the convertible notes equity reserve, together with the carrying amounts of the liability and derivative components at the time of conversion, are transferred to share capital and share premium as consideration for the shares issued. If the note is redeemed, the convertible notes equity reserve is released directly to retained profits, and any difference between the amount paid and the carrying amounts of liability and derivative components is recognised in profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Derivative financial instruments

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to profit or loss for the year.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Impairment of assets other than exploration and evaluation assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, financial assets, deferred tax assets, investment properties and goodwill), the asset's recoverable amount is estimated. An asset's recoverable amount is calculated as the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows, that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimate 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. An impairment loss is charged to profit or loss in the year in which it arises.

An assessment is made at the end of each reporting period as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, however not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation), had no impairment loss been recognised for the asset in prior years. A reversal of such impairment loss is credited to profit or loss in the period in which it arises.

Impairment of exploration and evaluation assets

In the following cases, or similar cases, the Group shall test exploration and evaluation assets for impairment.

(a) 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, and is not expected to be renewed;

(b) substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;

(c) exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area;

(d) sufficient data 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.

For the purpose of impairment testing exploration and evaluation assets are allocated to the relevant cash-generating units expected to benefit from the assets. Cash-generating units to which exploration and evaluation assets have been allocated are tested for impairment when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of exploration and evaluation assets allocated to the unit.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Impairment of exploration and evaluation assets (cont'd)

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, 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 in prior years.

Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Income tax (cont'd)

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

– in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

– in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  – the same taxable entity; or

  – different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Trade and other payables

Liabilities for trade and other payables which are normally settled on 30 to 60 days terms are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Group.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Provisions and contingent liabilities

i) Contingent liabilities acquired in business combinations

Contingent liabilities acquired as part of a business combination are initially recognised at fair value, provided the fair value can be reliably measured. After their initial recognition at fair value, such contingent liabilities are recognised at the higher of the amount initially recognised, less accumulated amortisation where appropriate, and the amount that would be determined in accordance with note (ii) below. Contingent liabilities that cannot be reliably fair valued are disclosed in accordance with note (ii) below.

ii) Other provisions and contingent liabilities

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

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

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following basis:

a) on the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;

b) sale of listed securities, on a trade date basis;

c) interest income, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial assets;

d) dividend income, when the right to receive payment is established.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Employee benefits

i) The Group joins a defined contribution Mandatory Provident Fund ("MPF") retirement benefit scheme under the Mandatory Provident Fund Schemes Ordinance. Contributions to the MPF scheme are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF scheme. The Group's employer contributions are fully and immediately vested in favour of the employees.

ii) The Company's subsidiaries which operate outside Hong Kong are required to pay social security insurance premium to local authority for their employees. The insurance premium is calculated at certain percentage on the staff payroll. Social security insurance can provide retirement and unemployment benefits to the employees.

iii) Equity share-based payment transactions

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (Employee share-based compensation reserve).

At the time when the share options are exercised, the amount previously recognised in employee share-based compensation reserve will be transferred to share premium. When the share options are still not exercised at the expiry date, the amount previously recognised in employee share-based compensation reserve will be transferred to retained profits.

iv) Termination benefits

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

Dividends

Interim dividends are simultaneously proposed and declared, because the Company's bye-laws grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Final dividends proposed by the directors are classified as a separate allocation of retained profits within capital and reserves in the statement of financial position, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets and rentals receivable under the operating leases are credited to profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under the operating leases are charged to profit or loss on the straight-line basis over the lease terms.

Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions are initially recorded using the functional currency rates ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the end of the reporting period. All differences are taken to profit or loss. Non-monetary items that are measured in the terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currencies of certain overseas subsidiaries are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities, including goodwill arising on consolidation of foreign operations acquired on or after 1 January 2005, are translated into the presentation currency of the Company at the exchange rates ruling at the end of the reporting period and, their profit or loss are translated into Hong Kong dollars at the weighted average exchange rates for the year. The resulting exchange differences are recognised in other comprehensive income and accumulated in equity in the exchange fluctuation reserve (attributable to minority interests as appropriate). On disposal of a foreign entity, the cumulative amount recognised in equity relating to that particular foreign operation is recognised in profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated to Hong Kong dollars at the weighted average exchange rates for the year.

Related parties

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

   i) has control or joint control over the Group;

   ii) has significant influence over the Group; or

   iii) is a member of the key management personnel of the Group or the Group's parent.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Related parties (cont'd)

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

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

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

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

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

v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

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

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

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

6. SUMMARY ACCOUNTING JUDGEMENTS AND ESTIMATES

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements.

Income taxes

(1) The Group recognises liabilities for anticipated tax issues for which the ultimate tax determination may be uncertain based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact current and deferred tax provisions in the financial period in which such determination is made.

(2) As at 31 March 2014, the Group had estimated unused tax losses of approximately HK$242,905,000 (2013: HK$222,337,000) available for offset against future profits. No deferred tax asset has been recognised on the tax losses of approximately HK$242,905,000 (2013: HK$222,337,000) due to unpredictability of future profits streams. The reliability of the deferred tax asset mainly depends on whether sufficient future taxable profits or taxable temporary differences will be available in the future. In cases where the actual future taxable profits generated are more or less than expected, a material reversal or recognition of deferred tax assets may arise.

6. SUMMARY ACCOUNTING JUDGEMENTS AND ESTIMATES (cont'd)

Useful lives of property, plant and equipment

Depreciation of property, plant and equipment is calculated to write off the cost of property, plant and equipment over their estimated useful lives on a straight-line basis. The Group reviews the estimated useful lives and residual values of property, plant and equipment to be recorded during any reporting period. The useful lives and residual values are based on the Group's historical experience with similar assets and taking into account anticipated changes.

Allowances for inventories

The management of the Group makes allowance for obsolete and slow-moving inventories that are identified as no longer salable. The management estimates the net realisable value of its inventories based primarily on the latest invoice prices and current market conditions. The Group carries out review of inventories on a product-by-product basis at each of the end of the reporting period and makes allowance for obsolete and slow-moving items.

Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses. These estimates are based on current market conditions and the historical experience of trading and selling products of similar nature. The directors reassess the estimation at the end of each reporting period.

Impairment assessment for receivables

The policy for impairment assessment for receivables of the Group is based on the evaluation of collectability and an ageing analysis of receivables and on the judgement of the directors. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each debtor. If the financial conditions of debtors of the Group deteriorate, resulting in an impairment of their ability to make payments, a material impairment loss may be required.

Impairment of exploration and evaluation assets

In determining whether the Group's exploration and evaluation assets are impaired, the directors have to exercise judgement in the area of asset impairment, particularly in assessing: (1) whether the Group is able to obtain the right to exploit in the specific mining site; (2) whether carrying amount of exploration and evaluation assets is unlikely to be recovered in full from successful development or by sale. In any such case, the Group shall perform an impairment test in accordance with the accounting policy as disclosed in the note 5. At 31 March 2014, an impairment loss of HK$134,081,000 (2013: HK$246,053,000) has been recognised for exploration and evaluation assets. The aggregate carrying value of exploration and evaluation assets was HK$967,405,000 (2013: HK$1,100,341,000) at 31 March 2014.

7. SEGMENT INFORMATION

The chief operating decision-maker has been identified as the Chief Executive Officer of the Group (the "CODM") that makes strategic decisions. The CODM organizes the business units based on their products and services, and has reportable operating segments as follows:

a) Trading in securities comprise proceeds from trading of listed equity securities and investment income from listed equity securities.

b) Investments comprise dividend income from unlisted share investments.

c) Trading of fur garment.

d) Trading of fur skins.

e) Mine.

f) Solar energy.

g) Others comprise the provision of management services to the companies of the Group.

The CODM monitors the results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit/(loss) before tax except that finance costs as well as corporate expenses are excluded from such measurement.

Segment assets consist of property, plant and equipment, exploration and evaluation assets, inventories and trade and other receivables. Unallocated assets comprise available-for-sale financial assets, income tax recoverable and cash and cash equivalents.

Segment liabilities consist of trade and other payables and borrowings. Unallocated liabilities comprise deferred tax liabilities, income tax payable and convertible notes.

Capital expenditures comprise additions to property, plant and equipment.

Inter-segment transactions are on arm's length basis in a manner similar to transactions with third parties.

7. SEGMENT INFORMATION (cont'd)

a) Operating segment information

For the year ended 31 March 2014

	Trading in securities HK$'000	Investments HK$'000	Trading of fur garment HK$'000	Trading of fur skins HK'000	Mine HK$'000	Solar energy HK$'000	Others HK$'000	Consolidated HK$'000
Segment revenue:								
Sales to external customers	71,897	–	7,322	–	–	–	–	79,219
Inter-segment sales	–	–	4,727	3	–	–	–	4,730
Reportable segment revenue	71,897	–	12,049	3	–	–	–	83,949
Elimination of inter-segment sales								(4,730)
Consolidated revenue								79,219
Segment results	3,558	111	(8,807)	(168)	(136,094)	(496)	(1,548)	(143,444)
Reconciliation:								
Interest income								2
Unallocated corporate expenses								(10,477)
Loss from operating activities								(153,919)
Finance costs								(15,651)
Loss before tax								(169,570)
Income tax credit								31,570
Loss for the year								(138,000)
Other segment information:								
Depreciation	–	–	(164)	(67)	(170)	–	(70)	(471)
Capital expenditures	–	–	(9)	–	–	–	–	(9)
Unrealised loss on listed financial assets at fair value through profit or loss	3,396	–	–	–	–	–	–	3,396
Goodwill written off	–	–	–	–	–	(19)	–	(19)
Impairment loss on exploration and evaluation assets	–	–	–	–	(134,081)	–	–	(134,081)

7. SEGMENT INFORMATION (cont'd)

a) Operating segment information (cont'd)

For the year ended 31 March 2013

	Trading in securities HK$'000	Investments HK$'000	Trading of fur garment HK$'000	Trading of fur skins HK'000	Mine HK$'000	Solar energy HK$'000	Others HK$'000	Consolidated HK$'000
Segment revenue:								
Sales to external customers	73,923	–	6,791	7	–	–	–	80,721
Inter-segment sales	–	–	1,065	–	–	–	–	1,065
Reportable segment revenue	73,923	–	7,856	7	–	–	–	81,786
Elimination of inter-segment sales								(1,065)
Consolidated revenue								80,721
Segment results	(11,660)	1,817	(10,814)	(544)	(248,172)	–	(1,416)	(270,789)
Reconciliation:								
Interest income								12
Change in fair value of derivative components embedded in convertible notes								(16,845)
Net realised loss on derivative components of convertible notes								(323)
Unallocated corporate expenses								(11,088)
Loss from operating activities								(299,033)
Finance costs								(14,311)
Loss before tax								(313,344)
Income tax credit								61,513
Loss for the year								(251,831)
Other segment information:								
Depreciation	–	(1)	(329)	(67)	(170)	–	(120)	(687)
Capital expenditures	–	–	(414)	(333)	–	–	–	(747)
Unrealised loss on listed financial assets at fair value through profit or loss	(11,820)	–	–	–	–	–	–	(11,820)
Goodwill written off	–	–	–	–	–	–	–	–
Impairment loss on exploration and evaluation assets	–	–	–	–	(246,053)	–	–	(246,053)

7. SEGMENT INFORMATION (cont'd)

b) The segment assets and liabilities at the end of the reporting period are as follows:

As at 31 March 2014

	Trading in securities *HK$'000*	Investments *HK$'000*	Trading of fur garment *HK$'000*	Trading of fur skins *HK'000*	Mine *HK$'000*	Solar energy *HK$'000*	Others *HK$'000*	Consolidated *HK$'000*
Reportable segment assets	54,238	1,576	12,899	17,874	968,225	–	82,303	1,137,115
Elimination of inter-segment receivables								(101,043)
								1,036,072
Unallocated assets:								
Available-for-sale financial assets								7,800
Cash and cash equivalents								20,465
Tax recoverable								2,831
Total assets per consolidated statement of financial position								1,067,168
Reportable segment liabilities	–	(3,369)	(50,639)	(25,748)	(10,942)	(454)	(54,867)	(146,019)
Elimination of inter-segment payables								101,043
								(44,976)
Unallocated liabilities:								
Deferred tax liabilities								(240,995)
Tax payable								(590)
Total liabilities per consolidated statement of financial position								(286,561)
Additions to non-current segment assets during the year	–	–	9	–	–	–	–	9

7. SEGMENT INFORMATION (cont'd)

b) The segment assets and liabilities at the end of the reporting period are as follows: (cont'd)

As at 31 March 2013

	Trading in securities *HK$'000*	Investments *HK$'000*	Trading of fur garment *HK$'000*	Trading of fur skins *HK'000*	Mine *HK$'000*	Solar energy *HK$'000*	Others *HK$'000*	Consolidated *HK$'000*
Reportable segment assets	50,841	1,536	13,561	16,788	1,101,178	–	79,375	1,263,279
Elimination of inter-segment receivables								(99,193)
								1,164,086
Unallocated assets:								
Available-for-sale financial assets								7,800
Cash and cash equivalents								22,736
Tax recoverable								2,831
Total assets per consolidated statement of financial position								1,197,453
Reportable segment liabilities	–	(10,460)	(44,632)	(24,476)	(14,025)	–	(33,265)	(126,858)
Elimination of inter-segment payables								99,193
								(27,665)
Unallocated liabilities:								
Convertible notes								(63,786)
Deferred tax liabilities								(272,283)
Tax payable								(590)
Total liabilities per consolidated statement of financial position								(364,324)
Additions to non-current segment assets during the year	–	–	414	333	–	–	–	747

7. SEGMENT INFORMATION (cont'd)

c) Geographical information

i) Revenue from external customers

The Group's activities are conducted predominantly in Hong Kong and Mainland China. Revenue by geographical location is determined on the basis of the locations of stock exchanges for sales of listed securities and the services provided, as well as the destination of the goods delivered.

The following table provides an analysis of the Group's revenue by geographical location:

	2014	2013
	HK$'000	*HK$'000*
Hong Kong and Mainland China	**79,219**	80,588
Other countries	**–**	133
Total revenue	**79,219**	80,721

ii) Non-current assets

The non-current assets information is based on the location of assets and excludes financial instruments.

The following table provides an analysis of the Group's non-current assets by geographical location:

	2014	2013
	HK$'000	*HK$'000*
Hong Kong	**362**	587
Mainland China	**970,804**	1,101,174
Other countries	**–**	347
	971,166	1,102,108

Information about major customers:

Revenues from customers contributing over 10% of the total sales of fur skins and fur garment of the Group are as follows:

	2014	2013
	HK$'000	*HK$'000*
Customer A	**2,201**	2,620

8. TURNOVER AND OTHER INCOME AND NET GAINS/(LOSSES)

An analysis of the Group's turnover and other income and net gains/(losses) is as follows:

	2014	2013
	HK$'000	*HK$'000*
Turnover		
Sales of fur skins and fur garment	**7,322**	6,798
Proceeds from sales of listed financial assets at fair value through profit or loss	**71,897**	73,923
	79,219	80,721
Other income and net gains/(losses)		
Net gain/(loss) from equity securities:		
Dividend income from unlisted available-for-sale financial assets	**1,872**	3,120
Dividend income from listed financial assets at fair value through profit or loss	**162**	160
Unrealised gain/(loss) on investments in listed financial assets at fair value through profit or loss	**3,396**	(11,820)
	5,430	(8,540)
Others:		
Gain on disposal of property, plant and equipment	**–**	50
Bank interest income	**2**	12
Fair value change on derivative components embedded in convertible notes	**–**	(16,845)
Net realised loss on derivative components of convertible notes	**–**	(323)
Exchange gain	**649**	–
Others	**228**	148
	879	(16,958)
	6,309	(25,498)

9. FINANCE COSTS

	Group	
	2014	2013
	HK$'000	*HK$'000*
Imputed interest expenses on convertible notes *(note 30)*	**13,991**	14,291
Interest on other borrowings wholly repayable within five years:		
Margin loan payable	**878**	20
Other loans	**782**	–
	15,651	14,311

10. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	2014 HK$'000	2013 HK$'000
Cost of inventories sold	**5,435**	5,203
Cost of trading securities sold	**72,376**	72,286
Depreciation	**471**	687
Minimum lease payments under operating leases on land and buildings	**2,837**	3,742
Auditors' remuneration		
– audit services	**480**	460
– other services	**100**	100
	580	560
Staff salaries, allowances and benefits in kind (excluding directors' remuneration)	**6,482**	7,790
Pension contributions	**302**	304
Exchange loss	**–**	398
Provision/(write-back of provision) for obsolete inventories	**2,348**	(344)
Loss on disposal of property, plant and equipment	**365**	–

11. INCOME TAX CREDIT

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong for the years ended 31 March 2014 and 31 March 2013. Overseas taxes on assessable profits of the Company or its subsidiaries, if any, are calculated at the rates of tax prevailing in the respective jurisdictions in which they operate, based on the prevailing legislation, interpretations and practices in respect thereof.

	2014 HK$'000	2013 HK$'000
Income tax credit in profit or loss represents income tax credit as follows:		
Deferred tax *(note 31)*	**31,570**	61,513

11. INCOME TAX CREDIT (cont'd)

a) The reconciliation between the loss before tax and the income tax credit is as follows:

	Group	
	2014	2013
	HK$'000	*HK$'000*
Loss before tax	**(169,570)**	(313,344)
Tax credit at the statutory tax rate of 16.5% (2013: 16.5%)	**27,979**	51,701
Effect of different tax rates in other jurisdictions	**9,880**	21,304
Income not subject to tax	**512**	2,296
Expenses not deductible for tax	**(4,939)**	(6,479)
Unrecognised tax losses	**(1,853)**	(7,375)
Unrecognised temporary differences	**(9)**	66
Income tax credit	**31,570**	61,513

b) Tax recoverable represents the excess of the provisional profits tax paid over the estimated tax liabilities.

12. LOSS FOR THE YEAR ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

The consolidated loss for the year attributable to equity shareholders of the Company includes a loss of HK$22,300,000 (2013: loss of HK$50,509,000)), which has been dealt with in the financial statements of the Company.

13. DIVIDEND

The board of directors does not recommend the payment of any dividend for the year ended 31 March 2014 (2013: Nil).

14. DIRECTORS' REMUNERATION

The remuneration paid or payable to the directors is as follows:

	Group 2014 HK$'000	Group 2013 HK$'000
Fees	**580**	610
Other emoluments		
Basic salaries, housing benefits, other allowances and benefits in kind	**4,652**	3,470
Retirement benefits contributions	**83**	62
	4,735	3,532
	5,315	4,142

a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2014 HK$'000	2013 HK$'000
Fok Ho Yin, Thomas	**120**	120
Tso Hon Sai, Bosco	**–**	50
Tsui Ching Hung	**120**	120
Cheung Oi Man, Amelia	**120**	30
Hon Ming Sang	**–**	50
	360	370

There was no other emoluments payable to the independent non-executive directors during the year (2013: Nil).

14. DIRECTORS' REMUNERATION (cont'd)

b) Executive directors

	Fees	Salaries, allowances and other benefits in kind	Retirement benefits contributions	Total remuneration
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
2014				
Lai Leong *(i)*	**–**	**867**	**10**	**877**
Lee Yuk Lun *(ii)*	**100**	**325**	**13**	**438**
Kong Shan, David	**120**	**390**	**15**	**525**
Lam Kwan Sing	**–**	**1,560**	**15**	**1,575**
Wong Nga Leung	**–**	**1,120**	**15**	**1,135**
Hon Ming Sang	**–**	**390**	**15**	**405**
	220	**4,652**	**83**	**4,955**
2013				
Lee Yuk Lun	120	390	14	524
Kong Shan, David	120	390	14	524
Lam Kwan Sing	–	1,560	15	1,575
Wong Nga Leung	–	1,040	15	1,055
Hon Ming Sang *(iii)*	–	90	4	94
	240	3,470	62	3,772

Note:

(i) Appointed on 6 August 2013

(ii) Resigned on 27 January 2014

(iii) Re-designated on 31 December 2012 from an independent non-executive director

c) The number of directors whose emoluments fell within the following band is as follows:

	Number of directors	
	2014	2013
Nil – HK$1,000,000	**7**	7
HK$1,000,001 – HK$1,500,000	**1**	1
HK$1,500,001 – HK$2,000,000	**1**	1

No directors of the Company waived any emoluments and no emoluments were paid by the Group to any of the directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office.

15. FIVE HIGHEST PAID EMPLOYEES

The five highest paid individuals during the year ended 31 March 2014 included five directors (2013: three directors), details of whose emoluments are disclosed above. The details of the remuneration two remaining individuals, highest paid employees for the year ended 31 March 2013 are as follows:

	2014	2013
	HK$'000	*HK$'000*
Basic salaries, housing benefits, other allowances and benefits in kind	–	1,467
Retirement benefits contributions	–	25
	–	1,492

The emoluments fell within the following band:

	Number of individuals	
	2014	2013
Nil – HK$1,000,000	–	2

None of the highest paid individuals of the Group waived any emoluments and no emoluments were paid by the Group to any of such individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

16. LOSS PER SHARE

a) Basic loss per share

Basic loss per share for the years ended 31 March 2014 and 31 March 2013 is calculated by dividing the loss for the year attributable to equity shareholders of the Company by the weighted average number of ordinary shares in issue during the years ended 31 March 2014 and 31 March 2013 respectively. Calculation is as follows:

	2014	2013
Loss for the year attributable to equity shareholders of the Company *(HK$'000)*	**(118,084)**	(214,500)
Weighted average number of ordinary shares in issue *(thousands)* (i)	**1,398,556**	1,386,228
Basic loss per share *(HK cents per share)*	**(8.44) cents**	(15.47) cents

		2014	2013
		'000	*'000*
(i)	Weighted average number of ordinary shares:		
	Issued ordinary shares at 1 April	**1,386,228**	1,386,228
	Effect of conversion of convertible notes	**12,328**	–
	Weighted average number of ordinary shares at 31 March	**1,398,556**	1,386,228

16. LOSS PER SHARE (cont'd)

b) Diluted loss per share

Diluted loss per share for the years ended 31 March 2014 and 31 March 2013 is the same as the basic loss per share, as the convertible notes outstanding during the year had an anti-dilutive effect on the basic loss per share for the years ended 31 March 2014 and 31 March 2013.

The calculation of diluted loss per share for the year ended 31 March 2014 is based on the loss for the year attributable to equity shareholders of the Company of HK$118,084,000 (2013: HK$184,189,000) and the weighted average number of ordinary shares of 1,486,228,000 shares (2013: 1,486,228,000 shares), calculated as follows:

i) Loss attributable to ordinary equity shareholders of the Company (diluted):

	2014	2013
	HK$'000	*HK$'000*
Loss for the purpose of basic loss per share	**(118,084)**	(214,500)
After tax effect of effective interest on the liability components of convertible notes	–	13,466
After tax effect of fair value loss recognised on the conversion option derivative components of convertible notes	–	16,845
Loss attributable to ordinary equity shareholders (diluted)	**(118,084)**	(184,189)

ii) Weighted average number of ordinary shares (diluted):

	2014	2013
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic loss per share	**1,398,556**	1,386,228
Effect of dilutive potential ordinary shares in respect of convertible notes *(note 30)*	–	100,000
Effect of conversion of convertible notes *(note 30)*	**87,672**	–
Weighted average number of ordinary shares (diluted)	**1,486,228**	1,486,228

17. PROPERTY, PLANT AND EQUIPMENT

a) Group

	Buildings HK$'000	Leasehold improvements HK$'000	Plant and machinery HK$'000	Furniture, fixtures, office equipment and motor vehicles HK$'000	Total HK$'000
Cost					
At 1.4.2012	358	2,581	2,063	7,892	12,894
Exchange adjustments	5	–	1	(32)	(26)
Additions	–	28	–	719	747
Disposals	–	–	–	(515)	(515)
At 31.3.2013 and 1.4.2013	363	2,609	2,064	8,064	13,100
Exchange adjustments	–	–	–	49	49
Additions	–	–	–	9	9
Disposals	–	–	–	(936)	(936)
At 31.3.2014	363	2,609	2,064	7,186	12,222
Accumulated depreciation					
At 1.4.2012	73	2,484	1,902	6,717	11,176
Exchange adjustments	1	–	4	(20)	(15)
Charge for the year	17	49	40	581	687
Written back on disposals	–	–	–	(515)	(515)
At 31.3.2013 and 1.4.2013	91	2,533	1,946	6,763	11,333
Exchange adjustments	–	–	–	28	28
Charge for the year	16	33	41	381	471
Written back on disposals	–	–	–	(571)	(571)
At 31.3.2014	107	2,566	1,987	6,601	11,261
Net carrying amount					
At 31.3.2014	256	43	77	585	961
At 31.3.2013	272	76	118	1,301	1,767

17. PROPERTY, PLANT AND EQUIPMENT (cont'd)

b) Company

	Office equipment *HK$'000*
Cost	
At 1.4.2012, 31.3.2013, 1.4.2013 and 31.3.2014	4
Accumulated depreciation	
At 1.4.2012	3
Charge for the year	1
At 31.3.2013 and 1.4.2013 and 31.3.2014	4
Net carrying amount	
At 31.3.2014	–
At 31.3.2013	–

The Group's buildings at 31 March 2014 and 31 March 2013 were held in The People's Republic of China (the "PRC") under medium-term leases.

18. INTERESTS IN SUBSIDIARIES

	Company	
	2014 ***HK$'000***	2013 *HK$'000*
Unlisted shares, at cost	**83,368**	83,368
Due from subsidiaries	**49,046**	38,568
Loans to subsidiaries	**1,098,355**	1,096,505
Loans from subsidiaries	**(29,609)**	(4,516)
Due to subsidiaries	**(519)**	(2,233)
	1,200,641	1,211,692

The balances with and loans (from)/to subsidiaries included in the interests in subsidiaries are unsecured, interest-free and to be recoverable/repayable after the next twelve months from the end of the reporting period.

The amounts due from/(to) subsidiaries included in the Company's current assets and current liabilities of HK$ Nil (2013: HK$ Nil) and HK$5,760,000 (2013: HK$4,800,000) respectively are unsecured, interest-free and are recoverable/repayable on demand or within one year from the end of the reporting period.

18. INTERESTS IN SUBSIDIARIES (cont'd)

Particulars of the subsidiaries are as follows:

Name of subsidiary	Place of incorporation/ and operation*	Paid-up share capital/ registered capital	Percentage of equity attributable to the Group	Principal activities
Directly held				
Rising Group International Limited	British Virgin Islands/ Hong Kong	Ordinary US$4,000	100%	Investment holding
Indirectly held				
Rising Manufacturing Macao Commercial Offshore Limited	Macau	Ordinary MOP$25,000	100%	Dormant
Rising Development Limited	Hong Kong	Ordinary HK$100 Non-voting deferred** HK$5,000,000	100%	Trading of fur, leather and textile garment and investment holding
Rising Manufacturing Limited	Hong Kong	Ordinary HK$10,000	100%	Provision of car rental service to a group company
Mega Asset Developments Limited	British Virgin Islands/ Hong Kong	Ordinary US$1	100%	Investment holding
Perfect Leader Investments Limited	British Virgin Islands/ Hong Kong	Ordinary US$1	100%	Investment holding
Success Fortune Holdings Limited	British Virgin Islands/ Hong Kong	Ordinary US$1	100%	Investment holding
Perfect Fair Limited	British Virgin Islands/ Hong Kong	Ordinary US$1	100%	Investment holding
Legend Sense Limited	British Virgin Islands/ Hong Kong	Ordinary US$1	100%	Securities dealing
Oriental Harvest Development Limited	British Virgin Islands/ Hong Kong	Ordinary US$10	100%	Investment holding

18. INTERESTS IN SUBSIDIARIES (cont'd)

Name of subsidiary	Place of incorporation/ and operation*	Paid-up share capital/ registered capital	Percentage of equity attributable to the Group	Principal activities
東晟企業管理顧問(深圳)有限公司 (Dongcheng Enterprise Management Consultant (Shenzhen) Limited)***	PRC	HK$10,000,000	100%	Investment holding
上海超陽光伏電力有限公司 (Shanghai Chaoyang Photovoltaic Company Limited)***	PRC	RMB2,000,000	100%	Investment holding
吉林海潤光伏電力技術開發有限公司 (Jilin Hareon Electric Development Company Limited)***	PRC	RMB1,000,000	51%	Development, construction and financing of solar power plants
陝西久權礦業有限公司 (Shaanxi Jiuquan Mining Company Limited)***	PRC	RMB10,770,200	80%	Mine exploration
Paris Fur (International) Limited	Hong Kong	Ordinary HK$1	100%	Investment holding
Smarty Express Limited	British Virgin Islands/ Hong Kong	Ordinary US$1	100%	Trading of fur
Mega Charm Investments Limited	British Virgin Islands/ Hong Kong	Ordinary US$1	100%	Securities dealing

* *Where different*

** *The non-voting deferred shares carry no rights to dividends, no rights to vote at general meetings and no rights to receive any surplus in a return of capital in a winding-up or otherwise.*

*** *The subsidiaries incorporated in PRC are limited liability companies.*

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

18. INTERESTS IN SUBSIDIARIES (cont'd)

The following table lists out the information relating to Shaanxi Jiuquan Mining Company Limited, the only subsidiary of the Group which has material non-controlling interest (NCI). The summarised financial information presented below represents the amounts before any inter-company elimination.

	2014 HK$'000	2013 HK$'000
NCI percentage	20%	20%
Current assets	605	517
Non-current assets	967,804	1,100,907
Current liabilities	(5,073)	(13,295)
Non-current liabilities	(240,995)	(272,282)
Net assets	722,341	815,847
Carrying amount of NCI	144,468	163,169
Loss for the year	(98,272)	(186,654)
Total comprehensive loss	(98,272)	(186,654)
Loss allocated to NCI	(19,654)	(37,331)
Cash flows (used in)/generated from operating activities	(64)	155
Cash flows generated from investing activities	1	2

19. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group	
	2014 HK$'000	2013 HK$'000
Unlisted equity securities, at cost	7,800	7,800

At the end of the reporting period, the above unlisted equity securities are not stated at fair value but at cost less any impairment loss because they do not have a quoted market price in an active market and the fair value cannot be reliably measured.

20. EXPLORATION AND EVALUATION ASSETS

	Group		
	Exploration rights HK$'000	Evaluation expenditure HK$'000	Total HK$'000
Balance at 1 April 2012	1,318,611	11,075	1,329,686
Exchange adjustment	16,570	138	16,708
Impairment loss	(246,053)	–	(246,053)
Balance at 31 March 2013 and 1 April 2013	1,089,128	11,213	1,100,341
Exchange adjustment	1,133	12	1,145
Impairment loss	(131,281)	(2,800)	(134,081)
Balance at 31 March 2014	**958,980**	**8,425**	**967,405**

The exploration rights represent the carrying amount of the mining rights for mining, exploration and exploitation in a Vanadium mine located in Shaanxi, PRC. The exploitation licence of Vanadium mine has been granted for 3 years till the fourth quarter of 2014 and is renewable on an ongoing basis.

a) Impairment testing of mining rights in respect of the Vanadium mine.

As 31 March 2014, the directors have engaged an independent professional valuer, BMI Appraisals Limited (the "Appraiser"), to carry out a valuation on the mining rights for the purposes of an impairment review on the above-mentioned rights.

Based on the valuation report prepared by the Appraiser, the directors consider that the mining rights should be impaired as the carrying amount of mining rights exceeds its recoverable amount at 31 March 2014. Accordingly, an impairment loss of HK$134,081,000 (2013: HK$246,053,000) was recognised in profit or loss for the year ended 31 March 2014.

The recoverable amount of the mining rights is determined by the income approach adopted by the Appraiser in its valuation report, which adopted the following key assumptions for the valuation of the mining rights:

1. Under the income approach, the Excess Earnings Method was adopted. The Excess Earnings Method is predicated on the basis that the value of an intangible asset is the present value of the earnings it generates, net of a reasonable return on other assets which also contribute to that stream of earnings.

   For the purpose of the valuation, the after-tax required rates of return on the net fixed assets, the net working capital and the workforce assembled of 9.56%, 4.50% and 14.18% (2013: 7.75%, 4.50% and 14.23%) respectively were adopted.

2. The fair value of the mining rights was also determined by reference to the listed companies that are considered to be comparable to the mine business.

3. The discount rate of the mining rights was calculated as 14.18% (2013: 14.23%).

20. EXPLORATION AND EVALUATION ASSETS (cont'd)

b) In connection with the acquisition of the Vanadium mining assets by the Group in 2008 and in its audited financial statements for the year ended 31 March 2008, the Company had made reference to a valuation report that adopted "market approach" for valuation as there was then a PRC Vanadium mine sale that could be used as a market comparable. In preparing the Group's interim consolidated statement of financial position as at 30 September 2008 and 30 September 2009 and the Group's consolidated statements of financial position as at 31 March 2009 and 31 March 2010, reference was made to valuations of the Vanadium mining asset (classified in the financial statements as "exploration and evaluation assets" (the "Mining Asset"), by the discounted cash flow method under the income approach ("DCF"). This valuation method was adopted in accordance with Hong Kong Financial Reporting Standard 6 and paragraph 75 of Hong Kong Accounting Standard 38.

In view of the delay of the mining production schedule (originally scheduled to commence production in early 2009), the directors considered that it was more appropriate to disclose the value of the Vanadium mining rights specifically instead of the Mining Asset in the Group's financial statements. In order to value the mining exploration and exploitation rights specifically, the Appraiser adopted the Excess Earnings method under the income approach ("ER"), instead of using DCF. The ER method has been adopted for the valuation of the mining exploration and exploitation rights for the purpose of the Group's consolidated financial statements for the six months period ended 30 September 2010 and thereafter. The Appraiser has confirmed to the Company that since the Vanadium mine has not been exploited, the difference in value of the Mining Asset using DCF and the value of the mining exploration and exploitation rights under ER should be immaterial.

Earlier the end of this reporting period, the Company had engaged an independent mining engineering company (the "Engineer") to prepare a Geological and Economical Studies Report of the Group's Vanadium mine. The Engineer found that both the operation and capital costs of the Vanadium mine project are high as compared with the current price of Vanadium Pentoxide ("V_2O_5"), a chemical compound commonly used for industrial purposes. In particular, the Engineer noted that the substantial decrease in the market price of V_2O_5 since the acquisition of the Vanadium mine in 2008, the current market price of V_2O_5 is about the same as the total operating cost for the extraction and production of V_2O_5, and therefore rendering this project not to be commercially viable at present. Accordingly, the Engineer suggested to the directors of the Company that the production plan for the Vanadium mine should be postponed until the market of V_2O_5 recovers and stabilises.

21. GOODWILL

	Group	
	2014	2013
	HK$'000	*HK$'000*
At 1 April	**–**	–
Acquisition of a subsidiary, JHED *(Note 37)*	**19**	–
Written off	**(19)**	–
At 31 March	**–**	–

The goodwill of HK$19,000 was written off in profit or loss for the year ended 31 March 2014 as the subsidiary from which the goodwill generated as the subsidiary has not yet commenced business.

22. INVENTORIES

	Group	
	2014	2013
	HK$'000	*HK$'000*
Raw materials	**613**	1,869
Finished goods	**3,120**	2,500
	3,733	4,369

The analysis of the amount of inventories recognised as expense is as follows:

	Group	
	2014	2013
	HK$'000	*HK$'000*
Carrying amount of inventories sold	**3,087**	5,547
Write-down of inventories	**3,527**	2,279
Reversal of write-down of inventories	**(1,179)**	(2,623)
	5,435	5,203

23. TRADE RECEIVABLES

The Group's trading terms with its customers are mainly on credit. The Group allows an average credit period of 30 to 60 days for its customers. Trade receivables are non-interest bearing.

An ageing analysis of trade receivables at the end of the reporting period based on the invoice date is as follows:

	Group	
	2014	2013
	HK$'000	*HK$'000*
Current to 30 days	**1**	337
31 days to 60 days	**1**	1
Over 60 days	**2,255**	990
	2,257	1,328

23. TRADE RECEIVABLES (cont'd)

Impairment losses in respect of trade receivables are recorded using the allowance account unless the Group is satisfied that the recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly.

At 31 March 2014 and 31 March 2013, there were no impairment losses in respect of trade receivables.

The ageing analysis of the trade receivables that are not considered to be impaired is as follows:

	Group	
	2014	2013
	HK$'000	*HK$'000*
Neither past due nor impaired	**26**	77
Less than 1 month past due	**176**	255
1 to 3 months past due	**771**	526
Over 3 months past due	**1,284**	470
	2,231	1,251
	2,257	1,328

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the management is of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

24. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Prepayments, deposits and other receivables	**7,478**	5,440	**1,577**	1,450

The amount of the Group's and the Company's prepayments, deposits and other receivables expected to be recovered or recognised as expense after more than one year is HK$850,000 (2013: HK$147,000) and HK$ Nil (2013: HK$ Nil) respectively. All of the other prepayments, deposits and other receivables are expected to be recovered or recognised as expense within one year.

25. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group and Company	
	2014	2013
	HK$'000	*HK$'000*
Equity securities listed in Hong Kong at fair value	**54,238**	50,841

At 31 March 2014, the total carrying amounts of certain financial assets at fair value through profit or loss amounted to HK$53,786,000 (2013: HK$50,436,000), which have been pledged as security for the margin loan payable of HK$10,326,000 (2013: HK$14,921,000), the details of which are set out in note 28(a).

26. CASH AND BANK BALANCES

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Cash and bank balances	**20,465**	22,736	**4,106**	3,678

Cash and bank balances include the following amounts denominated in a currency other than the Group's and Company's functional currency, Hong Kong dollars:

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Euro	**52**	77	**3**	3
United States dollars	**302**	261	**11**	11
Danish Krone	**20**	27	**–**	–
Renminbi	**3,483**	1,473	**–**	–

Renminbi is not a freely convertible currency and the remittance of funds out of the PRC is subject to the exchange restriction imposed by the PRC government.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term time deposit rates.

27. TRADE PAYABLES

An ageing analysis of trade payables at the end of the reporting period is as follows:

	Group	
	2014	2013
	HK$'000	*HK$'000*
Current to 30 days	**–**	–
31 days to 60 days	**–**	–
Over 60 days	**530**	43
	530	43

The trade payables are non-interest bearing and normally settled on 30 to 60 days terms.

28. MARGIN LOAN PAYABLE/OTHER LOANS

	Group	
	2014	2013
	HK$'000	*HK$'000*
Margin loan payable (note a)	**10,326**	14,921
Other loans (note b)	**27,501**	–
	37,827	14,921

a) At 31 March 2014, the margin loan payable was secured by the equity securities held under the margin account, with a total market value of approximately HK$53,786,000 (2013: HK$50,436,000) (Note 25).

	Group			
	2014		2013	
	HK$'000	***Effective interest rates (%) p.a.***	*HK$'000*	*Effective interest rates (%) p.a.*
Within one year	**10,326**	**10.25**	14,921	8

b) These loans are unsecured and fixed-rate loans which carry interest at the range from 6% to 10.25% (2013: Nil) per annum. These loans are repayable within one year from the end of the reporting period.

29. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Amount due to an investee company	**2,491**	2,491	**–**	–
Others	**2,446**	8,706	**873**	7,967
	4,937	11,197	**873**	7,967

Amount due to an investee company is unsecured, non-interest bearing and has no fixed terms of repayment.

29. OTHER PAYABLES AND ACCRUALS (cont'd)

Other payables and accruals include the following amounts denominated in a currency other than the Group's and Company's functional currency, Hong Kong dollars:

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
United States dollars	**2,496**	2,496	**–**	–
Euro	**70**	1,768	**–**	–
Renminbi	**463**	124	**–**	–

30. CONVERTIBLE NOTES

(1) During the year ended 31 March 2009, the Company issued convertible notes (the "11 April 2008 convertible notes") with a nominal value of HK$837,000,000 to three independent vendors as part of consideration for acquiring 80% interest in Shaanxi Jiuquan Mining Company Limited. The notes bear interest at 1% per annum with a maturity date on 10 April 2011. The holders of the convertible notes have the right to convert on or after 11 April 2008 up to and including 10 April 2011, into ordinary share of the Company at an initial conversion price of HK$0.28 per share, subject to adjustment for general dilutive events. The conversion price was adjusted to HK$4.85 per share due to the capital reorganisation during the year ended 31 March 2010. The Company may redeem the convertible notes at 100% of the principal amount at anytime after the expiry of the first anniversary of the issue of the convertible notes. The effective interest rate of the liability component is 8.15% per annum.

During the year ended 31 March 2010, the Company entered into deeds of settlement dated 24 June 2009 with the holders of the convertible notes that the Company issued to the 11 April 2008 convertible notes holders the new convertible notes in the aggregate principal amount of HK$744,930,000 with a term of 3 years. The new convertible notes were issued on 24 June 2009. The notes bear no interest with a maturity date on 23 June 2012. The conversion price of the new convertible notes is HK$0.60 per share (subject to adjustment). The 11 April 2008 convertible notes holders agreed that the obligations of the Company under the 11 April 2008 convertible notes were fully discharged. In addition, the 1% interest payable amounting to HK$8,370,000 on the 11 April 2008 convertible notes was waived. The principal amount of the 11 April 2008 convertible notes were settled in full by the new convertible notes of HK$744,930,000 for the same holders during the year ended 31 March 2010. The effective interest rate of the liability component is 10.19% per annum. During the year ended 31 March 2010, total principal of HK$744,465,000 were converted into 1,240,775,000 new ordinary shares of the Company of HK$0.01 each. Outstanding principal amount of the convertible notes as at 31 March 2012 was HK$465,000. On 22 June 2012, the Company redeemed and repaid the outstanding amount HK$465,000 of convertible notes in full.

30. CONVERTIBLE NOTES (cont'd)

(2) On 12 October 2011, the Company issued convertible notes with a nominal value of HK$100,000,000. The convertible notes bear interest at 5% per annum with maturity date on 11 October 2014. The holders of the convertible notes have the right to convert on any business date at any time following 12 October 2011 until the date falling 7 days before (and excluding) 11 October 2014, into ordinary share of the Company at an initial conversion price of HK$1.00 per share (subject to adjustment). The Company shall have the right at any time from the date of issue of the convertible notes and inclusive of the maturity date to redeem the whole or part of the outstanding convertible. The effective interest rate of the liability component is 19.55% per annum.

On 14 February 2014, the holders converted the convertible notes in aggregate principal amount of $100,000,000 at the conversion price of HK$1.00 per share. The Company allotted 100,000,000 new ordinary shares of HK$0.01 each in respect of the above conversion (see note 32). The corresponding liability component of convertible notes with carrying amount HK$78,026,000, together with corresponding embedded derivative with carrying amount of HK$18,623,000, were transferred to share premium for the new ordinary shares issued.

The convertible notes as stated in (1) and (2) above were split into liability, derivative and equity components upon initial recognition by recognising the liability components and conversion option derivative components at their fair value and attributing to the equity components the residual amount. The liability component is subsequently carried at amortised cost while the derivative component is carried at fair value to be remeasured at the end of each reporting period. The equity component is recognised in the convertible notes equity reserve. The fair value of the conversion option derivative components of the convertible notes were determined as of the date of issue and 31 March 2013 by an independent firm of professionally qualified valuers, BMI Appraisals Limited.

The movements of convertible notes during the year are as follows:

	Group and Company		
	Liability components	**Conversion option derivative components**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
At 1 April 2012	72,208	(34,416)	37,792
Imputed interest charged *(note 9)*	15,666	(1,375)	14,291
Amount discharged on redemption of HK$744,930,000 convertible notes *(note 30(1))*	(465)	323	(142)
Interest payable	(5,000)	–	(5,000)
Change in fair values	–	16,845	16,845
At 31 March 2013 and 1 April 2013	82,409	(18,623)	63,786
Interest payable	(4,383)	–	(4,383)
Conversion of HK$100,000,000 convertible notes *(note 30(2))*	(78,026)	18,623	(59,403)
At 31 March 2014	–	–	–

30. CONVERTIBLE NOTES (cont'd)

	Group and the Company	
	2014	2013
	HK$'000	*HK$'000*
Representing for reporting purposes as:		
Non-current liabilities	–	(63,786)

31. DEFERRED TAX LIABILITIES

a) The followings are the major deferred tax liabilities recognised and movements thereon during the current and prior years:

	Group
	Fair value adjustments arising from exploration rights
	HK$'000
At 1 April 2012	329,653
Exchange adjustment	4,143
Credited to profit or loss *(note 11)*	(61,513)
At 31 March 2013 and 1 April 2013	272,283
Exchange adjustment	282
Credited to profit or loss *(note 11)*	(31,570)
At 31 March 2014	**240,995**

b) Deferred tax assets have not been recognised in respect of the following items:

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Tax losses carried forward	**40,798**	37,659	**29,975**	27,678
Decelerated depreciation allowances	**211**	204	**–**	–
Unrecognised deferred tax assets	**41,009**	37,863	**29,975**	27,678

31. DEFERRED TAX LIABILITIES (cont'd)

b) (cont'd)

At 31 March 2014, the Group has unused tax losses of HK$242,905,000 (2013: HK$222,337,000) available to offset against future profits. No deferred tax asset has been recognised in respect of such tax losses due to the unpredictability of future profit streams. The unrecognised tax losses of HK$233,877,000 (2013: HK$210,878,000) can be carried forward infinitively. The remaining HK$9,028,000 (2013: HK$11,459,000) will expire in next one to five years.

32. SHARE CAPITAL

	Number of shares of HK$0.01 each		Share capital	
	2014	2013	**2014**	2013
	'000	*'000*	***HK$'000***	*HK$'000*
Authorised:				
Ordinary shares at beginning and end of year	**30,000,000**	30,000,000	**300,000**	300,000
Ordinary shares, issued and fully paid:				
At 1 April	**1,386,228**	1,386,228	**13,862**	13,862
Issue of shares in connection with conversion of convertible notes	**100,000**	–	**1,000**	–
At 31 March	**1,486,228**	1,386,228	**14,862**	13,862

During the year ended 31 March 2014, additional 100,000,000 ordinary shares of HK$0.01 each were issued at par upon conversion of the convertible notes at a conversion price of HK$1 per share. The ordinary shares issued have the same rights as other shares in issue.

Share option scheme

On 30 July 2004, shareholders' resolution of the Company was passed to terminate the share option scheme adopted by the Company on 9 October 1997 (the "Old Scheme") and to adopt a new share option scheme (the "New Scheme"). As a result, the Company can no longer grant any further options under the Old Scheme. However, all options granted prior to the termination of the Old Scheme remain in full force and effect. The purpose of the New Scheme is to provide incentives or rewards to participants thereunder for their contribution to the Group and/or to enable the Group to recruit and retain high-caliber employees and attract human resources that are valuable to the Group. Eligible participants of the New Scheme include employees (including executive directors), non-executive directors (including independent non-executive directors), suppliers of goods or services, customers, shareholders of the Group and persons or entity that provides research, development or other technological support to the Group. Unless otherwise terminated or amended, the New Scheme will remain in force for 10 years from 11 August 2004, the date of the Stock Exchange's granting of the listing of and permission to deal in the shares to be issued pursuant to the exercise of options under the New Scheme.

32. SHARE CAPITAL (cont'd)

Share option scheme (cont'd)

Pursuant to the New Scheme, the total number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Scheme and any other share option schemes of the Company must not in aggregate exceed 30% of the issued share capital of the Company from time to time. The maximum number of shares insurable under share options to each eligible participant within any 12-month period is limited to 1% of the Company's shares in issue at any time. The offer of a grant of share options may be accepted within 28 days from the date of the offer with consideration of HK$1.00 being payable by the grantee. The exercise period of the share options granted is determinable by the directors, but no later than 10 years from the date of the offer. The subscription price for the shares in respect of which options are granted is determinable by the directors, but may not be less than the highest of (1) the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet on the date of offer of the option; (2) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of offer of the option; and (3) the nominal value of the Company's shares.

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

There were no outstanding options at the beginning and at the end of the financial year ended 31 March 2014. No share option has been granted by the Company under the New Scheme during the years ended 31 March 2014 and 31 March 2013. The total number of shares available for issue under the New Scheme as at the date of these financial statements was 7,965,280, representing 0.54% (2013: 0.57%) of the issued share capital of the Company as at the date of these financial statements.

33. RESERVES

a) Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on pages 40 and 41 of the financial statements.

33. RESERVES (cont'd)

b) Company

	Share premium account HK$'000	Contributed surplus HK$'000	Convertible notes equity reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1 April 2012	920,524	154,440	41,919	113,703	1,230,586
Redemption of convertible notes	–	–	(185)	185	–
Loss for the year – note 12	–	–	–	(50,509)	(50,509)
At 31 March 2013 and 1 April 2013	920,524	154,440	41,734	63,379	1,180,077
Conversion of convertible notes	125,855	–	(41,734)	–	84,121
Loss for the year – note 12	–	–	–	(22,300)	(22,300)
At 31 March 2014	**1,046,379**	**154,440**	**–**	**41,079**	**1,241,898**

The contributed surplus of the Group arose (i) as a result of the Group reorganisation carried out on 12 September 1997 and represents the difference between the nominal value of shares of the subsidiaries acquired pursuant to the Group reorganisation, over the nominal value of the Company's shares issued in exchange therefore and (ii) as a result of the Group capital reorganisation carried out on 3 April 2009 in respect of capital reduction which became effective on 6 April 2009.

The contributed surplus of the Company arose (i) as a result of the same Group reorganisation scheme and represents the excess of the then combined net assets of the subsidiaries acquired, over the nominal value of the Company's shares issued in exchange therefore and (ii) as a result of the Group capital reorganisation carried out on 3 April 2009 in respect of capital reduction which became effective on 6 April 2009.

Under the Companies Act 1981 (as amended) of Bermuda, the Company may make distributions to its members out of the contributed surplus under certain circumstances.

34. PLEDGE OF ASSETS

The Group and the Company have pledged the following assets with carrying amounts to secure the borrowings and credit facilities (see note 28) granted to the Group:

	The Group and the Company	
	2014	2013
	HK$'000	*HK$'000*
Financial assets at fair value through profit or loss	**53,785**	50,436

35. COMMITMENTS

a) The Group leases certain properties under operating lease arrangements. Leases for properties are negotiated for terms of two to twenty years.

At the end of the reporting period, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	Group	
	2014	2013
	HK$'000	*HK$'000*
Within one year	**2,815**	1,593
In the second to fifth years, inclusive	**1,827**	311
Over five years	**544**	615
	5,186	2,519

b) During the year ended 31 March 2014, the Group entered into the agreements through a subsidiary, Shanghai Chaoyang Photovoltaic Company Limited with an independent third party ("the Vendor") in respect of the acquisition of 51% equity interest in Jilin Hareon Electric Development Company Limited ("JHED") (see note 37).

Pursuant to the agreements, the Group agreed as follows:

i) The Group is to be responsible for assisting JHED in securing financing for 80% of the costs of engineering, procurement and construction to be incurred by JHED (the "Total Project Cost"). The remaining 20% of the Total Project Cost (after deducting the paid-up capital of JHED) will be financed by additional capital or loan contributed by the members of JHED pro rata to their equity interest in JHED. It is estimated that the Total Project Cost to be RMB360 million (approximately HK$450 million) and the Group's estimated committed share to be RMB36,720,000 (approximately HK$45,900,000).

ii) After JHED's power plant is connected to the State grid, both parties agreed that, subject to the signing of the definitive contract, the Group will buy, the Vendor will sell its 49% equity interest in JHED at a price based on the pre-agreed formula, being the aggregate of the Vendor's share of (i) JHED's registered capital and shareholders loan provided and (ii) the amount by which the production capacity of the power plant (in terms of megawatt (MW)) multiplied by the unit price per MW to be agreed exceeds the Total Project Cost and the related interest costs of JHED up to one month after the grid connection.

36. RELATED PARTY TRANSACTIONS

Compensation of key management personnel of the Group:

The remuneration of directors and other members of key management of the Group during the year was as follows:

	Group	
	2014	2013
	HK$'000	*HK$'000*
Short-term employee benefits	**5,610**	4,990
Post-employment benefits	**90**	77
	5,700	5,067

Further details of directors' remuneration are disclosed in note 14 to the financial statements.

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

37. ACQUISITION OF A SUBSIDIARY

During the year ended 31 March 2014, the Group, through a wholly-owned subsidiary, acquired 51% interest in 吉林海潤光伏電力技術開發有限公司 (Jilin Hareon Electric Development Company Ltd.) ("JHED") from an independent third party for the purpose of investing into a solar energy business. JHED was established on 22 November 2013 and is a project company for the development of the 40MW photovoltaic power generation plant in Taonan, Jilin, the PRC. Acquisition of the equity interest in this subsidiary is accounted for using the acquisition method of accounting effective from the date when the subsidiary was controlled by the Group, the details of which are as follows:

a)	**Name of company**	**Acquisition date**	**Percentage of equity interest acquired**	**Cash consideration**
	Jilin Hareon Electric Development Company Ltd.	27 March 2014	51%	RMB510,000 (equivalent to approximately HK$638,000)

37. ACQUISITION OF A SUBSIDIARY (cont'd)

a) (cont'd)

The following table summarises the purchase consideration paid for the acquired subsidiary, the fair value of assets acquired, liabilities assumed and the non-controlling interest at the acquisition date.

	2014	2013
	HK$'000	*HK$'000*
Purchase consideration		
Cash paid	**638**	–
Recognised amounts of identifiable assets acquired and liabilities assumed		
Cash and bank balances	**1,214**	–
Total identifiable net assets	**1,214**	–
Non-controlling interest	**(595)**	–
Goodwill *(note 21)*	**19**	–
	638	–

b)

	2014	2013
Purchase consideration settled in cash	**(638)**	–
Cash and cash equivalents acquired	**1,214**	–
Net cash inflow from acquisition of a subsidiary	**576**	–

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk, liquidity risk and price risk. The directors review and agree policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group's interest rate risk relates primarily to interest-bearing margin loan payable which carries interest at variable rate.

The directors closely monitor interest rate exposure and will consider entering into interest rate swap transactions to hedge significant interest rate risk should the risk arise.

Due to the fact that the changes in interest rates would not have significant impact on the Group's result and accordingly, the sensitivity analysis in respect of changes in interest rates is not presented.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

Foreign currency risk

Certain bank balances and payables of the Group are denominated in foreign currencies. The Group currently does not have a foreign currency hedging policy. However, the directors monitor foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise. The impact on the Group's result and total equity is not expected to be material in response to possible changes in the exchange rates of foreign currencies to which the Group is exposed.

Credit risk

The Group's credit risk is primarily attributable to trade receivables. The directors has a credit policy in place and the exposures to this credit risks is monitored on an ongoing basis. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At 31 March 2014, 99.88% (2013: 65.09%) of the total trade receivables was due from the Group's largest customer within the trading of fur garment and fur skins segments. In addition, certain customers are required to pay customers' deposits and receivable balances are monitored on an ongoing basis and therefore the Group's exposure to bad debts is not significant.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 23 to the financial statements.

The Group's cash balances are placed with financial institutions with sound credit ratings and the directors consider the Group's exposure to credit risk is low.

Liquidity risk

For the management of the liquidity risk, the Group monitors and maintains a sufficient level of cash and bank balances deemed adequate by the directors to finance the Group's operations and mitigate the effects of fluctuation in cash flows. The directors review and monitor the Group's working capital requirements regularly.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

Liquidity risk (cont'd)

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

Group

				2014			
	Weighted average interest rate	On demand	Less than 3 months	3 to 12 months	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Total
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Trade payables	–	530	–	–	–	–	530
Other payables and accruals	–	4,937	–	–	–	–	4,937
Margin loan payable	10.25	10,326	–	–	–	–	10,326
Other loans	6-10.25	10,000	15,000	2,501	–	–	27,501
		25,793	15,000	2,501	–	–	43,294

				2013			
	Weighted average interest rate	On demand	Less than 3 months	3 to 12 months	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Total
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Trade payables	–	43	–	–	–	–	43
Other payables and accruals	–	11,197	–	–	–	–	11,197
Margin loan payable	8	14,921	–	–	–	–	14,921
Convertible notes	5	–	–	–	63,786	–	63,786
		26,161	–	–	63,786	–	89,947

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

Liquidity risk (cont'd)

Company

	2014						
	Weighted average interest rate	On demand	Less than 3 months	3 to 12 months	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Total
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Amount due to a subsidiary	–	5,760	–	–	–	–	5,760
Other payables and accruals	–	873	–	–	–	–	873
		6,633	–	–	–	–	6,633

	2013						
	Weighted average interest rate	On demand	Less than 3 months	3 to 12 months	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Total
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Amount due to a subsidiary	–	4,800	–	–	–	–	4,800
Other payables and accruals	–	7,967	–	–	–	–	7,967
Convertible notes	5	–	–	–	63,786	–	63,786
		12,767	–	–	63,786	–	76,553

Price risk

The Group and the Company are exposed to equity securities price risk on the financial assets at fair value through profit or loss and the derivatives embedded in convertible notes, which are measured at fair value at the end of the reporting period. In order to mitigate such risk, the Group would monitor the price risk and will consider hedging the risk exposure should the need arise.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

Price risk (cont'd)

Sensitivity analysis

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

If the prices of the respective listed security equity had been 5% (2013: 5%) higher/lower, the Group's loss for the year ended 31 March 2014 would decrease/increase approximately by HK$2,711,000 (2013: HK$2,452,000) as a result of the changes in fair value of financial assets at fair value through profit or loss.

If the inputs for volatility to the valuation of the derivatives options embedded in convertible notes had been 5% higher/lower and all other variables were held constant, the Group's loss for the year ended 31 March 2013 would decrease/increase by HK$931,000, as a result of changes in fair value of the derivatives option embedded in the convertible notes.

In management's opinion, the sensitivity analyses are unrepresentative of the inherent market risk as the pricing model used in determining the fair value of the derivatives embedded in the convertible notes involves, multiple variables and certain variables are interdependent.

Fair value

i) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

- Level 3 valuations: Fair value measured using significant unobservable inputs.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

Fair value (cont'd)

i) *Financial assets and liabilities measured at fair value* (cont'd)

Fair value hierarchy (cont'd)

The Group had engaged an independent firm of professionally qualified valuers performing valuations for the financial instruments, including conversion option embedded in convertible notes which are categorised into Level 3 of the fair value hierarchy. The valuers reported directly to the directors. A valuation report with analysis of changes in fair value measurement is prepared by the valuers at each interim and annual reporting date, and was reviewed and approved by the directors. Discussion of the valuation process the results with the directors is held twice a year, to coincide with the reporting dates.

		Group and Company				
	Fair value at 31 March 2014	**Fair value measurement as at 31 March 2014 categorised into**			**Total carrying amount at 31 March 2014**	**Valuation technique and key input**
		Level 1	**Level 2**	**Level 3**		
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	
Assets						
Financial assets at fair value through profit or loss	**54,238**	**54,238**	**–**	**–**	**54,238**	**Quoted bid prices in an active market**

		Group and Company				
	Fair value at 31 March 2013	Fair value measurement as at 31 March 2013 categorised into			Total carrying amount at 31 March 2013	Valuation technique and key input
		Level 1	Level 2	Level 3		
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	
Assets						
Financial assets at fair value through profit or loss	50,841	50,841	–	–	50,841	Quoted bid prices in an active market
Derivative financial instruments:						
– Conversion option derivative of convertible notes	18,623	–	–	18,623	18,623	Binomial Option Pricing Model and expected volatility
	69,464	50,841	–	18,623	69,464	

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

Fair value (cont'd)

i) *Financial assets and liabilities measured at fair value (cont'd)*

Fair value hierarchy (cont'd)

During the years ended 31 March 2014 and 2013, there were no transfers between Level 1 and Level 2, or transfer into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Conversion option derivative of convertible notes

	Group and Company *HK$'000*
At 1 April 2012	34,416
Imputed interest charged	1,375
Amount discharged on redemption of convertible notes	(323)
Change in fair value recognised in profit or loss	(16,845)
At 31 March 2013 and 1 April 2013	18,623
Conversion of convertible notes *(note 30)*	(18,623)
At 31 March 2014	–

ii) *Fair values of financial instruments carried at other than fair value*

Except as stated below, the carrying amounts of the Group's and the Company's financial instruments carried at cost or amortised cost are not materially different from their fair values at 31 March 2014 and 31 March 2013.

As set out in note 18, the Company had various balances with the subsidiaries. It is not practical to estimate the fair values of these balances due to the related party nature of these financial instruments.

39. CAPITAL RISK MANAGEMENT

The primary objective of the Group's capital risk management is to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 March 2014 and 31 March 2013.

The Group monitors capital using a gearing ratio, which is net debt divided by the total equity of the Group. Net debt includes interest-bearing bank and other borrowings, less cash and bank balances, and excludes discontinued operations. Capital includes equity attributable to equity holders of the Company. The gearing ratio as at the end of the reporting periods was as follows:

	Group	
	2014	2013
	HK$'000	*HK$'000*
Borrowings		
Margin loan payable	**10,326**	14,921
Other loans	**27,501**	–
Convertible notes	**–**	63,786
Total borrowings	**37,827**	78,707
Less: cash and bank balances	**(20,465)**	(22,736)
Net debt	**17,362**	55,971
Total equity	**780,607**	833,129
Gearing ratio	**2.2%**	6.7%

Neither the Company nor its subsidiaries are subject to externally imposed capital requirements.

40. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments at the end of the reporting period are as follows:

Group

2014

	Financial assets at fair value through profit or loss *HK$'000*	Loans and receivables *HK$'000*	Available-for-sale financial assets *HK$'000*	Total *HK$'000*
Financial assets				
Available-for-sale financial assets	–	–	7,800	7,800
Trade receivables	–	2,257	–	2,257
Deposits and other receivables	–	7,345	–	7,345
Financial assets at fair value through profit or loss	54,238	–	–	54,238
Cash and bank balances	–	20,465	–	20,465
	54,238	30,067	7,800	92,105

	Financial liabilities at amortised cost *HK$'000*
Financial liabilities	
Trade payables	530
Customers' deposits	1,682
Margin loan payable	10,326
Other loans	27,501
Other payables and accruals	4,937
	44,976

40. FINANCIAL INSTRUMENTS BY CATEGORY (cont'd)

Group

2013

	Financial assets at fair value through profit or loss *HK$'000*	Loans and receivables *HK$'000*	Available-for-sale financial assets *HK$'000*	Total *HK$'000*
Financial assets				
Available-for-sale financial assets	–	–	7,800	7,800
Trade receivables	–	1,328	–	1,328
Deposits and other receivables	–	5,333	–	5,333
Financial assets at fair value through profit or loss	50,841	–	–	50,841
Cash and bank balances	–	22,736	–	22,736
Derivatives embedded in convertible notes	18,623	–	–	18,623
	69,464	29,397	7,800	106,661

	Financial liabilities at amortised cost *HK$'000*
Financial liabilities	
Trade payables	43
Customers' deposits	1,504
Margin loan payable	14,921
Other payables and accruals	11,197
Convertible notes	82,409
	110,074

40. FINANCIAL INSTRUMENTS BY CATEGORY (cont'd)

Company

2014

	Financial assets at fair value through profit or loss HK$'000	Loans and receivables HK$'000	Total HK$'000
Financial assets			
Deposits and other receivables	–	1,529	1,529
Financial assets at fair value through profit or loss	54,238	–	54,238
Cash and bank balances	–	4,106	4,106
	54,238	5,635	59,873

	Financial liabilities at amortised cost HK$'000
Financial liabilities	
Amount due to a subsidiary	5,760
Other payables and accruals	873
	6,633

Company

2013

	Financial assets at fair value through profit or loss HK$'000	Loans and receivables HK$'000	Total HK$'000
Financial assets			
Deposits and other receivables	–	1,440	1,440
Financial assets at fair value through profit or loss	50,841	–	50,841
Cash and bank balances	–	3,678	3,678
Derivatives embedded in convertible notes	18,623	–	18,623
	69,464	5,118	74,582

40. FINANCIAL INSTRUMENTS BY CATEGORY (cont'd)

Company (cont'd)

2013 (cont'd)

	Financial liabilities at amortised cost *HK$'000*
Financial liabilities	
Amount due to a subsidiary	4,800
Other payables and accruals	7,967
Convertible notes	82,409
	95,176

41. BANKING FACILITIES/BORROWINGS

At 31 March 2014 and 31 March 2013, the Company and the Group did not obtain any banking facilities and borrowings except for margin loan payable, other loans and convertible notes, details of which are set out in notes 28 and 30 respectively.

42. MAJOR NON-CASH TRANSACTION

During the year ended 31 March 2014, the holder of convertible notes with principal amount of HK$100,000,000 had converted the convertible notes into 100,000,000 ordinary shares of the Company, details of which were disclosed in note 32.

43. CONTINGENT LIABILITIES

At 31 March 2014 and 31 March 2013, the Company and the Group did not have any significant contingent liabilities.

44. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 9 May 2014.

Five year Financial Summary

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

RESULTS

	Year ended 31 March				
	2014	2013	2012	2011	2010
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
TURNOVER	**79,219**	80,721	105,026	109,443	140,970
LOSS FROM OPERATING ACTIVITIES	**(153,919)**	(299,033)	(295,985)	(132,342)	(218,990)
Finance costs	**(15,651)**	(14,311)	(6,372)	(2,478)	(29,378)
LOSS BEFORE TAX	**(169,570)**	(313,344)	(302,357)	(134,820)	(248,368)
Income tax credit	**31,570**	61,513	73,393	12,676	65,654
LOSS FOR THE YEAR	**(138,000)**	(251,831)	(228,964)	(122,144)	(182,714)
Attributable to:					
Equity shareholders of the Company	**(118,084)**	(214,500)	(184,470)	(114,081)	(142,901)
Non-controlling interests	**(19,916)**	(37,331)	(44,494)	(8,063)	(39,813)
	(138,000)	(251,831)	(228,964)	(122,144)	(182,714)

ASSETS AND LIABILITIES

	As at 31 March				
	2014	2013	2012	2011	2010
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
PROPERTY, PLANT AND EQUIPMENT	**961**	1,767	1,718	2,618	2,862
AVAILABLE-FOR-SALE FINANCIAL ASSETS	**7,800**	7,800	7,800	7,800	7,800
EXPLORATION AND EVALUATION ASSETS	**967,405**	1,100,341	1,329,686	1,561,824	1,549,893
GOODWILL	**–**	–	–	1,291	2,591
CONVERTIBLE NOTES	**–**	–	–	398	6,147
CURRENT ASSETS	**91,002**	87,545	108,982	67,704	112,280
TOTAL ASSETS	**1,067,168**	1,197,453	1,448,186	1,641,635	1,681,573
CURRENT LIABILITIES	**45,566**	28,255	8,956	39,872	6,696
NON-CURRENT LIABILITIES	**240,995**	336,069	367,304	388,016	385,357
TOTAL LIABILITIES	**286,561**	364,324	376,260	427,888	392,053
NET ASSETS	**780,607**	833,129	1,071,926	1,213,747	1,289,520