

TAUNG GOLD | **TAUNG GOLD INTERNATIONAL LIMITED**
壇金礦業有限公司*

(Incorporated in Bermuda with limited liability)
Stock Code: 621

TAUNG GOLD

ANNUAL REPORT
2016

*For identification purpose only



CONTENTS

02	Corporate information
03	Chairman's statement
06	Management discussion and analysis
21	Report of the directors
32	Corporate governance report
44	Independent auditor's report
	Audited financial statements
	Consolidated:
46	Statement of profit or loss and other comprehensive income
47	Statement of financial position
48	Statement of changes in equity
50	Statement of cash flows
52	Notes to the consolidated financial statements
134	Financial summary

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Li Hok Yin (*Co-chairman*)

Mr. Christiaan Rudolph de Wet de Bruin (*Co-chairman*)

Mr. Neil Andrew Herrick (*Chief Executive Officer*)
(resigned on 27 July 2015)

Ms. Cheung Pak Sum

Mr. Igor Levental

Non-Executive Director

Mr. Phen Chun Shing Vincent
(appointed on 27 July 2015)

Independent Non-Executive Directors

Mr. Chui Man Lung, Everett

Mr. Li Kam Chung

Mr. Walter Thomas Segsworth

COMPANY SECRETARY

Ms. Wong Pui Yee (appointed on 1 October 2015)

Mr. Tung Yee Shing (resigned on 30 September 2015)

AUTHORISED REPRESENTATIVES

Mr. Li Hok Yin

Ms. Cheung Pak Sum

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited

Bank of Communications Co., Ltd.

AUDITORS

Deloitte Touche Tohmatsu

LEGAL ADVISERS ON HONG KONG LAW

TC & Co., Solicitors

LEGAL ADVISERS ON BERMUDA LAW

Appleby

PRINCIPAL SHARE REGISTRARS AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited

26 Burnaby Street

Hamilton HM 11, Bermuda

HONG KONG BRANCH SHARE REGISTRARS AND TRANSFER OFFICE

Tricor Tengis Limited

Level 22

Hopewell Centre

183 Queen's Road East

Hong Kong

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Unit 1901, 19/F, Nina Tower

8 Yeung Uk Road, Tsuen Wan

New Territories, Hong Kong

REGISTERED OFFICE

Canon's Court

22 Victoria Street

Hamilton, HM12, Bermuda

COMPANY WEBSITE

www.taunggold.com

CHAIRMAN'S STATEMENT

Dear Shareholders and employees,

On behalf of the Board of Directors, we are pleased to present the annual report of Taung Gold International Limited (the "Company" or "Taung Gold") and its subsidiaries (collectively the "Group") for the year ended 31 March 2016 (the "Year"). The Year started with much promise but the turbulence prevalent in global markets was to play a major role in July 2015 when the Shanghai Stock Exchange experienced a significant reduction in value, causing contagion into the Hong Kong market and seriously affecting the market capitalization of the Company. At the time of writing, markets appear to have stabilized somewhat and, whilst there is still significant uncertainty prevalent in the global economy, this has contributed to gold being the stand-out performer of all commodities during the first few months of the year. The global geo-political and socio-economic environment remains fragile and many commentators expect this situation to be sustained through the medium to longer term. Whilst this may bode well for the price of gold, the Board of Directors will continue to pursue the generation of shareholder value through the demonstration and realization of the inherent value of the Group's assets in South Africa and Indonesia.

ANNUAL REVIEW

During the year under review the Company continued to progress the work at its two South African projects and also established a presence in another well-known gold mining jurisdiction, North Sulawesi, Indonesia, through the acquisition of Minex. The endowment of gold in the total Mineral Resource under the Company's stewardship, at just under 23 million ounces, remains one of the largest amongst gold mine developers globally. The recent announcement of the conversions of the Measured and Indicated Mineral Resources at the Evander (7.59 Million ounces) and the Jeanette (9.44 million ounces) Projects into Probable Mineral Reserves of 4.29 million ounces and 7.12 million ounces respectively, heralds a major milestone for the Company and is the precursor to the publication of the respective feasibility studies in the next few months. Furthermore, the Company has established a strong engagement with MCC International Incorporation Ltd. ("MCCI"), a subsidiary of Metallurgical Corporation of China ("MCC"), and China ENFI Engineering Corporation Ltd. ("ENFI") with a view to bringing the Evander Project into construction and ultimately into production and management continue to work hard to advance the relationship towards this objective.

EVANDER PROJECT

The work to finalise the Bankable Feasibility Study ("BFS") for the Evander Project is nearly complete and the Company is looking forward to the pending announcement of the results. The Project, like the Company's Jeanette Project, is unique in that it has a large high grade endowment of gold, has existing infrastructure and, is located in a very well established gold mining area with excellent services and utilities close by. These unique attributes, coupled with a well thought through design and execution plan, mean that the Evander Project will demonstrate very attractive capital efficiency and operating unit costs that will place it very favourably in relation to its peer group of gold projects around the world. Furthermore, the relationship between the Company and MCCI in respect of the Evander Project continues to move forward and bodes well for the financing and execution of the project.

CHAIRMAN'S STATEMENT

JEANETTE PROJECT

The Pre-Feasibility Study ("PFS") for the Jeanette Project is also nearly complete and the disclosure of the results thereof will follow shortly after the announcement of the Evander Project BFS results. The Jeanette Project shares some similar attributes to the Evander Project, in that it has existing infrastructure and is located in a very well established gold mining area, close to nearby services and utilities. The nature of the Basal Reef in the project area lends itself to mechanized mining methods and the results of the study will reveal a mine design that is highly mechanized and which is capable of delivering a higher grade ore when compared to more conventional mining methods. The Jeanette Project enjoys a much larger resource and reserve and, given the higher grade nature of the delivered product, will also enjoy very competitive operating unit costs, coupled with attractive capital efficiency.

MINEX PROJECT

Minex Resources Pte. Ltd. ("Minex") became a wholly-owned subsidiary of the Company on 24 August 2015 upon fulfillment of the conditions precedent for completion in the Acquisition Agreement. At the same time, PT Bolmong Timur Primanusa Resources ("PTBTPR") became a non-wholly owned subsidiary of the Company. Minex holds a 95% interest in PTBTPR. In addition, Minex will hold a 75% interest in PT Rihendy Tri Jaya ("PTRTJ") upon conversion of PTRTJ into a Penanaman Modal Asing- Foreign Investment ("PMA") Company. Shareholders are referred to the announcements made by the Company on 6 and 24 July 2015. PTBTPR is the holder of a concession that includes the Garini deposit and PTRTJ is the holder of a concession that contains several deposits with significant potential to hold gold mineralisation.

In late September 2015, samples for metallurgical testing (the "Metallurgical Testing") were collected from the Garini deposit and delivered to PT. SGS Indonesia Assay Laboratories in Jakarta ("SGS Indonesia"). Initial testing work has been completed by SGS Indonesia and the results confirm the attractive nature and potential of the deposit. The samples will now be transported to SGS South Africa (Pty) Limited, in Johannesburg, for metallurgical testing under the supervision of the Company's management and independent metallurgical consultant. Testing in South Africa will focus upon determining the most economical and efficient method of gold recovery at Garini. The Company is currently preparing the necessary documentation to export the samples from Indonesia to South Africa. In addition, preparatory work for the conversion of PTRTJ to a PMA Company has commenced. It is expected that the Metallurgical Testing and the conversion of PTRTJ to a PMA Company will be completed before the end of 2016.

CHAIRMAN'S STATEMENT

ECONOMIC ENVIRONMENT AND OUTLOOK

The global economy remains in a period of sustained slow growth and it is reasonably expected that this situation will continue for some time to come. In addition, interest rates in advanced economies have, at best remained static, and in many cases have continued to decline, with some economies even moving into negative interest rate territory. This poor economic status quo with an uncertain outlook has resulted in gold finding increased favour with many investors.

From 2012 until late in 2015, the price of gold had been in decline, touching lows of around US\$1,000 per ounce. Global expenditure on gold exploration declined by more than 50% during the same period. The rate of discovery of new gold deposits had already been falling since 2006 and has been exacerbated by the drop off in expenditure over the past four years; indeed, gold is an increasingly rare metal. During this time, annual gold production had been increasing and reached an all-time high of just below 3,200 tons in 2015. The net result is that global reserves of gold have been declining, as depletion has been outstripping replenishment and this will most likely result in a future decline in production as producers struggle to sustain reserves.

Central banks have continued to be net buyers of gold and investors have increasingly become purchasers of the metal as economic uncertainty has prevailed and continues to exert influence on investment choices into "safe haven" assets. Demand for gold in India and the Peoples Republic of China also remains buoyant.

The fundamentals of supply and demand therefore bode well for the price of gold and, as the top performing metal so far in 2016, it is apparent that a new bull market for the metal is underway.

The Group therefore continues to believe that its projects, with their significant endowments of gold, present an increasingly attractive proposition to investors.

The year ahead holds much promise for the Company and we would like to assure you that the Board of Directors, management and employees will continue to focus on creating value for shareholders. We look forward to an exciting year ahead.

Finally, we would like to extend our sincere thanks to all of our employees, management and directors, in both Hong Kong and South Africa for their hard work and dedication over the past year.

On behalf of the Board

Li Hok Yin
Co-chairman

Christiaan Rudolph de Wet de Bruin
Co-chairman

Hong Kong, 29 June 2016

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

The Group is principally engaged in investment holding, trading of mineral and exploration, development and mining of gold and associated minerals in Republic of South Africa ("South Africa") and Republic of Indonesia ("Indonesia").

During the financial year 2015/2016, the Group recorded a profit attributable to owners of the Company of approximately HK\$382,210,000 or earnings of HK\$2.98 cents per share basic, compared with a loss attributable to owners of the Company for the year 2014/2015 of approximately HK\$110,730,000 or loss of HK\$0.99 cents per share basic.

DIVIDEND

The Directors do not recommend the payment of any dividend in respect of the year ended 31 March 2016 (2015: Nil).

BUSINESS REVIEW

For the year ended 31 March 2016, the Group had no turnover (2015: Nil). The Group recorded a net profit attributable to equity holders of approximately HK\$382,210,000 compared with a net loss attributable to equity holders of approximately HK\$110,730,000 for the last financial year. The other comprehensive expense of approximately HK\$150,418,000 (2015: HK\$111,519,000) mainly arose from the exchange difference on the translation of South African operations.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2016, the Group had no outstanding bank borrowings (2015: Nil) and no banking facilities (2015: Nil). The Group's gearing ratio as at 31 March 2016 was zero (2015: zero), calculated based on the Group's total zero borrowings (2015: zero) over the Group's total assets of approximately HK\$4,778,006,000 (2015: HK\$4,311,724,000).

As at 31 March 2016, the balance of cash and cash equivalents of the Group was approximately HK\$210,263,000 (2015: HK\$95,611,000) and were mainly denominated in Hong Kong Dollars and South African Rand. The Group continues to adopt a policy of dealing principally with clients with whom the Group has enjoyed a long working relationship so as to minimize risks to its business.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCING

On 15 July 2015, the Company announced that an aggregate of 1,424,640,000 Shares of HK\$0.01 each in the capital of the Company were placed to not fewer than six placees, at the placing price of HK\$0.107 per placing share, upon completion of the placing agreement dated 14 July 2015 entered into between the Company and Pinestone Securities Limited as the placing agent. The net proceeds from the aforesaid placing amounted to approximately HK\$151,980,000 million which were used for (1) acquisition of Minex Resources Pte. Ltd. and (2) general working capital of the Group.

FOREIGN EXCHANGE EXPOSURE

During the year ended 31 March 2016, the Group operated mainly in the PRC and the Republic of South Africa, and the majority of the Group's transactions and balances were denominated in Hong Kong Dollars, Renminbi, United States Dollars and South African Rand. However, as the directors consider that the currency risk is not significant, the Group does not have a policy of hedging foreign currency.

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

REVIEW OF BUSINESS OPERATIONS

During the period under review the Group did not carry out any field exploration activities and its attention was focused on advancing the Bankable Feasibility Study ("BFS") for the Evander Project and the Pre-Feasibility Study ("PFS") for Jeanette Project. The Company recently declared maiden Mineral Reserves at each of the Evander and Jeanette projects and will be publishing the results of the BFS and PFS, respectively, in the coming months. In Indonesia, samples for metallurgical testwork were collected from the exploration site at Garini and are in the process of being shipped to South Africa where metallurgical testwork will be undertaken.

The Evander Project

The Evander Project comprises the Six Shaft area and the Twistdraai area on the northeastern limb of the Witwatersrand Basin, Mpumalanga Province, South Africa. Evander Gold Mines Limited ("EGM") held the Mining Right No. 107/2010, of which mining right the Evander Project formed part. The Mining Right No. 107/2010 was registered in the name of Taung Gold Secunda (Pty) Limited ("TGS"), a wholly owned subsidiary of TGL, in December 2013 and permits the mining of gold and associated minerals in the Six Shaft and Twistdraai area.

Project Description

The BFS for the project targeted a Measured and Indicated Resource of 19.9 million tons of Kimberley Reef at an average gold grade of 8.47g/t (measured over a mining width of 112cm), containing 5.5 million ounces of gold. On 16 May 2016, the Company declared a maiden Mineral Reserve (Probable Reserve) from the Evander Project's Kimberley Reef horizon of 4.29 million ounces of gold, from 19.64 million tons of ore at an average head grade of 6.80 g/t. The declaration of the Mineral Reserve for the Evander Project is a significant event for the Company as it moves closer to the construction phase of the project. The BFS is in the final stage of review and further announcements in this regard will be made in due course.

MANAGEMENT DISCUSSION AND ANALYSIS

The project will involve the following activities to develop and bring the mine into production:

- Re-establishment of the existing surface area and provision of required infrastructure and services including electrical power, water and water disposal;
- Dewatering and re-commissioning of the existing main shaft and ventilation shaft;
- Deepening of the existing main and ventilation shafts to their final depths;
- Development of the Kimberley Reef and the generation of ore reserves; and
- Construction of a metallurgical processing plant, smelter and tailings storage facility ("TSF").

A full Environmental Impact Assessment for the project is underway and, together with the BFS, will lead to subsequent amendment of the Mining Works Program and Environmental Authorization that form part of the Mining Right.

TGS has entered into Option Agreements with the holders of surface and mineral rights whereby TGS now has the right to acquire such rights for the purpose of establishing a TSF site.

In June 2015, TGS also entered into a Water Disposal Agreement with EGM relating to the disposal of excess mine water into EGM's Leeuwpans evaporation facility. This Water Disposal Agreement eliminates the need for a more capital intensive and higher operating cost water disposal solution and will endure for the life of the project.

During the period under review, the situation regarding electrical power in South Africa improved significantly as a result of increased generating capacity coupled with the downturn in demand as result of depressed commodity prices, particularly in the steel and ferro-chrome sectors. The situation will improve further as Eskom (the State owned power generation and distribution utility) commissions further generating units at its new Medupi and Kusile coal fired power stations and at its Ingula pump-storage facility. Accordingly, Eskom has already completed the installation of overhead lines for a supply of 2MVA of power to the Evander Project site and the connection of the site office to such supply will follow in the next month. Discussions are also underway with Eskom for the supply of 20MVA of electrical power required for the project construction period and a definitive timeline for the work required will be forthcoming in the next few months. Discussions with Eskom regarding the final supply of 70MVA of power will commence shortly. The turnaround in the electrical power situation bodes well for the Evander Project as it eliminates the need for costly self-generated power using diesel and heavy fuel oil mobile generators.

MANAGEMENT DISCUSSION AND ANALYSIS

Expenditure on the Evander Project for the year ended 31 March 2016 was as follows:

	ZAR million
Consultants & Service providers	2.88
Staffing	6.66
Business Development	7.76
Overheads	4.77
Total	22.07

The Jeanette Project

The Jeanette Project is located close to the town of Allanridge within the southwest margin of the Witwatersrand Basin, northeast of Welkom, in the Free State Province of South Africa.

Prospecting rights for the Jeanette Project

The Prospecting Right permits the exploration of gold ore, silver ore and uranium ore in the Jeanette area. The registration of Prospecting Right No. 144/2013 took place on 30 October 2013 and the Deed of Cession was registered at the MPTRO on 1 November 2013. Taung Gold Free State (Pty) Ltd ("TGFS"), a wholly owned subsidiary of TGL, is now the registered holder of the Prospecting Right. Apart from the Prospecting Right, TGL has continued to consolidate its mineral rights holdings in and around its Jeanette Project area, including the farms Buitendachshoop 122, Weltevreden 59, Portion RE and LeClusa 70 from Free State Development and Investment Corporation Limited. In addition, TGFS has been granted additional prospecting rights over the Bandon 345, Damplaats 361, Katbosch 358, Leeuwbosch 285 farms and also a portion of Weltevreden 59 farm, all being contiguous to the Jeanette Project.

TGFS submitted a Section 102 application on 4 March 2014 to consolidate the above permits into a single prospecting right using the Jeanette prospecting right (MPTRO 144/2013) as the base for such consolidation. Such consolidation was completed on 19 June 2015.

TGFS exclusively applied for a mining right over the consolidated area on 19 June 2015. The application was formally accepted by the Department of Mineral Resources ("DMR") and the administrative engagement with the DMR in respect of the Environmental Authorisation, Mining Works Program ("MWP") and Social & Labour Plan ("SLP") which form part of the Mining Right is ongoing. It is anticipated that the granting of the relevant ministerial consent will be forthcoming in the last few months of 2016 and that execution and registration of the mining right in the name of TGFS will take place during the first half of 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

Project Description

The PFS for the project targeted a Measured and Indicated Resource of 13.1 million tons of Basal Reef at an average gold grade of 22.41g/t (measure over a reef channel width of 30cm), containing 9.44 million ounces of gold. On 23 May 2016, the Company declared a maiden Mineral Reserve (Probable Reserve) at its Jeanette Project of 7.12 million ounces of gold, from 19.21 million tons of ore at an average head grade of 11.52 g/t. The modifying factors used to determine the Probable Reserve were based on mining methods that have been designed to eliminate the geotechnical risks associated with the Khaki Shale proximally above the Basal Reef and which have been designed and reviewed by independent industry experts to a PFS level. The drilling and three-dimensional seismic reflection survey work carried out during 2011 and 2012 resulted in a revised geological model for the Basal Reef and, in particular, revealed that the target area is shallower dipping and therefore amenable to mechanized mining methods. The application of mechanized mining methods in the mine design and scheduling has therefore resulted in significant reductions in the various dilution factors, when compared to traditional non-mechanized mining methods and, this is reflected in the Probable Reserve grade. These mining methods will be subject to additional and more detailed design at the BFS level of project study. The Company is in the final stage of reviewing the PFS and further announcements in this regard will be made in due course.

The declaration of the maiden Mineral Reserve, together with the pending completion of the PFS and the granting of the Mining Right for the Jeanette Project will precede a decision to commence the BFS for the project.

The project will involve the following activities to develop and bring the mine into production:

- Establishment of surface facilities and provision of the required services;
- Dewatering and re-commissioning of the existing ventilation shaft;
- Sinking of a new vertical shaft system for men, material and rock hoisting;
- Development of the Basal Reef and the generation of ore reserves; and
- Construction of a metallurgical processing plant, smelter and TSF.

Studies on the nature of the Basal Reef and the proximity of the overlying Khaki Shale have determined that a relatively high level of mechanized mining can be implemented; the level of mechanization being determined by the Basal Reef and Khaki Shale characteristics in different areas of the resource. Detailed studies have been conducted as a part of the PFS to properly assess geotechnical and other mining related aspects of such mechanization. The mechanization approach results in significantly less waste dilution than would typically be associated with conventional mining methods and this has a significant positive impact in terms of increased head grade, reduced ore handling and hoisting requirements and, lower metallurgical processing costs.

MANAGEMENT DISCUSSION AND ANALYSIS

Expenditure on the Jeanette Project for the year ended 31 March 2016 was as follows:

	ZAR million
Consultants & Service providers	4.99
Staffing	2.89
Overheads	0.88
Total	8.76

REVIEW OF THE COMPANY'S MINERAL RESOURCES

The Evander Project

The Evander Project comprises the Six Shaft area and the Twistdraai area.

A total maiden Probable Mineral Reserve of 4.29 million ounces of gold for the Evander No.6 Shaft Project was announced by the Company on 16 May 2016 and is shown in Table 1 below.

Table 1: Probable Reserves for the Evander No. 6 Shaft Project

MINERAL RESERVE CLASSIFICATION	Tonnes (Mt)	Head Grade (g/t)	Gold Content (Moz)
Probable Reserves	19.64	6.80	4.29

Notes:

1. A Probable Mineral Reserve is the economically mineable material derived from a Measured or Indicated Mineral Resource or both. It includes diluting and contaminating materials and allows for losses that are expected to occur when the material is mined. Appropriate assessments to a minimum of a Pre-Feasibility Study for a project and Life of Mine Plan for an operation must have been completed, including consideration of, and modification by, realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors (the modifying factors). Such modifying factors must be disclosed.
2. The information in this report that relates to the Probable Mineral Reserve for the Evander Project is based on information compiled by Mr. Timothy Vyvyan Spindler, who is an Associate Principal Mining Engineer with Turnberry an independent mining and metallurgical consultancy engaged by Taung Gold (Proprietary) Limited. Mr. Spindler is a Fellow in good standing of the Southern African Institute of Mining and Metallurgy and is registered as a Professional Engineer with the Engineering Council of South Africa. Mr. Spindler holds a B.Sc. Degree in Mining from the University of the Witwatersrand (1977) and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activities that he has undertaken to qualify as a Competent Person as defined in the 2007 Edition of the South African Code for Reporting of Exploration Results, Mineral Resources and Mineral Reserves. Mr. Spindler has consented to the inclusion in this report of the matters based on information provided by him, in the form and context in which they appear.

Mineral Reserves were calculated using a commodity price of ZAR455,736 per kilogram of gold (i.e. US\$1350.00/oz at US\$1.00 = ZAR 10.00), substantially below the price of ZAR580,638 per kilogram of gold used in the BFS (US\$1,290.00/oz at US\$1.00 = ZAR14.00). The commodity price of ZAR455,736 per kilogram of gold was determined according to industry norms at the time that the design and scheduling of the underground development and stoping commenced.

MANAGEMENT DISCUSSION AND ANALYSIS

Tables 2 and 3 below show the mining modifying factors applied in the conversion of Measured and Indicated Mineral Resources into Probable Mineral Reserves and Table 4 shows the summary of the computation of the Probable Mineral Reserve for the Evander No. 6 Shaft Project.

Table 2: Modifying Factors for the Evander Project for steep dipping areas on the Kimberley Reef horizon (Turnberry, 2014).

MODIFYING FACTORS	VALUE
Hangingwall and Footwall overbreak	10cm
Minimum stoping width	110cm
Unknown major geological losses	15%
Unknown minor geological losses	8%
Mining losses	2%
Stope dilution	4%
Mine Call Factor	92%

Table 3: Modifying Factors for the Evander Project for flat dipping areas on the Kimberley Reef horizon (Turnberry, 2014).

MODIFYING FACTORS	VALUE
HW and FW overbreak	10cm
Minimum stoping width	110cm
Unknown major geological losses	15%
In-stope dilution/loss due to minor structures	8%
Mining losses	2%
Stope dilution	8%
Mine Call Factor	88%

MANAGEMENT DISCUSSION AND ANALYSIS

Table 4: Mineral Resource to Reserve Calculation for the Evander Project (Turnberry, 2014)

PARAMETER	Tonnes (Mt)	Mining Grade (g/t)	Gold (t)	Gold (Moz)
Total Measured and Indicated Resource	19.85	8.47	168.27	5.41
Resource outside design area	-1.24	2.57	3.20	-0.10
Mining losses	-0.35	8.86	-3.06	-0.10
Dilution (Minor Structures)	–	–	-13.48	-0.43
Stope dilution	1.14	–	–	–
Diluted Mineable Resource	19.64	7.56	148.54	4.78
Mine Call Factor (90%)	–	–	-15.01	-0.48
Probable Reserves	19.64	6.80	133.54	4.29

Table 5 below shows the mineral resource estimate of the Six Shaft area using a 500cmg/t cut-off grade as at 5 February 2016. The significant net increase in the No. 6 Shaft area stated Measured, Indicated and Inferred Mineral Resource from 5.11 million ounces of gold (as per the previously reported Mineral Resource in the Company's 2015 annual report) to 6.90 million ounces of gold, an increase of 35.0%, is due to the inclusion of Mineral Resource from the northern portion of the Twistdraai area that is now accessible from the No. 6 Shaft area of the project, resultant from borehole information from the 2011/2012 surface drilling campaign and supported by mine design considerations defined during the BFS. Some portions of the Indicated and Inferred Mineral Resource were removed from the Mineral Resource statement as a result of mine design considerations and will never be mined, with the effect that the net Mineral Resource gain in the No. 6 Shaft area does not equate to the net loss in the Twistdraai area.

Table 5: Mineral Resource estimate of No. 6 Shaft area as at 5 February (ExplorMine)

MINERAL RESOURCE CATEGORY	Mining Tonnes (Mt)	Mining Width (cm)	Mining Grade (g/t)	Mining Grade (cmg/t)	Channel Width (cm)	Channel Grade (g/t)	Gold (t)	Gold (Moz)
Six Shaft Area Mineral Resources at a 500cmg/t Cut-off Grade								
Measured	0.11	119	10.18	1,211	82	14.80	1.09	0.04
Indicated	18.84	112	8.63	969	76	12.73	162.64	5.23
Inferred	6.86	112	7.42	835	74	11.36	50.96	1.64
Total Measured and Indicated	18.94	112	8.65	971	76	12.75	163.73	5.26
TOTAL MINERAL RESOURCES (Note)*	25.81	112	8.33	934	75	12.39	214.69	6.90

* 100% attributable ounces

Calculations may not be precise due to rounding to the appropriate figure. Mineral Resources are inclusive of Mineral Reserves.

MANAGEMENT DISCUSSION AND ANALYSIS

Table 6 below shows the mineral resource estimate of the Twistdraai area using a 500cmg/t cut-off grade as at 5 February 2016. Significant changes from the previously stated Mineral Resource in the Company's 2015 annual report for the Twistdraai area are: The Total Mineral Resource for Twistdraai area as previously stated has reduced from 2.56 million ounces of gold to approximately 0.69 million ounces of gold as a result of the Mineral Resource that is now included in the No. 6 Shaft area; the Measured and Indicated category has reduced from approximately 1 million ounces of gold to 0.15 million ounces of gold.

Table 6: Mineral Resource estimate of Twistdraai area as at 5 February 2016 (ExplorMine)

MINERAL RESOURCE CATEGORY	Mining Tonnes (Mt)	Mining Width (cm)	Mining Grade (g/t)	Mining Grade (cmg/t)	Channel Width (cm)	Channel Grade (g/t)	Gold (t)	Gold (Moz)
Twistdraai Area Mineral Resources at a 500cmg/t Cut-off Grade								
Measured	–	–	–	–	–	–	–	–
Indicated	0.91	109	4.99	508	36	14.07	4.54	0.15
Inferred	2.65	109	6.35	696	39	17.63	16.82	0.54
Total Measured and Indicated	0.91	109	4.66	508	36	14.07	4.54	0.15
TOTAL MINERAL RESOURCES (Note)*	3.65	109	5.95	648	39	16.78	21.36	0.69

* 100% attributable ounces

Calculations may not be precise due to rounding to the appropriate figure.

Table 7 below shows the mineral resource estimate of the total Evander Project (comprising the Six Shaft and Twistdraai areas) using a 500cmg/t cut-off grade as at 5 February 2016.

Table 7: Evander Project Mineral Resource estimate as at 5 February 2016 (ExplorMine)

MINERAL RESOURCE CATEGORY	Mining Tonnes (Mt)	Mining Width (cm)	Mining Grade (g/t)	Mining Grade (cmg/t)	Channel Width (cm)	Channel Grade (g/t)	Gold (t)	Gold (Moz)
Total Project Mineral Resources at a 500cmg/t Cut-off Grade								
Measured	0.11	119	10.18	1,211	82	14.80	1.09	0.04
Indicated	19.75	112	8.47	948	74	12.76	167.18	5.37
Inferred	9.51	111	7.12	796	64	12.43	67.77	2.18
Total Measured and Indicated	19.85	112	8.47	949	74	12.78	168.27	5.41
TOTAL MINERAL RESOURCES (Note)*	29.37	112	8.05	900	71	12.68	236.04	7.59

* Calculations may not be precise due to rounding to the appropriate figure. Mineral Resources are inclusive of Mineral Reserves.

Note: The information in this report that relates to the Mineral Resource for the Evander Project is based on information compiled by Mr. Garth Mitchell, who is a full time employee of ExplorMine Consultants, an independent mineral resources consultancy engaged by Taung Gold (Proprietary) Limited. Mr. Mitchell is a Member of the South African Council of Natural Scientific Professions ("SACNASP"), the Southern African Institute of Mining and Metallurgy ("SAIMM") and the Geological Society of South Africa ("GSSA"). Mr. Mitchell has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activities that he has undertaken to qualify as a Competent Person as defined in the 2007 Edition of the South African Code for Reporting of Exploration Results, Mineral Resources and Mineral Reserves. Mr. Mitchell has consented to the inclusion in this report of the matters based on information provided by him, in the form and context in which they appear.

MANAGEMENT DISCUSSION AND ANALYSIS

The Jeanette Project

A total maiden Probable Reserve of 7.12 million ounces of gold on the Basal Reef horizon for the Jeanette Project was announced on 23 May 2016 as shown in Table 8 below.

Table 8: Jeanette Project Mineral Reserve estimate as at October 2014.

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

Notes: A Probable Mineral Reserve is the economically mineable material derived from a Measured or Indicated Mineral Resource or both. It includes diluting and contaminating materials and allows for losses that are expected to occur when the material is mined. Appropriate assessments to a minimum of a Pre-Feasibility Study for a project and Life of Mine Plan for an operation must have been completed, including consideration of, and modification by, realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors (the modifying factors). Such modifying factors must be disclosed.

The information in this report that relates to the Probable Mineral Reserve for the Evander Project is based on information compiled by Mr. Daniel van Heerden, who is a Director and Chief Mining Engineer of Minxcon Projects (Pty) Limited, an independent mining and metallurgical consultancy engaged by Taung Gold (Proprietary) Limited. Mr. van Heerden is a Fellow in good standing of the Southern African Institute of Mining and Metallurgy and is registered as a Professional Engineer with the Engineering Council of South Africa. Mr. van Heerden holds a B.Eng. Degree in Mining from the University of Pretoria (1985) and an M.Com. in Business Administration from the Rand Afrikaans University (1993). Mr. van Heerden has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activities that he has undertaken to qualify as a Competent Person as defined in the 2007 Edition of the South African Code for Reporting of Exploration Results, Mineral Resources and Mineral Reserves. Mr. van Heerden has consented to the inclusion in this report of the matters based on information provided by him, in the form and context in which they appear.

Mineral Reserves were calculated using a commodity price of ZAR455,736 per kilogram of gold (i.e. US\$1350/oz at US\$1 = ZAR 10), substantially below the price of ZAR580,638 per kilogram of gold used to calculate the latest cut-off grade (US\$1,290/oz at US\$1 = ZAR14). The commodity price of ZAR455,736 per kilogram of gold was determined according to industry norms at the time that the design and scheduling of the underground development and stoping commenced.

MANAGEMENT DISCUSSION AND ANALYSIS

Tables 9 below shows the mining modifying factors applied in the conversion of Measured and Indicated Mineral Resources into Probable Mineral Reserves and Table 10 shows the summary of the computation of the Probable Mineral Reserve for the Jeanette Project.

Table 9: Modifying Factors for the Jeanette Project on the Basal Reef horizon (Minxcon, 2014).

MODIFYING FACTORS	VALUE
Selective Mining @ 400cmg/t cut-off	-16.6%
Stope Panel Footwall Over Break	15cm
Stope Gully Over Break	4cm
Minor fault Dilution	3.6%
Reef to Waste losses	3.7%
Waste to Reef Dilution	0.6%
Mine Call Factor	92%

Table 10: Mineral Resource to Reserve Calculation for the Jeanette Project (Minxcon, 2014)

MODIFYING FACTORS	Tonnes (Mt)	Channel grade (g/t)	Gold (t)	Gold (Moz)	Channel Width (cm)
Total Indicated Resource @ 300cmg/t cut-off	10.99	27.27	309.96	9.64	31
Selective Mining @ 400cmg/t cut-off					
Indicated	12.13	23.82	288.87	9.29	34
Panel Footwall Over Break	45.2%	0.0%			15
Indicated	17.58	16.43	288.87	9.29	49
Gully Over Break	9.1%	0.0%			4
Indicated	19.19	15.05	288.87	9.29	54
Minor Fault Dilution	3.6%	-13.5%			4
Indicated	19.83	12.59	249.77	8.03	58
Reef to Shale losses	-3.7%	-3.7%			-2
Indicated	19.11	12.59	240.55	7.73	56
Shale to Reef Dilution incurred	0.6%	0.0%			0
Indicated	19.21	12.52	240.55	7.73	56
Mine Call Factor	0.0%	92.0%			0
Probable Mineral Reserves	19.21	11.52	221.30	7.12	56

Calculations may not be precise due to rounding to the appropriate significant figure.

MANAGEMENT DISCUSSION AND ANALYSIS

Table 11 below shows the mineral resource estimate for the Jeanette Project using a 341cmg/t cut-off grade for the Basal Reef and 374cmg/t cut-off grade for the A-Reef as at 29 February 2016.

Table 11: Jeanette Project Mineral Resource estimate as at 29 February 2016 for Basal Reef and the A-Reef

MINERAL RESOURCE CATEGORY	In-situ Tonnes (Mt)	Grade above cut-off (cmg/t)	Channel Width		Gold (t)	Gold (MOz)
			Channel Grade (cm)	Channel Grade (g/t)		
Total Project Mineral Resources at a 341cmg/t Cut-off Grade for Basal Reef and 374cmg/t for the A Reef						
Indicated (Black Chert Facies)	13.10	852	38	22.41	293.60	9.44
Inferred (Black Chert Facies)	0.84	670	38	17.63	14.81	0.48
Inferred (Overlap Facies)	2.49	506	63	8.03	19.99	0.64
Inferred (A-Reef)	30.08	585	114	4.86	146.17	4.70
Total Indicated	13.10	852	38	22.41	293.60	9.44
Total Inferred	33.41	553	108	5.42	180.97	5.81
TOTAL MINERAL RESOURCES (Note)*	46.51	896	92	10.20	474.57	15.26

* Calculations may not be precise due to rounding to the appropriate figure. Mineral Resources are inclusive of Mineral Reserves.

Note: The information in this report that relates to the Mineral Resource for the Jeanette Project is based on information compiled by Mr. David Young, who is a full time employee of The Mineral Corporation, an independent mineral resources consultancy engaged by Taung Gold (Proprietary) Limited. Mr. Young is a Member of the Southern African Institute of Mining and Metallurgy, a Fellow of the Geological Society of South Africa and, a Fellow of the Australasian Institute of Mining and Metallurgy. Mr. Young has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activities that he has undertaken to qualify as a Competent Person as defined in the 2007 Edition of the South African Code for Reporting of Exploration Results, Mineral Resources and Mineral Reserves. Mr. Young has consented to the inclusion in this report of matters based on information provided by him, in the form and context in which they appear.

MANAGEMENT DISCUSSION AND ANALYSIS

Summary of the Company's Measured and Indicated Mineral Resources

Table 12 below shows the summary of the Company's Measured and Indicated Mineral Resources at its Evander and Jeanette Projects.

Table 12: Measured and Indicated Mineral Resources for Evander Project and Jeanette Project

MINERAL RESOURCE CATEGORY	Tonnes (Mt)	Grade (g/t)	Gold (t)	Gold (Moz)
EVANDER	Mining (Mt)	Mining (g/t)		
Measured	0.11	10.81	1.09	0.04
Indicated	19.75	8.47	167.18	5.37
Total Measured & Indicated	19.85	8.47	168.27	5.41
JEANETTE	In-situ (Mt)	In-situ (g/t)		
Indicated	13.10	22.41	293.60	9.44
Total Evander & Jeanette	32.95	–	461.87	14.85

The Minex Project

Expenditure on the Minex Project for the period under review was as follow:

	HK\$'000
Consultants & Service providers	139
Staffing	432
Overheads	213
Total	784

MANAGEMENT DISCUSSION AND ANALYSIS

Minex and the Indonesian Assets (the “Minex Project”)

Minex Resources Pte. Ltd. (“Minex”) became a wholly-owned subsidiary of the Company on 24 August 2015 upon fulfillment of the conditions precedent for completion in the Acquisition Agreement. PT Bolmong Timur Primanusa Resources (“PTBTPR”) became a non-wholly owned subsidiary of the Company. Minex holds a 95% interest in PTBTPR. In addition, Minex will hold a 75% interest in PT Rihendy Tri Jaya (“PTRTJ”) upon conversion of PTRTJ into a Penanaman Modal Asing-Foreign Investment (“PMA”) Company. Shareholders are referred to the announcements made by the Company on 6 and 24 July 2015. PTBTPR is the holder of a concession that includes the Garini deposit. PTRTJ is the holder of a concession that contains several deposits with significant potential to hold gold mineralisation.

Since the completion of the acquisition, preparatory work for the conversion of PTRTJ to a PMA Company has commenced. It is expected that the conversion will be completed before the end of 2016. The collection of samples for metallurgical testing (the “Metallurgical Testing”) from the Garini deposit was undertaken in late September 2015 and these samples have been delivered to PT. SGS Indonesia Assay Laboratories in Jakarta (“SGS Indonesia”). Initial testing work has been completed by SGS Indonesia and the results confirm the attractive nature and potential of the deposit. The samples will now be sent to SGS South Africa (Pty) Limited, in Johannesburg, for further testing under the supervision of the Company’s management and independent metallurgical consultant. The Company is currently preparing the necessary documentation to export the samples from Indonesia to South Africa and expects to have further results from the Metallurgical Testing before the end of 2016.

FUTURE PLANS FOR THE EVANDER PROJECT, THE JEANETTE PROJECT AND THE MINEX PROJECT

As at the date of this report, the Evander Project, the Jeanette Project and the Minex Project are at the exploration stage, which includes the completion of BFS, PFS and Metallurgical Testing respectively.

The Evander Project

As of the date of this report the external review of the Evander Project BFS is nearing completion and the results of the BFS will be announced in due course. The external review is being conducted by ENFI. On 28 October 2014, the Company announced that it had entered into a Framework Agreement with MCCI, a wholly owned subsidiary of Metallurgical Corporation of China, pursuant to which the parties agreed to cooperate on an exclusive basis for a period of 12 months with the objective of entering into an Engineering, Procurement and Construction (“EPC”) contract for the development of the Evander Project. Although the exclusivity has expired, the Company and MCCI continue in discussions towards the same objective.

During the period under review the Company compiled an Employer Requirements Document for the Evander Project based on the International Federation of Consulting Engineers (“FIDIC”) Yellow Book approach and discussions with MCCI are progressing towards finalization of this document. Thereafter, it is anticipated that the preparation of an EPC contract will commence.

MANAGEMENT DISCUSSION AND ANALYSIS

The application under Section 102 of the Mineral and Petroleum Resources Development Act ("MPRDA") to amend the Mining Right is expected to be submitted by the end of September 2016 and includes the EIA, SLP and MWP. A separate application for the final Water Use Licence ("WUL") is also expected to be submitted by the end of September 2016.

An EIA for the dewatering phase of the project has been approved and an application for a WUL for this phase of the project has been prepared. The consent of landowners is being obtained and it is expected that the application will be submitted to the relevant authorities by the end of July 2016.

The Jeanette Project

The internal review of the Jeanette Project PFS is almost complete and the results of the PFS will be announced in due course. The commencement date for the BFS for the project will be determined once the Mining Right for the project has been granted.

The following activities required in terms of the Mining Right application are in progress:

- An EIA Scoping Report was submitted to the DMR and accepted on 8 September 2015 and the EIA was completed early in January 2016. The final EIA was submitted to the DMR on 7 June 2016.
- The SLP consultation process has been completed and the SLP document was submitted to the DMR and implementation commenced during June 2016.
- The MWP has been submitted to the DMR and discussions with the DMR are continuing.

An application for a WUL for the Jeanette Project will only be prepared for submission upon completion of the BFS.

The Minex Project

A plan for the development of the Minex Project will be compiled upon the completion of the Metallurgical Testing.

The Company is considering the way forward with regards to the construction phase of the Evander Project and continues to review its financial position given the uncertainty and volatility in financial and commodity markets. However, gold has been the top performing commodity during the first few months of 2016 and the prevailing global economic and socio-political circumstances appear to bode well for continued improvement in the price of gold.

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements of the Company and the Group for the year ended 31 March 2016.

PRINCIPAL ACTIVITIES

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

RESULTS AND DIVIDENDS

The Group's results for the year ended 31 March 2016 are set out in the consolidated statement of profit or loss and other comprehensive income on page 46.

The directors do not recommend the payment of any dividend in respect of the year ended 31 March 2016.

FIVE YEARS SUMMARY

A summary of the Group's results for each of the five years ended 31 March 2016 and the Group's assets and liabilities as at 31 March 2012, 2013, 2014, 2015 and 2016 is set out on page 134 of this annual report.

CAPITAL STRUCTURE

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

There was no purchase, sale or redemption of shares or other listed securities of the Company or by any of its subsidiaries during the year.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in note 14 to the consolidated financial statements.

SHARE CAPITAL, UNLISTED WARRANTS AND SHARE OPTIONS

Details of the Company's share capital, unlisted warrants and share options are set out in notes 26 and 32 to the consolidated financial statements respectively.

PRE-EMPTIVE RIGHTS

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

RESERVES

Details of movements in the reserves of the Group during the year are set out from page 48 to page 49 in the consolidated financial statements and in the consolidated statement of changes in equity, respectively.

REPORT OF THE DIRECTORS

DISTRIBUTABLE RESERVES

At 31 March 2016, the Company had no reserves available for cash distribution and/or distribution in specie to shareholders of Company. In accordance with the Companies Act 1981 of Bermuda (as amended), the contributed surplus may only be distributed in certain circumstances which the Company is presently unable to meet. In addition, the Company's share premium account with a balance of approximately HK\$5,044,106,000 as at 31 March 2016 may be distributed in the form of fully paid bonus shares.

EMPLOYEES

As at 31 March 2016, the Group employed approximately 50 staff in both Hong Kong and South Africa. The Group remunerates its employees based on their performance, working experience and the prevailing market conditions. Employee benefits include mandatory provident fund (pension) and share options scheme, etc.

DIRECTORS

The directors of the Company during the year were:

Executive Directors:

Mr. Li Hok Yin

Mr. Christiaan Rudolph de wet de Bruin

Mr. Neil Andrew Herrick (resigned on 27 July 2015)

Ms. Cheung Pak Sum

Mr. Igor Levental

Non-Executive Director:

Mr. Phen Chun Shing Vincent (appointed on 27 July 2015)

Independent Non-Executive Directors:

Mr. Chui Man Lung, Everett

Mr. Li Kam Chung

Mr. Walter Thomas Segsworth

CHANGE OF DIRECTORS

On 27 July 2015, Mr. Neil Andrew Herrick ("Mr. Herrick") resigned as Executive Director of the Company with immediate effect. Meanwhile, Mr. Herrick remains as Chief Executive Officer and a member of the Technical, Safety and Environment Committee of the Company and also as the Chief Executive Officer and executive director of Taung Gold Proprietary Limited. He has been also appointed as an alternate director to Mr. Christiaan Rudolph de Wet de Bruin, an Executive Director of the Company with effect from 27 July 2015. On the same date, Mr. Phen Chun Shing Vincent has been appointed as a Non-executive Director of the Company with immediate effect.

In accordance with the Bye-law 98 of the Company's Bye-laws, three Directors of the Company shall retire from office, and being eligible, offer themselves for re-election at the forthcoming annual general meeting.

REPORT OF THE DIRECTORS

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Li Hok Yin, aged 39, is the Co-chairman and an Executive Director of the Company. He was previously the Investment Manager of Cheever Capital Management (Asia) Ltd. from September 2007 to December 2009. He was the Territory Manager of Ecolab Ltd, a company listed on the New York Stock Exchange, from March 2004 to July 2007. He holds a Bachelor of Engineering degree from The Chinese University of Hong Kong. Mr. Li was appointed as an Executive Director of the Company on 8 January 2010.

Mr. Christiaan Rudolph de Wet de Bruin, aged 63, is the Co-chairman and an Executive Director of the Company. Mr. de Bruin is also a director of Taung Gold (Proprietary) Limited ("TGL"), a non wholly-owned subsidiary of the Company as well as of Taung Gold Exploration (Pty) Limited, Taung Gold Exploration (West) (Pty) Ltd, Taung Gold (Free State) (Pty) Ltd, Taung Gold (North West) (Pty) Ltd, Taung Gold (Secunda) (Pty) Ltd, Sephaku Gold Exploration (Pty) Ltd, and Ulinet (Pty) Ltd, all of which are wholly owned subsidiaries of TGL. He is also a co-founder of TGL, Platmin Ltd and Sephaku Holdings Ltd. Mr. de Bruin received a Bachelor of Commerce degree (Cum Laude) from the University of the Free State in 1975 and a Bachelor of Law degree (Cum Laude) from the Rand Afrikaans University in 1977 and practised as an advocate at the Pretoria Bar from 1979 to 1989, specialising in commercial law and mineral law. Mr. de Bruin left the Bar in 1989 and focused on finding, acquiring and developing mineral exploration and mining projects in various African countries. He was involved in aspects of law relating to minerals, companies, stock exchange and international finance. He also acted as a consultant to a number of South African companies, becoming involved in their management, including the management of their systems, human resources, customers and financing activities. Between 1999 and 2005, Mr. de Bruin was a co-founder member of the Platmin Group of companies, which developed the Pilanesberg Platinum Mine. His role was to engineer the acquisition of mineral projects including supervising the execution of over 300 mineral rights agreements and the conversion of the Platmin Group's old order rights into new order rights and the acquisition of new mining rights. Mr. de Bruin was also involved with the applications for new mining rights and the management of the operational aspects, including logistics, human resources and administration during his time with the Platmin Group. He was a non-executive director of Gentor Resources Inc., a company involved with copper exploration activities in the Sultanate of Oman and Turkey, and listed on the Toronto Venture Exchange (TSX-V). Mr. de Bruin was also a non-executive director of Sephaku Holdings Limited, a company listed on the Johannesburg Stock Exchange. The Sephaku group's portfolio currently comprises valuable holdings in a range of operating assets which provide raw materials, supplies and/or services in the cement and limestone exploration sector. Mr. de Bruin was appointed as Co-chairman and Executive Director of the Company on 26 April 2013.

Ms. Cheung Pak Sum, aged 40, was appointed as an Executive Director of the Company on 20 April 2010. She is the Head of Human Resources and Administration of the Company. She is well experienced in the areas of Human Resources and Administration. She was the senior administration officer of Pineview Industries Limited, a company listed on The Stock Exchange of Hong Kong Limited, from May 2006 to May 2008.

REPORT OF THE DIRECTORS

Mr. Igor Levental, aged 61, is an Executive Director of the Company. He is the director of Gabriel Resources Ltd., which is engaged in the development of major precious metals deposits in Romania; he is also a director of NOVAGOLD Resources Inc., a TSX and NYSE Market-listed company involved in the advancement of a major gold development project in Alaska and a copper-gold development project in British Columbia; he is also a director of NovaCopper Inc., a TSX and NYSE Market-listed company involved in the exploration and development of major copper-dominant deposits in Alaska. With more than 30 years of experience across a board-cross section of the international mining industry, Mr. Levental has held senior positions within major mining companies including Homestake Mining Company, a major international gold mining company with interests in the United States, Canada, Australia and South America, as well as International Corona Corporation, a gold producer. In 2007, he joined Electrum (USA) Ltd. as executive vice president and in March 2010 became president of the Electrum Group of Companies (one of the companies within the Group currently the substantial shareholder of the Company) He is a registered professional engineer in Canada. He graduated from the University of Alberta with a Bachelor of Science degree in Chemical Engineering in 1978 and received his MBA degree from the University of Alberta in 1982. He was appointed as an Executive Director of the Company on 19 August 2013.

Non-executive Director

Mr. Phen Chun Shing Vincent, aged 40, was an executive director of China Merchants Capital Management (International) Limited from 2012 to 2015, which is engaged in private equity investment and credit financing. Mr. Phen has over 15 years of experience in direct investment and corporate banking. He was a non executive director of Comtec Solar Systems Group Limited (a company listed on The Stock Exchange, Stock code: 712) from 2010 to 2012. Mr. Phen was a past Director of CMS Capital (HK) Co., Ltd., formerly known as CMTF Asset Management Limited, and has served in such position until 2012. He worked in CLSA Capital Partners from 2007 to 2009. Prior to that, Mr. Phen worked in international corporate banking division of various financial institutions for approximately 7 years. Mr. Phen holds a bachelor degree in business administration and marketing from the University of North Texas. Mr. Phen was appointed as a Non-executive Director of the Company on 27 July 2015.

Independent Non-Executive Directors

Mr. Chui Man Lung, Everett, aged 52, is an Independent Non-Executive Director of the Company. Mr. Chui is a Fellow Member of both the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. He is a Member of the Institute of Chartered Accountants in England and Wales. He is currently the director and shareholder of Cen-1 Partners Limited, an independent consultancy company specializing in financial engineering and corporate structuring. Mr. Chui was appointed as an independent non-executive director of Sinocom Software Group Limited, a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") with effect on 10 September 2013. Mr. Chui was the financial controller and company secretary of Yau Lee Holdings Limited, a listed company on the Stock Exchange, from February 1995 to May 2008. He is well experienced in the areas of finance, audit and accounting. He holds a Bachelor of Social Sciences in Business Economics & Accounting awarded by the University of Southampton in the United Kingdom. Mr. Chui was appointed as an Independent Non- Executive Director of the Company on 20 April 2010.

REPORT OF THE DIRECTORS

Mr. Li Kam Chung, aged 64, is an Independent Non-Executive Director of the Company. Mr. Li has over 10 years experience in trading businesses between Mainland China and Hong Kong. Mr. Li was appointed as independent non-executive director of Taung Gold Limited, a non wholly-owned subsidiary of the Company in the Republic's of South Africa, on 26 April 2013. Mr. Li was appointed as independent non-executive director of Zhido International (Holdings) Limited (a company listed on The Stock Exchange of Hong Kong Limited, Stock Code: 1220) since 2012. Mr. Li was the chairman of Joint Village Office For Villages In Shuen Wan Tai Po N.T. and a member of Tai Po District Council Environment, Housing and Works Committee. Mr. Li was appointed as an Independent Non- Executive Director of the Company on 1 April 2009.

Mr. Walter Thomas Segsworth, age 67, is an Independent Non-Executive Director of the Company. He currently is a Director of Pan America Silver Corp., a TSX and NASDAQ Market-listed company and Gabriel Resources Ltd., a TSX Market-listed company, which is engaged in the development of major precious metals deposits in Romania. He serves Director of Alterra Power Corporation, a TSX Market-listed company, a leading global renewable energy company involved in geothermal, hydraulic and wind power generation. He has over 43 years of experience in mining in Canada and overseas. Mr. Segsworth served on the Boards of Directors of several mining companies including Westmin Resources, where he was President and Chief Executive Officer and Homestake Mining Company, where he was President and Chief Operating Officer. He was also Director of Great Basin Gold Ltd. from 2003 to 2011, Explorator Resources, Inc. from 2009 to 2011 and Heatherdale Resources Ltd., a TSX Market-listed company. Mr. Segsworth is past Chairman of both the Mining Associations of British Columbia and Canada and was named the British Columbia's Mining Person of the year in 1996. He is currently member of Association of Professional Engineers of British Columbia and Fellow of Canadian Institute of Mining Metallurgy and Petroleum. Mr. Segsworth holds a BSc in Mining Engineering from Michigan Technical University. He was appointed as an Independent Non-Executive Director of the Company on 19 August 2013.

Chief Executive Officer

Mr. Neil Andrew Herrick, aged 52, is the Chief Executive Officer of the Company. He is also a director and the Chief Executive Officer of TGL as well as director of Taung Gold Secunda (Pty) Ltd (previously Pluriclox (Pty) Ltd), which is a wholly-owned subsidiary of TGL. Mr. Herrick was an Executive Director of the Company from 2013 to 2015 and currently is an alternate director of Mr. Christiaan Rudolph de Wet de Bruin, the Co-Chairman and Executive Director of the Company. He has over 20 years of experience in the gold mining industry, having joined the Gold Division of Anglo American in 1988 and became a section manager at AngloGold Limited from 1994 to 1997 with responsibility for an underground section of a mine and a shaft system. He became production manager at AngloGold Limited from 1997 to 1999 and was responsible for an entire shaft complex. From 1999 to 2002 he was the general manager of the North West Operations of Durban Roodepoort Deep Limited. In 2002, he joined Gold Fields Limited as senior manager and was responsible for the completion of two pre-feasibility studies for the exploitation of below infrastructure resources at Kloof mine and later as Senior Manager in charge of Kloof mine's underground operations. From 2006 to 2007, he was a mine manager at Anglo Platinum Limited, after which he joined Norilsk Nickel Africa (Pty) Limited as a mining executive. He is registered as a professional engineer with the Engineering Council of South Africa, and is a past president and council member of the Association of Mine Managers of South Africa. He is a former Chairman of the Mines Professional Associations Committee of Management. He graduated from the University of Newcastle upon Tyne in 1987 with a Bachelor of Engineering degree (Honours) in Mining Engineering. He was appointed as the Chief Executive Officer of the Company on 26 April 2013, and has been the chief executive officer of TGL since July 2010.

REPORT OF THE DIRECTORS

DIRECTORS' SERVICE CONTRACTS

No director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

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

DIRECTORS' INTERESTS IN SHARE CAPITAL

At as 31 March 2016, the interests and short positions of the directors in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to (the Model Code for Securities Transactions by Directors of Listed Issues,) were as follows:

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

Name of Directors	Number of Ordinary Shares		Number of underlying shares held under share options	Total	Percentage of the issued share capital of the Company
	Personal interests	Corporate interests			
Christiaan Rudolph de Wet de Bruin (Note)	–	–	523,485,267	523,485,267	3.54%
Cheung Pak Sum	–	–	19,215,637	19,215,637	0.13%
Chui Man Lung, Everett	–	–	19,215,637	19,215,637	0.13%
Neil Andrew Herrick (re-designed as alternate director with effect from 27 July 2015) (Note)	–	–	63,744,889	63,744,889	0.43%
Igor Levental (Note)	–	–	19,215,637	19,215,637	0.13%
Li Hok Yin	17,380,622	–	19,215,637	36,596,259	0.25%
Li Kam Chung	–	–	19,215,637	19,215,637	0.13%
Walter Thomas Segsworth	1,000,000	–	19,215,637	20,215,637	0.14%

Save as disclosed herein, neither the directors nor any of their associates had any interests or short positions in shares, underlying shares or debentures of the Company or any of its associated corporations as at 31 March 2016 as defined in Section 352 of the SFO.

Note: Respective New TG Optionholder Agreement and New SA Put Option Agreements were entered into between the Company, TGL and Mr. Christiaan Rudolph de Wet de Bruin, Mr. Neil Andrew Herrick and Mr. Igor Levental regarding grant of New TG Optionholder Put Options and New SA Put Options on 5 September 2014. The grant of the above put options was approved by the Company's shareholders at the special general meeting dated 21 November 2014. Please refer to circular of the Company dated 4 November 2014 for information.

REPORT OF THE DIRECTORS

(b) Interest in a subsidiary of the Company

Directors	Name of subsidiary	Number of ordinary shares	Number of underlying shares held under share options
Christiaan Rudolph de Wet de Bruin <i>(Note)</i>	Taung Gold (Pty) Limited	7,562,676	–
Neil Andrew Herrick <i>(Note)</i>	Taung Gold (Pty) Limited	4,500	–
Igor Levental <i>(Note)</i>	Taung Gold (Pty) Limited	–	–

Save as disclosed herein, neither the directors nor any of their associates had any interests or short positions in shares, underlying shares or debentures of the Company or any of its associated corporations as at 31 March 2016 as defined in Section 352 of the SFO.

Note: The rights granted to Mr. Christiaan Rudolph de Wet de Bruin, Mr. Neil Andrew Herrick and Mr. Igor Levental expired on 7 September 2014 in relation to the rights of put options to acquire shares of the Company. On 5 September 2014, the Company entered into respective agreement with Mr. Christiaan Rudolph de Wet de Bruin, Mr. Neil Andrew Herrick and Mr. Igor Levental for granting new put options to acquire shares of the Company at any time before 7 September 2016. On 21 November 2014, the shareholders of the Company passed ordinary resolutions at the special general meeting the above grant of new put options to Mr. Christiaan Rudolph de Wet de Bruin, Mr. Neil Andrew Herrick and Mr. Igor Levental.

SHARE OPTION

The Company

Pursuant to the share option scheme (the “Share Option Scheme”) adopted by the Company’s shareholders with effect from 4 January 2010 and in compliance with Chapter 17 of the Listing Rules, the maximum number of Shares which may be issued upon exercise of all share options (the “Share Options”) granted or to be granted under the Share Option Scheme and any other share option schemes of the Company shall not exceed 10% of the total number of issued Shares as at 4 January 2010, i.e. in aggregate, must not exceed 161,924,000 Shares. The 10% limit has not been previously refreshed since 4 January 2010.

At the Company’s general meeting on 21 November 2014, the mandate limit of the Share Option Scheme was refreshed by ordinary resolutions of the Company’s shareholders. The Company may grant further Share Options carrying rights to subscribe for up to a total of 1,217,991,569 Shares under the Share Option Scheme (representing 10% of the issued share capital of the Company on 21 November 2014).

REPORT OF THE DIRECTORS

Details of the Share Options granted under the Share Option Scheme (excluding the share options granted under share options scheme of Taung Gold Limited) as at 31 March 2016 are as follows:

	Number of Share Options				Grant date	Vesting period	Validity period
	As at 1 April 2015	Granted	Lapsed	As at 31 March 2016			
Li Hok Yin	–	19,215,637	–	19,215,637			
Christiaan Rudolph de Wet de Bruin	–	19,215,637	–	19,215,637			
Cheung Pak Sum	–	19,215,637	–	19,215,637			
Igor Levental	–	19,215,637	–	19,215,637			
Chui Man Lung, Everett	–	19,215,637	–	19,215,637			
Li Kam Chung	–	19,215,637	–	19,215,637	16 July 2015	15 July 2016	16 July 2016 to 15 July 2020
Walter Thomas Segsworth	–	19,215,637	–	19,215,637			
Neil Andrew Herrick	–	19,215,637	–	19,215,637			
Consultant	–	44,252,463	–	44,252,463			
Continuous contact employee	–	74,753,570	–	74,753,570			
Total	–	272,731,129	–	272,731,129			

As at 31 March 2016, there were Share Options relating to 272,731,129 Shares granted by the Company representing 1.83% of the issued Shares as at the date of this Report pursuant to the Share Option Scheme which were valid and outstanding.

Taung Gold (Proprietary) Limited

TGL approved a share option scheme during 2010 (prior to the completion date of acquisition of TGL) to enable employees to acquire shares in TGL to provide them with incentives to advance TGL's interests, to promote an identity of interest with shareholders and to retain the skills and expertise of employees. The total number of shares issued in terms of the scheme did not exceed 10% of the issued share capital of TGL.

REPORT OF THE DIRECTORS

During the period from the completion date of acquisition of TGL (the “Completion Date”) to 31 March 2016, the movements of the TGL options (the “TGL Options”) which have been granted under the share option scheme of TGL are as follows:

Category of participants	Date of share option granted	Outstanding at beginning of the year	Granted during the year	Exercised during the year	Cancelled/ lapsed during the year	Outstanding at end of the year	Subscription price ZAR	Exercise period
Employees of TGL	26 May 2010	5,982,000	–	5,982,000	–	–	4.950	26 May 2010 – 25 May 2015
	26 July 2010	4,413,000	–	4,413,000	–	–	4.950	26 July 2010 – 25 July 2015
	1 September 2010	6,559,000	–	1,318,068	5,240,932	–	7.425	1 September 2010 – 31 August 2015
	1 November 2010	2,210,000	–	–	2,210,000	–	9.900	1 November 2010 – 31 October 2015
		19,164,000	–	11,713,068	7,450,932	–		
Directors of the Company	26 May 2010	755,312	–	755,312	–	–	4.950	26 May 2010 – 25 May 2015
	26 July 2010	1,825,000	–	1,825,000	–	–	4.950	26 July 2010 – 25 July 2015
	1 September 2010	1,405,737	–	245,704	1,160,033	–	7.425	1 September 2010 – 31 August 2015
	1 November 2010	495,161	–	–	495,161	–	9.900	1 November 2010 – 31 October 2015
		4,481,210	–	2,826,016	1,655,194	–		
		23,645,210	–	14,539,084	9,106,126	–		

There were no TGL options outstanding as at 31 March 2016, the employees (including directors of the Company) of TGL and the Company’s Directors exercised 14,539,084 TGL Options and, 9,106,126 options had lapsed as at the date of this annual report.

REPORT OF THE DIRECTORS

At the Company's special general meeting held on 24 November 2014, ordinary resolutions were passed by the Company's shareholders for (1) granting of put options to holders of TGL Options in relation to the sale to the Company of up to 23,645,210 shares of TGL acquired pursuant to the exercise of TGL Options for an aggregate consideration of up to 1,518,258,797 shares of the Company; and (2) granting of put options to certain shareholders of TGL in relation to the sale to the Company of up to additional 229,461,591 shares of the Company acquired pursuant to the exercise of the New SA Put Options, both at any time from 5 September 2014 to 7 September 2016.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARE CAPITAL

As at 31 March 2016, the following Shareholders had, or were deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

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

Name of shareholders	Number of ordinary shares held	Underlying shares of equity derivatives	Total interest	Percentage of issued ordinary shares as at the date of this report
Electrum Strategic Exploration Limited (Note 1)	2,295,047,831	–	2,295,047,831	15.43%
Mandra Materials Limited (Note 2)	1,608,854,156	–	1,608,854,156	10.82%
Mandra Esop Limited (Note 2)	28,218,369	–	28,218,369	0.19%
Woo Foong Hong Limited (Note 2)	426,530,727	–	426,530,727	2.87%
Gold Commercial Services Limited (Note 3)	1,343,270,590	–	1,343,270,590	9.03%

Notes:

- (1) The entire share capital of Electrum Strategic Exploration Limited is wholly-owned by GRAT Holdings LLC. Hence, GRAT Holdings LLC is deemed to be interested in the Shares held by Electrum Strategic Exploration Limited for the purpose of SFO.
- (2) Mandra Materials Limited, Mandra ESOP Limited and Woo Foong Hong Limited are 50% owned by Mr. Zhang Songyi. Hence, Mr. Zhang Songyi is deemed to be interested in the Shares held by Mandra Materials Limited, Mandra ESOP Limited and Woo Foong Hong Limited for the purpose of SFO.
- (3) On 8 September 2011, the Company issued 1,130,141,116 shares of the Company to GoldCom for the purpose of acquiring 21,174,316 shares of TGL from South African resident shareholders of TGL (Please refer to the Company's circular dated 2011). On 21 November 2014, the Shareholders passed a special resolution to grant each of the TG Optionholders the right to sell a maximum number of 23,645,210 TG Shares to the Company or GoldCom for a maximum of 1,262,020,649 New Put Option Consideration Share (Please refer to the Company's circular dated 2 November 2014).

REPORT OF THE DIRECTORS

(2) Short positions in shares and underlying shares

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

Save as disclosed herein, as at 31 March 2016, no person, other than the directors of the Company, whose interests are set out in the section “Directors’ interests in share capital” above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

PUBLIC FLOAT

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

ANNUAL CONFIRMATION OF INDEPENDENCE

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

INDEPENDENT AUDITORS

The financial statements have been audited by Messrs. Deloitte Touche Tohmatsu (“Deloitte”) who retire and, being eligible, offer themselves for re-appointment.

A resolution for the re-appointment of Deloitte as independent auditors of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board

Li Hok Yin
Co-chairman

Christiaan Rudolph de Wet de Bruin
Co-chairman

Hong Kong, 29 June 2016

CORPORATE GOVERNANCE REPORT

The Company has applied the principles and complied with all the applicable code provisions of the Code on Corporate Governance Practices (the “Code”) as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”).

CORPORATE GOVERNANCE PRACTICES

The Board considers that good corporate governance of the Company can protect and safeguard the interests of the shareholders and to enhance the performance of the Company. The Board is committed to maintaining and ensuring high standards of corporate governance. Throughout the year ended 31 March 2016, the Company has applied the principles and complied with all Code Provisions of the Corporate Governance Code as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

CHAIRMAN AND CHIEF EXECUTIVE

Code Provision A.2.1 requires the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing. The Company has appointed Mr. Li Hok Yin and Mr. Christiaan Rudolph de Wet de Bruin as Co-chairmen of the Company and Mr. Neil Andrew Herrick as Chief Executive Officer of the Company.

The Co-Chairmen of the Company, namely Mr. Li Hok Yin and Mr. Christiaan Rudolph de Wet de Bruin are responsible for exercising control over the quality, quantity and timeliness of the flow of information between the management of the Company and the Board that would allow them to effectively discharge their responsibilities. The Co-Chairmen ensure that the entire Board members are properly briefed on issues at the Board meetings and receive adequate and reliable information on a timely basis. The Board considers that the Co-Chairmen are capable to guide discussions and brief the Board in a timely manner on pertinent issues with balance of power and authority delegated to the Board and senior management.

Mr. Neil Andrew Herrick, the Chief Executive Officer of the Company, is responsible for overseeing strategic planning and leadership of the Company. He is also responsible for the strategic development and maintaining the Company’s relationship with outside companies of the Company as well as coordinating the Company’s business and to market and locate potential business opportunities and execute the policy of the Company.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Code Provision A.4.1 requires non-executive directors should be appointed for a specific term and subject to re-election. The independent non-executive Directors of the Company are not appointed for specific terms but are subject to retirement by rotation in accordance with the Bye-laws of the Company.

Throughout the year ended 31 March 2016, the Company complied with rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules relating to the appointment of at least three Independent Non-executive Directors, at least one Independent Non-executive Director with appropriate professional qualifications, or accounting or related financial management expertise, and a sufficient number of Independent Non-executive Directors representing at least one-third of the board, respectively.

CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS

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

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

- i. To develop and review the Company's policies on corporate governance and make recommendations to the Board;
- ii. To review and monitor the training and continuous professional development of the Directors and senior management of the Company;
- iii. To review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- iv. To develop, review and monitor the code of conduct and compliance manual of the Company (if any) applicable to employees and the Directors; and
- v. To review the Company's compliance with the code and disclosure in the Corporate Governance Report.

CORPORATE GOVERNANCE REPORT

Composition of the Board

The Board currently comprises eight members as follows:

Executive Directors:

Mr. Li Hok Yin (*Co-chairman*)

Mr. Christiaan Rudolph de Wet de Bruin (*Co-chairman*)

Mr. Neil Andrew Herrick (*Chief Executive Officer*) (*resigned on 27 July 2015*)

Ms. Cheung Pak Sum

Mr. Igor Levental

Non-Executive Director:

Mr. Phen Chin Shing Vincent (*appointed on 27 July 2015*)

Independent Non-Executive Directors:

Mr. Chui Man Lung, Everett

Mr. Li Kam Chung

Mr. Walter Thomas Segsworth

The biographical information of the Directors and their relationship among the members of the Board, if any, are provided in the "Biographical Details of Directors and Senior Management" section of this annual report.

The principal focus of the Board is on the overall strategic development of the Company. The Board also monitors the financial performance and the internal controls of the Company's business operations.

With a wide range of expertise and a balance of skills, the Independent Non-executive Directors bring independent judgment on issues of strategic direction, development, performance and risk management through their contribution at board meetings and committee work.

The Independent Non-executive Directors also serve the important function of ensuring and monitoring the basis for an effective corporate governance framework. The Board considers that each Independent Non-executive Director is independent in character and judgment and that they all meet the specific independence criteria as required by the Listing Rules. The Company has received from each Independent Non-executive Director an annual confirmation regarding his independence, and the Board considered their independence to the Company. The Independent Non- executive Directors are explicitly identified in all corporate communications of the Company.

Saved as disclosed above, throughout the year ended 31 March 2016, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive directors with at least one independent non-executive director possessing appropriate professional qualifications, or accounting or related financial management expertise.

CORPORATE GOVERNANCE REPORT

The Board held 6 meetings during the financial year ended 31 March 2016. Details of attendance of individual director at board meetings are set out as below:

Name of Directors	Number of meetings held during his/her tenure	Number of meetings attended
<i>Executive Directors</i>		
Mr. Li Hok Yin	6	5
Mr. Christiaan Rudolph de Wet de Bruin	6	6
Mr. Neil Andrew Herrick (<i>resigned on 27 July 2015</i>)	4	4
Ms. Cheung Pak Sum	6	6
Mr. Igor Levental	6	6
<i>Non-executive Director</i>		
Mr. Phen Chun Shing Vincent (<i>appointed on 27 July 2015</i>)	3	3
<i>Independent Non-executive Directors</i>		
Mr. Chui Man Lung, Everett	6	5
Mr. Li Kam Chung	6	6
Mr. Walter Thomas Segsworth	6	6

The Board and the management

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

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

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

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

CORPORATE GOVERNANCE REPORT

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

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

DIRECTOR INSURANCE POLICY

The Company has arranged for appropriate liability insurance with effect from 1 April 2016 to indemnify the directors for their liabilities arising out of corporate management activities.

BOARD COMMITTEES

To maximise the effectiveness and efficiency of the Board, the Company has established audit committee, nomination committee, remuneration committee and technical, safety and environment committee with specific written terms of reference respectively to assist in the execution of their duties. The terms of reference of each of the committees can be inspected and assessed on the Company's website at www.taunggold.com under "About Us" in the section of "Corporate Governance".

The terms of reference of audit committee, nomination committee and remuneration committee will be updated by publishing on the Company's website and the website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) if there is any amendment on the terms of reference from time to time.

AUDIT COMMITTEE

The Company has established an Audit Committee ("AC") with specific terms of reference explaining its role and authorities delegated by the Board. As at the date of this report, the AC consists of three Independent Non-executive Directors, Mr. Chui Man Lung, Everett, Mr. Li Kam Chung and Mr. Walter Thomas Segsworth, who together have sufficient accounting and financial management expertise and business experience to discharge their duties and none of them is a former partner of the external auditors of the Company. Mr. Chui Man Lung, Everett is the Chairman of the AC.

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

CORPORATE GOVERNANCE REPORT

The AC meets with the external auditors and the management of the Group to ensure that the audit findings are addressed properly. The AC is authorized to take independent professional advice at Company's expense, if necessary.

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

During the year, the AC has reviewed the annual results of the Company for the year ended 31 March 2016 and was content that the accounting policies of the Group are in accordance with the generally accepted accounting practices in Hong Kong.

During the financial year ended 31 March 2016, 3 AC meetings were held and the individual attendance of each member is set out below:

Name of Audit Committee members	Number of meetings held during his/her tenure	Number of meetings attended
Mr. Chui Man Lung, Everett	3	3
Mr. Li Kam Chung	3	3
Mr. Walter Thomas Segsworth	3	3

NOMINATION COMMITTEE

The Company has established a Nomination Committee ("NC") with specific terms of reference, which deal clearly with its authorities and duties. As at the date of this report, the majority of NC members are Independent Non-executive Directors, which consists of Mr. Chui Man Lung, Everett, Mr. Li Kam Chung and Mr. Igor Levental. Mr. Chui Man Lung, Everett is the Chairman of the NC.

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

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

CORPORATE GOVERNANCE REPORT

In order to recognise and embrace the benefits of having a diverse Board to enhance the quality of its performance, to achieve a sustainable and balanced development and to see increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development, the Board Diversity Policy had been passed at by the NC and adopted by the Company.

During the financial year ended 31 March 2016, 1 NC meeting was held and the individual attendance of each member is set out below:

Name of Nomination Committee members	Number of meetings held during his/her tenure	Number of meeting attended
Mr. Chui Man Lung, Everett	1	1
Mr. Li Kam Chung	1	1
Mr. Igor Levental	1	1

Board diversity Policy

The Board adopted the “Board Diversity Policy” by setting out the approach to diversity on the Board. It is believed that a truly diverse board will include and make good use of differences in the skills, regional and industrial experience, background, race, gender and other qualities of members of the board. These differences will be taken into account in determining the optimum composition of the Board. The NC is responsible for setting measurable objectives for implementing diversity on the Board and recommends them to the Board for adoption. The “Board Diversity Policy” shall be reviewed by the NC, as appropriate, to ensure its effectiveness.

Remuneration Committee

The Company has established a Remuneration Committee (“RC”) with specific terms of reference which deal clearly with its authorities and duties. As at the date of this report, the majority of RC members are Independent Non-executive Directors which consists of Mr. Li Kam Chung, Mr. Chui Man Lung, Everett and Mr. Walter Thomas Segsworth; and Mr. Li Hok Yin who is Executive Director of the Company. Mr. Li Kam Chung is the Chairman of the RC.

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

CORPORATE GOVERNANCE REPORT

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

Individual attendance of each member of the RC Committee is set out below:

Name of Remuneration Committee members	Number of meetings held during his/her tenure	Number of meeting attended
Mr. Li Kam Chung	1	1
Mr. Chui Man Lung, Everett	1	1
Mr. Li Hok Yin	1	1
Mr. Walter Thomas Segsworth	1	1

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

1 RC meeting has been held during the financial year ended 31 March 2016 to review the remuneration packages of directors and senior management as the Board considered that the existing remuneration packages to each director and senior management are reasonable and appropriate with reference to the financial performance of the Company, employment and market conditions as a whole.

ACCOUNTABILITY AND AUDIT

The directors are responsible for the preparation of financial statements for each financial period which give a true and fair view of the state of affairs of the Group and of the results and cash flow for that period. In preparing the financial statements for the year ended 31 March 2016, the directors have selected suitable accounting policies and applied them consistently, adopted appropriate Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards, made adjustments and estimates that are prudent and reasonable, and have prepared the financial statements on the going concern basis. The directors are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company.

CORPORATE GOVERNANCE REPORT

INTERNAL CONTROLS

The Board has overall responsibility for the system of internal controls of the Company and for reviewing its effectiveness. The Board is committed to implementing an effective internal controls system to protect and safeguard the interest of shareholders and assets of the Company. The controls are to provide reasonable assurance (but not absolute guarantee) that assets are adequately safeguard, operational controls are in place, business risks are suitably protected and proper accounting records are maintained.

The Board reviews the internal control system of the Group annually and will take any necessary and appropriate action to maintain adequate internal control system to protect and safeguard the interest of shareholders and assets of the Company. The effectiveness of the internal control system was discussed on an annual basis with the Audit Committee.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as the standard for securities transactions by the Directors. The Company has made specific enquiries of all the Directors and all the Directors confirmed that they have complied with the required standards set out in the Model Code during the year ended 31 March 2016.

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

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

CORPORATE GOVERNANCE REPORT

DIRECTORS' TRAINING

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

Name of Director	Training on corporate governance regulatory development during the relevant period
<i>Executive Directors</i>	
Mr. Li Hok Yin	3
Mr. Christiaan Rudolph de Wet de Bruin	3
Mr. Neil Andrew Herrick (<i>resigned on 27 July 2015</i>)	3
Ms. Cheung Pak Sum	3
Mr. Igor Levental	3
<i>Non-executive Director</i>	
Mr. Phen Chun Shing Vincent (<i>appointed on 27 July 2015</i>)	3.5
<i>Independent Non-executive Directors</i>	
Mr. Chui Man Lung, Everett	3
Mr. Li Kam Chung	3
Mr. Walter Thomas Segsworth	3

SERVICE CONTRACTS OF DIRECTORS

No Director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one month without payment of compensation, other than statutory compensation.

AUDITOR'S REMUNERATION

The financial statements of the Company for the year have been audited by Deloitte Touche Tohmatsu ("Deloitte"). During the year, remuneration of approximately HK\$2,500,000 was charged by Deloitte for provision of audit services. No non-audit service fees were incurred for tax related services or other review services for the year ended 31 March 2016.

CORPORATE GOVERNANCE REPORT

COMPANY SECRETARY

On 30 September 2015, the Company announced that Mr. Tung Yee Shing has tendered his resignation from the office of company secretary of the Company ("Company Secretary") with effect from 30 September 2015, but remains as the Chief Financial Officer of the Company due to internal job reallocation. Ms. Wong Pui Yee has been appointed as the Company Secretary with effect from 1 October 2015. She is responsible to the Board for ensuring proper Board procedures and discharging the Board's obligations pursuant to the Listing Rules and other applicable laws and regulations. The company secretary has provided this training records to the Company of no less than 15 hours of relevant professional training during the year.

COMMUNICATION WITH SHAREHOLDERS

The Company aims to provide its shareholders with high standards of disclosure and financial transparency through the publication of annual and interim reports, press announcements and circulars made through Stock Exchange's websites. The Company has announced its annual results and interim results in a timely manner during the year under review. Separate resolutions are proposed at the general meetings on each substantially separate issue, including the election of individual directors. In addition, procedures for demanding a poll are included in the circular to shareholders as required under the Listing Rules.

The Board also maintains an on-going dialogue with shareholders and use general meeting to communicate with shareholders. The Company encourages all shareholders to attend general meeting which provides a useful forum for shareholders to exchange views with the Board. The Chairman of the Board and members of relevant committees and senior management of the Company are also available to answer the shareholders' questions.

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

Shareholders' enquiries

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

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

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

CORPORATE GOVERNANCE REPORT

Procedures to put forward proposals in general meeting

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

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

Procedures to convene special general meeting ("SGM")

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

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

INDEPENDENT AUDITOR'S REPORT



TO THE MEMBERS OF TAUNG GOLD INTERNATIONAL LIMITED

(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Taung Gold International Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 46 to 133, which comprise the consolidated statement of financial position as at 31 March 2016, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

INDEPENDENT AUDITOR'S REPORT

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 March 2016, and of the Group's financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

29 June 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2016

	NOTES	2016 HK\$'000	2015 HK\$'000
Other income	7	40,153	45,748
Other gains and losses	8	–	(8,470)
Fair value change on put options	33(b)	–	23,640
Fair value change on gross obligation under put options	33(a)	129,336	(56,971)
Administrative and operating expenses		(47,126)	(33,598)
Reversal of impairment loss (impairment loss) on exploration assets	15	399,760	(231,680)
Gain on disposal of a subsidiary and an associate	16 & 28	–	30,253
Reversal of impairment loss on loans to shareholders of a subsidiary	17	–	46,089
Share of results of associates		(16,496)	(15,539)
Finance costs	9	–	(51)
Profit (loss) before taxation		505,627	(200,579)
Income tax expense	11	–	–
Profit (loss) for the year	12	505,627	(200,579)
Other comprehensive expense			
Item that may be subsequently reclassified to profit or loss:			
Exchange difference on translation of foreign operations		(150,418)	(111,519)
Total comprehensive income (expense) for the year		355,209	(312,098)
Profit (loss) for the year attributable to:			
Owners of the Company		382,210	(110,730)
Non-controlling interests		123,417	(89,849)
		505,627	(200,579)
Total comprehensive income (expense) attributable to:			
Owners of the Company		275,668	(187,588)
Non-controlling interests		79,541	(124,510)
		355,209	(312,098)
Earnings (loss) per share			
Basic (HK cents)	13	2.98	(0.99)
Diluted (HK cents)	13	1.77	(0.99)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2016

	NOTES	2016 HK\$'000	2015 HK\$'000
Non-current assets			
Property, plant and equipment	14	2,662	3,583
Exploration assets	15	4,039,548	3,664,236
Prepayment for acquisition of exploration assets	20	122,992	–
Interests in associates	16	2,018	18,514
Amount due from an associate	16	30,751	29,287
Available-for-sale investment	22	49,717	50,007
Loans to shareholders of a subsidiary	17	270,891	296,549
Deposits for rehabilitation	18	675	830
Deposits for acquisition of investments	19	–	30,000
Pledged bank deposits	23	2,064	2,401
		4,521,318	4,095,407
Current assets			
Other receivables and other deposits	21	16,425	17,706
Deposits for acquisition of investments	19	30,000	103,000
Bank balances and cash	24	210,263	95,611
		256,688	216,317
Current liabilities			
Other payables and accruals	25	9,613	5,739
Derivative financial instruments - put options	33	–	–
Gross obligation under put options	33	93,355	370,785
		102,968	376,524
Net current assets (liabilities)		153,720	(160,207)
Total assets less current liabilities		4,675,038	3,935,200
Capital and reserves			
Share capital	26	147,912	124,429
Reserves		3,783,437	2,621,775
Equity attributable to owners of the Company		3,931,349	2,746,204
Non-controlling interests	35	743,689	1,188,996
Total equity		4,675,038	3,935,200

The consolidated financial statements on pages 46 to 133 were approved and authorised for issue by the Board of Directors on 29 June 2016 and are signed on its behalf by:

Li Hok Yin
DIRECTOR

Cheung Pak Sum
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2016

	Attributable to owners of the Company											
	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000 (Note (a))	Other reserve HK\$'000 (Note (d))	Contributed surplus HK\$'000 (Note (b))	Foreign currency translation reserve HK\$'000	Warrant reserve HK\$'000 (Note (c))	Share option reserve HK\$'000 (Note 32)	Accumulated losses HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000 (Note 35)	Total equity HK\$'000
At 1 April 2014	121,799	4,758,396	(829)	(805,375)	147,828	(236,969)	14,216	-	(1,046,860)	2,952,206	1,313,506	4,265,712
Loss for the year	-	-	-	-	-	-	-	-	(110,730)	(110,730)	(89,849)	(200,579)
Exchange difference arising on translation to presentation currency	-	-	-	-	-	(76,858)	-	-	-	(76,858)	(34,661)	(111,519)
Total comprehensive expense for the year	-	-	-	-	-	(76,858)	-	-	(110,730)	(187,588)	(124,510)	(312,098)
Issue of new shares under placement (note 26)	2,630	37,346	-	-	-	-	-	-	-	39,976	-	39,976
Transaction costs attributable to issue of new shares (note 26)	-	(1,347)	-	-	-	-	-	-	-	(1,347)	-	(1,347)
Transfer upon lapse of warrants (note 26)	-	-	-	-	-	-	(14,216)	-	14,216	-	-	-
Lapse of put options for the potential additional acquisition in a subsidiary (note 33)	-	-	-	-	-	-	-	-	-	-	255,412	255,412
Lapse of put options to optionholders of a subsidiary (note 33)	-	-	-	464,424	-	-	-	-	(236,251)	228,173	-	228,173
Issue of put and call options for the potential additional acquisition in a subsidiary (note 33)	-	-	-	-	-	-	-	-	-	-	(255,412)	(255,412)
Issue of put and call options to optionholders of a subsidiary (note 33)	-	-	-	(285,216)	-	-	-	-	-	(285,216)	-	(285,216)
At 31 March 2015	124,429	4,794,395	(829)	(626,167)	147,828	(313,827)	-	-	(1,379,625)	2,746,204	1,188,996	3,935,200
Profit for the year	-	-	-	-	-	-	-	-	382,210	382,210	123,417	505,627
Exchange difference arising on translation to presentation currency	-	-	-	-	-	(106,542)	-	-	-	(106,542)	(43,876)	(150,418)
Total comprehensive (expense) income for the year	-	-	-	-	-	(106,542)	-	-	382,210	275,668	79,541	355,209
Recognition of share-based payments	-	-	-	-	-	-	-	11,975	-	11,975	-	11,975
Issue of new shares under placement (note 26)	14,247	138,189	-	-	-	-	-	-	-	152,436	-	152,436
Transaction costs attributable to issue of new shares (note 26)	-	(469)	-	-	-	-	-	-	-	(469)	-	(469)
Acquisition of subsidiaries (note 27)	-	-	-	-	-	-	-	-	-	-	1,316	1,316
Issue of new shares for potential acquisition on subsidiary (note 20)	2,311	22,877	-	-	-	-	-	-	-	25,188	-	25,188
Effect of exercise of put options for optionholders of a subsidiary (note 33)	6,925	89,114	-	344,244	-	-	-	-	-	440,283	(344,244)	96,039
Effect of exercise of put options for the potential additional acquisition in a subsidiary (note 33)	-	-	-	34,827	-	-	-	-	(17,308)	17,519	(13,359)	4,160
Change in shareholding in subsidiaries without losing control upon exercise of TGL share options (note 34)	-	-	-	96,222	-	-	-	-	-	96,222	(50,133)	46,089
Transfer to accumulated losses upon expiration of share options of a subsidiary (note 32)	-	-	-	-	-	-	-	-	118,428	118,428	(118,428)	-
Lapse of put options to optionholders of a subsidiary (note 33)	-	-	-	109,841	-	-	-	-	(61,946)	47,895	-	47,895
At 31 March 2016	147,912	5,044,106	(829)	(41,033)	147,828	(420,369)	-	11,975	(958,241)	3,931,349	743,689	4,675,038

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2016

Notes:

- (a) Capital reserve included the difference of HK\$800,000 between the nominal value of the share capital of the Company issued on acquisition of assets through acquisition of subsidiaries and the fair value of the consideration shares issued. Pursuant to a sale and purchase agreement dated 20 June 2008 and a supplemental agreement dated 31 July 2008, the Company issued 10,000,000 consideration shares of HK\$1 each to the vendor as part of the purchase consideration for the acquisition of 70% equity interests in Union Sense Development Limited. The acquisition was completed on 1 December 2008. The fair value of the 10,000,000 consideration shares issued was HK\$9,200,000 which was determined by reference to the published share price at the date of exchange.
- (b) Contributed surplus represented amounts of HK\$51,562,000 and HK\$96,266,000 arising from (i) the difference between the nominal value of the aggregate share capital of the subsidiaries acquired pursuant to the group reorganisation completed on 2 October 1995 over the nominal value of the share capital of the Company issued in exchange thereof; and (ii) the capital reorganisation during the year ended 31 March 2010 (the "Capital Reorganisation") respectively. Pursuant to the Capital Reorganisation, (i) the issued share capital of the Company was reduced by cancelling the paid-up capital to the extent of HK\$0.90 on each issued share such that the par value of each issued share was reduced from HK\$1.00 to HK\$0.10, thereby giving rise to a credit of HK\$104,094,000 (the "Capital Reduction"); (ii) the share subdivision involved the sub-division of each authorised but unissued share into ten new shares ("Share Subdivision"); and (iii) upon the Capital Reduction and the Share Subdivision becoming effective, the entire amount standing to the credit of the share premium account of the Company was reduced to nil (the "Share Premium Reduction"). The total credit amount arising from both the Capital Reduction and the Share Premium Reduction was transferred to the contributed surplus account of the Company which would be utilised in accordance with the by-laws of the Company and all applicable laws including, without limitation, to set-off against the accumulated losses of the Company. The special resolution in relation to the Capital Reorganisation was duly passed by the shareholders at the special general meeting held on 12 November 2009 and became effective on the same date.
- (c) Warrant reserve represented fair value of the warrant subscription amounting to HK\$51,816,000 in relation to the warrant subscription agreement entered into between the Company and Orient Best Holdings Limited ("Orient Best") on 26 February 2010, pursuant to which the Company agreed to issue and Orient Best agreed to subscribe for 323,848,000 warrants at the issue price of HK\$0.001 per warrant. Each warrant carries the right to subscribe for one share of the Company at an exercise price of HK\$0.16 per warrant during a period of 5 years commencing from (and inclusive of) the date of issue of the warrants. Details are set out in note 26.
- (d) Other reserve represented:
- (i) 1,130,141,116 of the Company's shares issued to Gold Commercial Services Limited ("GoldCom") as fully paid at HK\$0.46 per share, being the market price of the Company's share on date of issue, amounting to HK\$519,865,000. GoldCom is a third party whose shareholder and sole director is one of the non-controlling shareholders of Taung Gold (Pty) Limited ("TGL"), who are residents of South Africa ("South African Shareholders"). GoldCom acts as an agent to facilitate the South African Shareholders selling their shares in TGL to the Group. Details of the arrangement for the Group to acquire TGL's shares from the South African Shareholders are set out in note 33(b)(i). During the year ended 31 March 2016, 874,495 of the put options granted on 5 September 2014 by the Company to South African Shareholders were exercised and the other reserve in relating to the decrease in non-controlling interests of HK\$13,359,000 due to exercise of put options for the potential additional acquisition of a subsidiary and the fair value of the corresponding Company's shares issued to GoldCom of HK\$21,468,000 was derecognised, with reference to the market prices of the Company's share of HK\$0.46 per share at the issue date;
- (ii) The gross obligation under put options resulted from the put options granted on 8 September 2011 by the Company to holders of share options of TGL. Upon the issuance of the put options, the Group has a commitment to settle the contractual obligation by cash proceeds from sales (at the times of exercise of the options) of a maximum of 1,009,616,519 of the Company's shares. The fair value of the gross obligation under put options upon issuance with reference to the market price of the Company's share of HK\$0.46 per share was HK\$464,424,000;
- (iii) During the year ended 31 March 2015, the put options granted on 8 September 2011 by the Company to holders of share options of TGL lapsed on 5 September 2014 and the other reserve in relating to the fair value of the gross obligation under put options of HK\$228,173,000 was derecognised, with reference to the market price of the Company's share of HK\$0.226 per share at the date of lapse of put options. The difference between the fair value of the gross obligation under put options upon issuance and the fair value at the date of lapse of put options amounting to HK\$236,251,000 was transferred to accumulated losses;
- (iv) The gross obligation under put options resulted from the put options granted on 5 September 2014 by the Company to holders of share options of TGL. Upon the issuance of the put options, the Group has a commitment to settle the contractual obligation by cash proceeds from sales (at the times of exercise of the options) of a maximum of 1,262,020,649 of the Company's shares. The fair value of the gross obligation under put options upon issuance with reference to the market price of the Company's share of HK\$0.226 per share was HK\$285,216,000;
- (v) During the year ended 31 March 2016, 14,539,084 of the put options granted on 5 September 2014 by the Company to holders of share options of TGL were exercised and the other reserve in relating to the decrease in non-controlling interests of HK\$344,244,000 due to exercise of put options by holders of share options of TGL was derecognised;
- (vi) The amounts resulted from the deemed disposal of partial interests in TGL during the year ended 31 March 2012;
- (vii) The amounts of HK\$96,222,000 resulted from the change on shareholding of TGL without losing control during the year ended 31 March 2016, details of which are set out in note 34; and
- (viii) During the year ended 31 March 2016, 9,106,126 put options granted on 5 September 2014 by the Company to holders of share options of TGL were lapsed upon the expiration of share options and total fair value of gross obligation under put options of HK\$47,895,000 upon issuance was derecognised, with reference to the market price of the Company's share of HK\$0.226 per share at the issue date. The difference between the fair value of the gross obligation under put options upon issuance and the fair value at the date of lapse of put options amounting to HK\$61,946,000 was transferred to accumulated losses.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2016

	NOTES	2016 HK\$'000	2015 HK\$'000
OPERATING ACTIVITIES			
Profit (loss) before taxation		505,627	(200,579)
Adjustments for:			
Interest income		(39,902)	(45,642)
Interest expense		–	51
Fair value change on put options		–	(23,640)
Fair value change on gross obligation under put options		(129,336)	56,971
Share of results of associates		16,496	15,539
(Reversal of impairment loss) impairment loss on exploration assets	15	(399,760)	231,680
Gain on disposal of a subsidiary and an associate	16 & 28	–	(30,253)
Allowance for inventories		–	8,470
Reversal of impairment loss on loans to shareholders of a subsidiary		–	(46,089)
Depreciation of property, plant and equipment		850	951
Recognition of share-based payments		11,975	–
Operating cash flows before movements in working capital		(34,050)	(32,541)
(Increase) decrease in other receivables and other deposits		(2,420)	1,107
Increase (decrease) in other payables and accruals		3,848	(8,944)
Cash used in operations		(32,622)	(40,378)
Interest paid		–	(51)
NET CASH USED IN OPERATING ACTIVITIES		(32,622)	(40,429)
INVESTING ACTIVITIES			
Interest received		5,194	6,300
Withdrawal of pledged bank deposits		–	85
Refund of deposit for rehabilitation		–	47
Purchase of property, plant and equipment	14	(184)	(1,913)
Proceeds from disposal of property, plant and equipment		1	26
Exploration costs incurred	15	(18,463)	(25,492)
Net cash (outflow) inflow on acquisition of subsidiaries	27	(26,309)	12
Prepayment for acquisition of exploration assets	20	(97,804)	–
Deposits paid for acquisition of investments		–	(30,000)
Refund of deposits for acquisition of subsidiaries		103,000	–
Proceeds from disposal of a subsidiary and an associate	16 & 28	–	30,253
Proceeds on issue of shares of a subsidiary		46,089	–
Repayment from shareholders of a subsidiary		836	149
NET CASH FROM (USED IN) INVESTING ACTIVITIES		12,360	(20,533)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2016

	NOTES	2016 HK\$'000	2015 HK\$'000
FINANCING ACTIVITIES			
Proceeds from placement of new shares		152,436	39,976
Transaction costs attributable to issue of new shares		(469)	(1,347)
NET CASH FROM FINANCING ACTIVITIES		151,967	38,629
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		131,705	(22,333)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		(17,053)	(11,919)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		95,611	129,863
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by Bank balances and cash		210,263	95,611

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

1. GENERAL

The Company is incorporated in Bermuda as an exempted company and registered with limited liability under the Companies Act 1981 of Bermuda (as amended). The shares of the Company are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda and Unit 1901, 19/F, Nina Tower, 8 Yeung Uk Road, Tsuen Wan, New Territories, Hong Kong respectively.

The Company acts as an investment holding company. The principal activities of its subsidiaries are set out in note 38.

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

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

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

Amendments to HKAS 19
Amendments to HKFRSs
Amendments to HKFRSs

Defined benefit plans: Employee contributions
Annual improvements to HKFRSs 2010-2012 cycle
Annual improvements to HKFRSs 2011-2013 cycle

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

The Group has not early applied the following new or revised HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial instruments ³
HKFRS 15	Revenue from contracts with customers ³
HKFRS 16	Leases ⁴
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture ⁵
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception ¹
Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations ¹
Amendments to HKAS 1	Disclosure initiative ¹
Amendments to HKFRS 15	Clarifications to HKFRS 15 revenue from contracts with customers ³
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation ¹
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants ¹
Amendments to HKAS 27	Equity method in separate financial statements ¹
Amendments to HKFRSs	Annual improvements to HKFRSs 2012-2014 cycle ¹
Amendments to HKAS 7	Disclosure initiative ²
Amendments to HKAS 12	Recognition of deferred tax assets for unrealised losses ²

¹ Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted

² Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted

³ Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted

⁴ Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted

⁵ Effective for annual periods beginning on or after a date to be determined

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

HKFRS 9 Financial instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes 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. Another revised version of HKFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets; b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' measurement category for certain simple debt instruments.

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. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. 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 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 attributable to a financial liability's 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 is presented in profit or loss.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

HKFRS 9 Financial instruments *(Continued)*

The directors of the Company anticipate that the adoption of HKFRS 9 in the future may have significant impact on amounts reported in respect of the Group's financial assets (e.g. the Group's unlisted investments in equity securities that are currently classified as available-for-sale investments may have to be measured at fair value through profit or loss upon the adoption of HKFRS 9). Regarding the Group's financial assets, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

HKFRS 16 Leases

HKFRS 16, which upon the effective date will supersede HKAS 17 Leases, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under HKAS 17.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The total operating lease commitment of the Group in respect of leased premises with terms more than 12 months as at 31 March 2016 amounted to HK\$418,000. The directors of the Company do not expect the adoption of HKFRS 16 as compared with the current accounting policy would result in significant impact on the Group's results but it is expected that certain portion of these lease commitments will be required to be recognised in the consolidated statement of financial position as right-of-use assets and lease liabilities.

Except for above, the directors of the Company anticipate that the application of the other new and revised HKFRSs will have no material impact on the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

3. SIGNIFICANT ACCOUNTING POLICIES

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

The provisions of the new CO (Cap. 622) regarding preparation of accounts and directors' reports and audits became effective for the Group for the financial year ended 31 March 2016. The disclosure requirements set out in the Listing Rules regarding annual accounts have been amended with reference to the new CO and to streamline with HKFRSs and have become effective for the financial year ended 31 March 2016. Accordingly the presentation and disclosure of information in the consolidated financial statements for the financial year ended 31 March 2016 have been changed to comply with these new requirements. Comparative information in respect of the financial year ended 31 March 2015 are presented or disclosed in the consolidated financial statements based on the new requirements. Information previously required to be disclosed under the predecessor CO or Listing Rules but not under the new CO or amended Listing Rules are not disclosed in these consolidated financial statements.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value at the end of each reporting period, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

The principal accounting policies are set out below.

Basis of consolidation

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

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

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

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

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

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

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

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combinations

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

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

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 “Income taxes” and HKAS 19 “Employee benefits” respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 “Share-based payment” at the acquisition date (see the accounting policy below); and
- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 “Non-current assets held for sale and discontinued operations” are measured in accordance with that standard.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments in associates

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

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, investments in associates are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associates. When the Group's share of losses of an associate equals or exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment

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

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

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

Exploration assets

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

Exploration 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 validity of extracting those resources. Exploration assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration asset may exceed its recoverable amount. An impairment loss is recognised in profit or loss.

When the technical feasibility and commercial viability of extracting natural resources become demonstrable, previously recognised exploration and evaluation assets are reclassified as either mining rights or mining structures based on nature of assets acquired. These assets are assessed for impairment before reclassification.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of exploration assets

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

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

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

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except when another systematic basis is more representative of the time pattern in which economic benefit from the leased assets are consumed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies

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

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations as well as the Company's assets and liabilities are translated into the presentation currency of the Group (i.e. HK\$) using exchange rates prevailing at the end of the reporting period. Income and expenses items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of foreign currency translation reserve.

Borrowing costs

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

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

Retirement benefit costs

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

Short-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit (loss) before taxation' as reported in the consolidated statement of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

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

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

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

Current and deferred tax is recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of tangible and intangible assets other than goodwill and exploration assets

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

Intangible asset with indefinite useful life is tested for impairment at least annually, and whenever there is an indication that it may be impaired.

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

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately in profit or loss.

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

Provision for rehabilitation

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Provision for rehabilitation *(Continued)*

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

Changes in the estimation of the rehabilitation provision that result from changes in the estimated timing or amount of cash flows, including the effects of revisions to estimated lives of operation or a change in the discount rate, are added to, or deducted from, the cost of the related asset in the period it occurred. If a decrease in liability exceeds the carrying amount of the asset, the excess is recognised immediately in profit or loss. Unwinding of the effect of discounting on the provision is recognised as finance cost.

Financial instruments

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

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

Financial assets

The Group's financial assets are classified into available-for-sale financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognise on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Effective interest method

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

Interest income is recognised on an effective interest basis for debt instruments, of which interest income is included in other income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Available-for-sale financial assets

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

Dividends on available-for-sale equity investments are recognised in profit or loss when the Group's right to receive the dividends is established.

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 investments are measured at cost less any identified impairment losses at the end of each reporting period (see the accounting policy in respect of impairment loss on financial assets below).

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including other receivables and other deposits, current portion of deposits for acquisition of investments, loans to shareholders of a subsidiary, amount due from an associate, pledged bank deposits and bank balances) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss of financial assets below).

Impairment of financial assets

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

For loans and receivables, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial assets, such as other receivables and other deposits, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments and observable changes in national or local economic conditions that correlate with default on receivables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Impairment of financial assets *(Continued)*

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

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

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

Financial liabilities and equity instruments

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

Equity instruments

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

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liabilities are either held for trading or those designated as at FVTPL on initial recognition.

A financial liability is classified as held for trading if:

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments *(Continued)*

Financial liabilities at FVTPL (Continued)

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

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

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any interest paid on financial liabilities.

Other financial liabilities

Other financial liabilities including other payables and accruals are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

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

Interest expense is recognised on an effective interest basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which case the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Obligation arising from put options and call options on shares of a subsidiary written to non-controlling shareholders

Put options and call options written to non-controlling shareholders and the Company, which will be settled other than by exchange of fixed amount of cash for a fixed number of shares in a subsidiary, are accounted for as derivatives and are recognised at fair value upon initial recognition. Any changes of fair value in subsequent reporting dates are recognised in profit or loss.

The gross financial liability arising from the put options is recognised when contractual obligation to repurchase the shares in a subsidiary is established even if the obligation is conditional on the counterparty exercising a right to sell back the shares to the Group. The liability for the share redemption amount is initially recognised and measured at fair value of the estimated repurchase price with the corresponding debit to the non-controlling interests. In subsequent years, the remeasurement of the estimated gross obligation under the written put options to the non-controlling shareholders is recognised in profit or loss.

Derecognition

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial guarantee contracts

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

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

- (i) the amount of obligation under the contract, as determined in accordance with HKAS 37 "Provisions, contingent liabilities and contingent assets"; and
- (ii) the amount initially recognised less, where appropriate, cumulative amortisation recognised as income on a straight-line basis.

Share-based payment transactions

Equity-settled share-based payment transactions

Share options granted to employees

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 32.

The fair value 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/recognised as an expense in full at the grant date when the share options granted vest immediately, with a corresponding increase in equity under the heading of share option reserve.

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

When the share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When the share options are forfeited after the vesting date or still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to accumulated losses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Share-based payment transactions *(Continued)*

Equity-settled share-based payment transactions *(Continued)*

Share options granted to consultants

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service. The fair values of the goods or services received are recognised as expenses, with a corresponding increase in equity under the heading of share option reserve, when the Group obtains the goods or when the counterparties render services, unless the goods or services qualify for recognition as assets.

Warrants granted to consultants

Warrants issued in exchange for goods or services are measured at the fair values of the goods or services received unless that fair value cannot be reliably measured, in which case the goods or services received are measured by reference to the fair value of the warrants granted. The fair values of the goods or services received are recognised as expenses, with a corresponding increase in equity, when the Group obtains the goods or when the counterparties render services, unless the goods or services qualify for recognition as assets.

Share options granted and warrants issued by a subsidiary of the Company

In case of share options granted and warrants issued by a subsidiary, the share option reserve/other reserve of the subsidiary is classified as and grouped under non-controlling interests by the Group on consolidation. At the time when share options and/or warrants are exercised, the amount previously recognised in share option reserve/other reserve will be transferred to share premium of that subsidiary. The Group will account for the dilution as an equity transaction in accordance with HKAS 27 "Consolidated and separate financial statements" if the exercise of share options and/or warrants does not constitute a loss of the Group's control over the subsidiary. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, and the warrants are still not exercised at the expiry date, the amount previously recognised in share option reserve/other reserve (included in non-controlling interests) will be transferred to accumulated losses of the Group and non-controlling interests' share of net assets of that subsidiary according to the proportion of interests held by the Group and non-controlling interests on consolidation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

Impairment loss recognised in respect of exploration assets

Exploration assets are assessed for impairment annually. The Group's determination of whether exploration assets are impaired requires an estimation of fair value less costs of disposal. The fair value less costs of disposal calculation requires the Group to estimate the future cash flows expected to arise from the exploration assets (i.e. estimation on the total proved and probable reserves of the mines and market price of gold) and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. In view of the incline in the gold price and depreciation of South African Rand ("ZAR") against HK\$, during the current year, the recoverable amount of the cash-generating unit of Jeanette Project was higher than its carrying amount value as at 31 March 2016. Accordingly, a reversal of impairment losses on exploration assets of HK\$399,760,000 is recognised in profit or loss during the year ended 31 March 2016.

In view of the decline in gold price and depreciation of ZAR against HK\$, during the year ended 31 March 2015, the recoverable amount of the cash-generating unit of the Jeanette Project was lower than its carrying value as at 31 March 2015. Accordingly, impairment loss amounting to HK\$231,680,000 was recognised in profit and loss during the year ended 31 March 2015.

For the exploration assets relating to the Minex Project, the mining business license is valid for six years since the issue date and was expired in January 2016. Despite the Group held a renewed mining business license granted by local government, namely the Regent of Bolaang Mongondow Timur, issued in December 2014 for a period of 20 years until 2034, such renewed mining business license is not issued by authorised government agency in Indonesia pursuant to the Regional Government Law. At the end of the reporting period and up to the date of these financial statements, the management of the Company is in the process of renewing the mining business license pursuant to the Regional Government Law.

As at 31 March 2016, the carrying amount of exploration assets was HK\$4,039,548,000 (2015: HK\$3,664,236,000). Details of the recoverable amount calculation are disclosed in note 15.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

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

Estimation of useful life of exploration assets

The Group's management considers the estimated useful lives of 25 to 30 years for its rights to explore gold mines in South Africa. However, the Group holds prospecting rights for one of its significant gold mine projects in South Africa, Jeanette Project, for 5 years commencing from 29 June 2010. The Group completed the consolidation of all the prospecting rights into a single prospecting right and the pre-feasibility study. The Group is in the process of applying for a mining right of Jeanette Project for 30 years at the date of issuance of these consolidated financial statements. After consulting the legal adviser of the Company, the directors of the Company concluded the renewal and application for mining rights are without difficulties so long as the Group complies with the requirement as set out in the Mineral and Petroleum Resources Development Act of South Africa. If there is any change of estimation, significant impairment of exploration assets will be resulted.

Impairment loss on loans to shareholders of a subsidiary

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows not only from the repayment of loans from shareholders of a subsidiary, but also taking into account the proceeds from realisation the collaterals charged by the shareholders of a subsidiary when default on repayment. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 March 2016, the carrying amount of loans to shareholders of a subsidiary was HK\$270,891,000 (2015: HK\$296,549,000).

5. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2016 HK\$'000	2015 HK\$'000
Financial assets		
Available-for-sale investment	49,717	50,007
Loans and receivables (including cash and cash equivalents)	550,202	533,696
Financial liabilities		
Amortised cost	8,598	5,518
Derivative financial instruments	—	—
Designated at FVTPL	93,355	370,785

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

5. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objective and policies

The Group's major financial instruments include available-for-sale investment, loans to shareholders of a subsidiary, amount due from an associate, other receivables and other deposits, current portion of deposits for acquisition of investments, pledged bank deposits, bank balances, other payables and accruals, derivative financial instruments and gross obligation under put options. Details of these financial instruments are disclosed in respective notes. The risk associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Currency risk

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

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

	Assets		Liabilities	
	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Renminbi ("RMB")	786	787	–	–
HK\$	197,581	157,249	5,252	3,325

Sensitivity analysis

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

The directors of the Company consider the Group's exposure in USD relative to HK\$ is insignificant since HK\$ is pegged to USD. Accordingly, no sensitivity analysis is presented. The following table details the Group's sensitivity to a 5% (2015: 5%) increase and decrease in the functional currency of each group entity against RMB and all other variables were held constant, translating to the presentation currency, HK\$, at the closing rate at the end of the reporting period. 5% (2015: 5%) is the sensitivity rate used by management in the assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding monetary items which are denominated in RMB of respective group entities and adjusts its translation at the end of the reporting period for a 5% (2015: 5%) change in exchange rate of RMB. A positive number below indicates an increase in profit for the year where RMB strengthen 5% (2015: 5%) against the functional currency of each group entities. For a 5% (2015: 5%) weakening of RMB against the relevant functional currency there would be an equal and opposite impact on the result.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

5. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objective and policies *(Continued)*

Market risk *(Continued)*

Currency risk *(Continued)*

Increase in post-tax profit for the year

(2015: decrease in post-tax loss for the year)

	2016 HK\$'000	2015 HK\$'000
USD against RMB impact	32	(32)

Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate pledged bank deposits, loans to shareholders of a subsidiary and bank balances, and fair value interest rate risk in relation to amount due from an associate.

Sensitivity analysis

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

For the variable-rate pledged bank deposits, loans to shareholders of a subsidiary and bank balances, if interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's post-tax profit for the year would increase/decrease by HK\$1,434,000 (2015: post-tax loss for the year would decrease/increase by HK\$1,530,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

5. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objective and policies *(Continued)*

Credit risk

The Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to perform an obligation by the counterparties arises from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

The Group reviews the recoverable amount of each individual debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

Bank balances are placed in various authorised financial institutions and the directors of the Company consider the credit risk of such authorised financial institutions to be low.

The Group has a concentration of credit risk on loan to a shareholder of a subsidiary and amount due from an associate. In order to minimise the credit risk, the Group has monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, management reviews the recoverable amounts of these debts at the end of the reporting period to ensure that adequate impairment losses are recognised for irrecoverable amounts. In this regard, the directors of the Company consider that the credit risk is significantly reduced.

In addition, the loan to a shareholder of a subsidiary is secured by the pledge of shares of a subsidiary. The fair value of the pledged shares is higher than the carrying amounts of the loan, which could recover the amount of the loan in case the shareholder fails to repay the debt.

The Group also has a concentration of credit risk on current portion of deposits for acquisition of investments as 31 March 2016. These deposits were fully settled before the date of approval for issuance of the consolidated financial statements.

The policy of allowances for doubtful debts of the Group is based on the evaluation and estimation of collectability of the outstanding debts. Specific allowance is only made for receivables that are unlikely to be collected and is recognised on the difference between the discounted estimated future cash flows and the carrying value.

Management closely monitors the subsequent settlements of the counterparties. In this regard, the directors of the Company consider that the credit risk is significantly reduced.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

5. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objective and policies *(Continued)*

Liquidity risk

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

Liquidity table

The following table details the Group's expected maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period.

	Weighted average effective interest rate %	Repayable on demand or within 3 months HK\$'000	Total undiscounted cash flows HK\$'000	Total carrying amount HK\$'000
At 31 March 2016				
Non-derivative financial liabilities				
Other payables and accruals	N/A	8,598	8,598	8,598
Financial guarantees	N/A	1,519	1,519	–
		10,117	10,117	8,598

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

5. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objective and policies (Continued)

Liquidity risk (Continued)

Liquidity table (Continued)

	Weighted average effective interest rate %	Repayable on demand or within 3 months HK\$'000	Total undiscounted cash flows HK\$'000	Total carrying amount HK\$'000
At 31 March 2015				
Non-derivative financial liabilities				
Other payables and accruals	N/A	5,518	5,518	5,518
Financial guarantees	N/A	1,730	1,730	–
		7,248	7,248	5,518

The amounts included above for financial guarantees are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

Other price risk

The Group is exposed to price risk in respect of its put options.

The Group is required to estimate the fair value of the derivative financial instruments - call and put options at the end of the reporting period with changes in fair value to be recognised in profit or loss as long as the call and put options are outstanding. The fair value adjustment will be mainly affected either positively or negatively, amongst others by the Company's share market price.

Also, the fair value of gross obligation under put options is directly link to the Company's share market price.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to the Company's equity price risks at the end of the reporting period. If the Company's share price had been 5% higher/lower and all other variables were held constant, the Group's profit for the year as a result of changes in fair value of derivative financial instruments - put options and gross obligation under put options would decrease/increase by HK\$4,668,000 (2015: loss for the year would increase/decrease by HK\$18,539,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

5. FINANCIAL INSTRUMENTS (Continued)

Fair value measurements of financial instruments

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

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

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

Financial liabilities	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)
	31.3.2016	31.3.2015			
	HK\$'000	HK\$'000			
Derivative financial instruments - put options	-	-	Level 3	Exchange option model	Volatility of the Company
				The key inputs are: risk-free of 0.10% (2015: 0.24%), volatility of the Company of 81.55% (2015: 37.69%), correlation of 0.95 (2015: 0.90), expected dividend yield of 0% (2015: 0%) and share price of TGL share of HK\$21.9 (2015: HK\$18.1) per share	
Gross obligation under put options	93,355	370,785	Level 2	The Company's share price as at the end of reporting period multiplied by the number of put options to be exercised	N/A

There were no transfers between Level 1 and 2 in both years.

Valuation process

The directors of the Company are responsible for determining the appropriate valuation techniques and inputs for fair value measurements. In estimating the fair value of a liability, the Group uses market-observable data to the extent they are available. Where Level 1 inputs are not available in relation to fair value, the management of the Company will engage third party qualified valuers to perform the valuation. The finance manager reports to management of the Group semi-annually to explain the cause of fluctuations in the fair value of the liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

5. FINANCIAL INSTRUMENTS *(Continued)*

Fair value measurements of financial instruments *(Continued)*

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

The directors estimate the fair value of its financial assets and financial liabilities measured at amortised cost using the discounted cash flows analysis.

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

Capital risk management

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

The capital structure of the Company consists of cash and cash equivalents and equity attributable to owners of the Company, comprising issued capital disclosed in note 26 and reserves disclosed in the consolidated statement of changes in equity. Management of the Group reviews the capital structure on a continuous basis taking into account the cost of capital and the risk associated with the capital. The Group will balance its overall capital structure through new share issues as well as the raising of new debts.

6. SEGMENT INFORMATION

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

Started from current year, the Group is engaged in gold exploration and development in Indonesia upon the completion of acquisition of subsidiaries as disclosed in note 27(a). The Group's operating and reportable segments under HKFRS 8 are as follows:

- (a) gold exploration and development in South Africa;
- (b) gold exploration and development in Indonesia; and
- (c) trading of minerals.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

6. SEGMENT INFORMATION *(Continued)*

Segment revenues and results

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

For the year ended 31 March 2016

	Gold exploration and development in South Africa HK\$'000	Gold exploration and development in Indonesia HK\$'000	Trading of minerals HK\$'000	Total HK\$'000
REVENUE				
External sales	–	–	–	–
Segment profit (loss)	424,863	(669)	–	424,194
Unallocated other income				1,464
Unallocated corporate expenses				(32,871)
Fair value change on gross obligation under put options				129,336
Share of results of associates				(16,496)
Profit before taxation				505,627

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

6. SEGMENT INFORMATION *(Continued)*

Segment revenues and results *(Continued)*

For the year ended 31 March 2015

	Gold exploration and development in South Africa HK\$'000	Trading of minerals HK\$'000	Total HK\$'000
REVENUE			
External sales	–	–	–
Segment loss	(161,819)	(8,470)	(170,289)
Gain on disposal of a subsidiary and an associate			30,253
Unallocated corporate expenses			(11,673)
Fair value change on put options			23,640
Fair value change on gross obligation under put options			(56,971)
Share of results of associates			(15,539)
Loss before taxation			(200,579)

The accounting policies of the operating and reportable segments are the same as the Group's accounting policies described in note 3. Segment profit (loss) during the years ended 31 March 2016 and 31 March 2015 represents profit (loss) from each segment without allocation of certain other income, administration and operating expenses, gain on disposal of a subsidiary and an associate, fair value change on gross obligation under put options, fair value change on put options and share of results of associates. This is the measure reported to the executive directors for the purposes of resource allocation and performance assessment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

6. SEGMENT INFORMATION (Continued)

Segment assets and liabilities

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

At 31 March 2016

	Gold exploration and development in South Africa HK\$'000	Gold exploration and development in Indonesia HK\$'000	Trading of minerals HK\$'000	Total HK\$'000
Assets				
Segment assets	4,372,725	152,668	112	4,525,505
Property, plant and equipment				1,633
Interests in associates				2,018
Deposits for acquisition of investments				30,000
Other receivables and other deposits				718
Available-for-sale investment				49,717
Amount due from an associate				30,751
Bank balances and cash				137,664
Consolidated assets				4,778,006
Liabilities				
Segment liabilities	3,967	118	–	4,085
Other payables and accruals				5,528
Derivative financial instruments – put options				–
Gross obligation under put options				93,355
Consolidated liabilities				102,968

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

6. SEGMENT INFORMATION (Continued)

Segment assets and liabilities (Continued)

At 31 March 2015

	Gold exploration and development in South Africa HK\$'000	Trading of minerals HK\$'000	Total HK\$'000
Assets			
Segment assets	4,051,120	111	4,051,231
Property, plant and equipment			2,141
Interests in associates			18,514
Deposits for acquisition of investments			133,000
Other receivables and other deposits			2,009
Available-for-sale investment			50,007
Amount due from an associate			29,287
Bank balances and cash			25,535
Consolidated assets			4,311,724
Liabilities			
Segment liabilities	2,414	–	2,414
Other payables and accruals			3,325
Derivative financial instruments			
– put options			–
Gross obligation under put options			370,785
Consolidated liabilities			376,524

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

- all assets are allocated to operating and reportable segments, other than certain property, plant and equipment, available-for-sale investment, interests in associates, deposits for acquisition of investments, certain other receivables and other deposits, amount due from an associate and certain bank balances and cash.
- all liabilities are allocated to operating and reportable segments other than certain other payables and accruals, derivative financial instruments - put options and gross obligation under put options.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

6. SEGMENT INFORMATION *(Continued)*

Other segment information

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

For the year ended 31 March 2016

	Gold exploration and development in South Africa HK\$'000	Gold exploration and development in Indonesia HK\$'000	Trading of minerals HK\$'000	Unallocated HK\$'000	Total HK\$'000
Addition to property, plant and equipment	181	–	–	3	184
Addition in exploration assets	18,348	115	–	–	18,463
Depreciation of property, plant and equipment	339	–	–	511	850
Reversal of impairment loss on exploration assets	(399,760)	–	–	–	(399,760)
Interest income on loan to a shareholder of a subsidiary	(33,244)	–	–	–	(33,244)
Interest income on bank deposits	(5,194)	–	–	–	(5,194)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

6. SEGMENT INFORMATION (Continued)

Other segment information (Continued)

For the year ended 31 March 2015

	Gold exploration and development in South Africa HK\$'000	Trading of minerals HK\$'000	Unallocated HK\$'000	Total HK\$'000
Addition to property, plant and equipment	53	–	1,860	1,913
Addition in exploration assets	25,492	–	–	25,492
Depreciation of property, plant and equipment	502	–	449	951
Impairment loss on exploration assets	231,680	–	–	231,680
Reversal of impairment loss on loans to shareholders of a subsidiary	(46,089)	–	–	(46,089)
Other interest expense	1	–	50	51
Allowance for inventories	–	8,470	–	8,470
Imputed interest income on loan to a shareholder of a subsidiary	(39,342)	–	–	(39,342)
Interest income on bank deposits	(6,300)	–	–	(6,300)

Geographical information

As at 31 March 2016, non-current assets of the Group (excluding interests in associates, deposits for rehabilitation, deposits for acquisition of investments, amount due from an associate, available-for-sale investment, loans to shareholders of a subsidiary, other deposits, and pledged bank deposits) amounting to HK\$4,010,903,000 (2015: HK\$3,665,678,000), HK\$152,666,000 (2015: nil) and HK\$1,633,000 (2015: HK\$2,141,000) were located in South Africa, Indonesia and Hong Kong respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

7. OTHER INCOME

	2016 HK\$'000	2015 HK\$'000
Imputed interest income on loan to shareholders of a subsidiary (<i>note 17</i>)	–	39,342
Interest income on loan to a shareholder of a subsidiary (<i>note 17</i>)	33,244	–
Interest income on amount due from an associate	1,464	–
Interest income on bank deposits	5,194	6,300
Others	251	106
	40,153	45,748

8. OTHER GAINS AND LOSSES

	2016 HK\$'000	2015 HK\$'000
Allowance for inventories	–	(8,470)

9. FINANCE COSTS

	2016 HK\$'000	2015 HK\$'000
Other interest expense	–	51

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

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

Directors' and chief executive's emoluments

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

	2016					2015				
	Salaries and Fees		Contributions			Salaries and Fees		Contributions		
			Share option expense	to retirement benefits scheme	Total			Share option expense	to retirement benefits scheme	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Executive directors										
Mr. Li Hok Yin	-	595	872	18	1,485	-	595	-	18	613
Mr. Christiaan Rudolph de Wet de Bruin (Note)	-	1,663	872	-	2,535	-	2,362	-	-	2,362
Mr. Neil Andrew Herrick (Note) (resigned on 27 July 2015)	-	1,850	872	-	2,722	-	2,724	-	-	2,724
Ms. Cheung Pak Sum	-	623	872	18	1,513	-	623	-	18	641
Mr. Igor Levental	250	-	872	-	1,122	250	-	-	-	250
Non-executive director										
Mr. Phen Chun Shing Vincent (appointed on 27 July 2015)	170	-	-	-	170	-	-	-	-	-
Independent non-executive directors										
Mr. Li Kam Chung	250	-	872	-	1,122	250	-	-	-	250
Mr. Chui Man Lung, Everett	250	-	872	-	1,122	250	-	-	-	250
Mr. Walter Thomas Segsworth	250	-	872	-	1,122	250	-	-	-	250
Total	1,170	4,731	6,976	36	12,913	1,000	6,304	-	36	7,340

Note: Mr. Neil Andrew Herrick resigned as an executive director and was appointed as an alternate director to Mr. Christiaan Rudolph de Wet de Bruin on 27 July 2015. Mr. Neil Andrew Herrick is also the chief executive officer of the Company and his emoluments disclosed above include those for services rendered by him as the chief executive.

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

During the year ended 31 March 2016, certain directors were granted share options, in respect of their services to the Group under the share option scheme of the Company. Details of the share option scheme are set out in note 32. The amount of the benefits in relation to share options has been determined by the estimated fair value of the share options using the binomial option pricing model.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

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

Employees' emoluments

The five highest paid employees of the Group during the year included four directors (2015: two directors), details of whose remuneration are set out in the disclosures above. Details of the remuneration for the year of the remaining one (2015: three) highest paid employees who are neither a director nor chief executive officer of the Company are as follows:

	2016 HK\$'000	2015 HK\$'000
Salaries and allowances	1,406	4,936
Share option expense	214	–
	1,620	4,936

The number of highest paid employee who are not the directors of the Company whose emolument fell within the following bands is as follow:

	2016 Number of employees	2015 Number of employees
HK\$1,000,001 to HK\$1,500,000	–	1
HK\$1,500,001 to HK\$2,000,000	1	2
	1	3

During the year ended 31 March 2016, the highest paid employee as set out above was granted share options, in respect of their services to the Group under the share option scheme of the Company. Details of the share option scheme are set out in note 32. The amount of the benefits in relation to share options has been determined by the estimated fair value of the share options using the binomial option pricing model.

During both years, no emoluments were paid by the Group to the directors, the chief executive officer or the five individuals with the highest emoluments in the Group as an inducement to join or upon joining the Group or as compensation for loss of office. There was no arrangement under which a director or the chief executive officer waived or agreed to waive any remuneration during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

11. INCOME TAX EXPENSE

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years. No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the subsidiaries incorporated in Hong Kong have no assessable profits for both years.

Under South African tax law, the corporate tax rate is 28% for both years on taxable profits of South African subsidiaries. No provision for taxation has been made as the subsidiaries in South Africa have no assessable profits for both years.

Under Indonesian tax law, the corporate tax rate is 25% for the current year on taxable profits of Indonesian subsidiary. No provision for taxation has been made as the subsidiary in Indonesia has no assessable profit for the current year.

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

	2016 HK\$'000	2015 HK\$'000
Profit (loss) before taxation	505,627	(200,579)
Tax at South African profits tax rate of 28%	141,576	(56,162)
Tax effect of expenses not deductible for tax purpose	3,175	74,117
Tax effect of income not taxable for tax purpose	(158,079)	(32,823)
Tax effect of tax losses not recognised	4,821	7,848
Tax effect of share of results of associates	2,722	2,564
Effect of difference tax rates of subsidiaries operating in other jurisdictions	5,785	4,456
Income tax expense for the year	—	—

At the end of the reporting period, the Group had estimated unused tax losses of HK\$189,076,000 (2015: HK\$171,859,000) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. All tax losses at 31 March 2016 may be carried forward indefinitely.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

12. PROFIT (LOSS) FOR THE YEAR

	2016 HK\$'000	2015 HK\$'000
Profit (loss) for the year has been arrived at after charging:		
Auditor's remuneration	2,851	2,805
Depreciation of property, plant and equipment	850	951
Operating lease rentals in respect of rented premises	1,855	1,912
Net exchange loss	11	173
Staff costs (including directors' emoluments as disclosed in note 10)		
– Salaries and other benefits	26,875	23,704
– Share options expense	10,116	–
– Contributions to retirement benefits schemes	140	110
	37,131	23,814
Less: Amount capitalised in exploration assets	(6,017)	(6,783)
	31,114	17,031

13. EARNINGS (LOSS) PER SHARE

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

	2016 HK\$'000	2015 HK\$'000
Profit (loss)		
Profit (loss) for the purposes of basic earnings (loss) per share	382,210	(110,730)
Effect of dilutive potential ordinary shares:		
– Adjustment in relation to share options issued by a subsidiary of the Company and put options granted by the Company	(127,165)	–
Profit (loss) for the purposes of diluted earnings (loss) per share	255,045	(110,730)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

13. EARNINGS (LOSS) PER SHARE *(Continued)*

	2016 '000	2015 '000
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings (loss) per share	12,832,439	11,172,268
Effect of dilutive potential ordinary share:		
– Put options for optionholders of a subsidiary of the Company	465,431	–
– Put options for the potential additional acquisition in a subsidiary	1,118,674	–
Weighted average number of ordinary shares for the purposes of diluted earnings (loss) per share	14,416,544	11,172,268

The computation of diluted earnings per share does not assume the exercise of the Company's outstanding share options because the exercise price of those share options was higher than the average market price for the Company's shares for the year ended 31 March 2016.

The incremental shares from assumed exercise of warrants, put options and share options issued by a subsidiary were excluded in calculating the diluted loss per share for the year ended 31 March 2015 because they were in calculating the diluted loss per share.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

14. PROPERTY, PLANT AND EQUIPMENT

	Plant and machinery HK\$'000	Furniture and equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
COST				
At 1 April 2014	1,006	5,206	1,352	7,564
Exchange adjustments	(128)	(389)	(84)	(601)
Additions	–	53	1,860	1,913
Disposals	–	(74)	–	(74)
At 31 March 2015	878	4,796	3,128	8,802
Exchange adjustments	(164)	(511)	(106)	(781)
Additions	–	184	–	184
Disposals	–	(4)	–	(4)
At 31 March 2016	714	4,465	3,022	8,201
DEPRECIATION				
At 1 April 2014	–	4,020	666	4,686
Exchange adjustments	–	(300)	(70)	(370)
Provided for the year	–	611	340	951
Eliminated on disposals	–	(48)	–	(48)
At 31 March 2015	–	4,283	936	5,219
Exchange adjustments	–	(429)	(98)	(527)
Provided for the year	–	307	543	850
Eliminated on disposals	–	(3)	–	(3)
At 31 March 2016	–	4,158	1,381	5,539
CARRYING VALUES				
At 31 March 2016	714	307	1,641	2,662
At 31 March 2015	878	513	2,192	3,583

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

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

The above items of property, plant and equipment are depreciated using the straight-line basis at the following rates per annum:

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

15. EXPLORATION ASSETS

	HK\$'000
At 1 April 2014	3,925,156
Addition	25,492
Transferred from assets classified as held for sale	423
Impairment loss recognised in profit or loss	(231,680)
Exchange adjustment	(55,155)
At 31 March 2015	3,664,236
Acquisition of subsidiaries <i>(note 27(a))</i>	28,286
Addition	18,463
Reversal of impairment loss recognised in profit or loss	399,760
Exchange adjustment	(71,197)
At 31 March 2016	4,039,548

The exploration assets principally represented the mining right and prospecting right for the gold mining projects in South Africa, namely, the Evander Project and the Jeanette Project. A mining right for Evander Project is valid for 26 years commencing from 18 July 2012 until 28 April 2038, while prospecting right for Jeanette Project is valid for 5 years commencing from 29 June 2010. The Group completed the consolidation of all the prospecting rights into a single prospecting right and the pre-feasibility study. The Group is in the process of applying for a mining right of Jeanette Project for 30 years at the date of issuance of these consolidated financial statements. In the opinion of the directors, the renewal and application for mining rights are without difficulties so long as the applicant complies with the requirements as set out in the Mineral and Petroleum Resources Development Act of South Africa.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

15. EXPLORATION ASSETS *(Continued)*

In the preparation of the consolidated financial statements for the years ended 31 March 2016 and 2015, the directors of the Company have assessed the recoverable amount of the exploration assets relating to the Jeanette Project as at 31 March 2016 and 2015 based on estimations of its fair value less costs of disposal. The management applied discounted cashflow approach to assess the fair value less costs of disposal of the exploration assets relating to the Jeanette Project. The discounted cashflow approach is based on an effective discount rate of 15.70% (2015: 15.12%) and cash flow projection prepared from financial forecasts covering a mine life period until the mine resources run out based on probable reserves. The amount of reserve used in the projection is 20.09 mt (2015: 20.09 mt) and it is assumed the mineral reserve is mined over 24 (2015: 24) years at a rate of up to 0.84 mt (2015: 0.84 mt) per annum. The discount rate was estimated using the capital asset pricing model with the risk free rate at 9.2% (2015: 7.8%), the market risk premium at 3% (2015: 3%), beta at 1.1 (2015: 0.74). A further discount for lack of marketability of 31.95% (2015: 24.72%) was applied. Other key assumptions for the fair value calculation related to the estimation of cash inflows/outflows which include total operating costs of USD423 (2015: USD443) per ounce, capital expenditure of ZAR15,264,000,000 (2015: ZAR14,309,512,000), expected future inflation rates affecting operating and capital costs of 6.0% (2015: 5.3%), USD/ZAR exchange rate of 14.84 (2015: 12.14), gold prices of USD1,234 (2015: USD1,184) per ounce and production rate of 11.47g (2015: 11.47g) per ton, such estimation is based on the estimation provided by the management.

Based on fair value less costs of disposal estimation as at 31 March 2016, the recoverable amount of the exploration assets relating to the Jeanette Project exceeds its carrying amount due to increasing gold price and depreciation of ZAR. A reversal of impairment loss of HK\$399,760,000 (2015: impairment loss of HK\$231,680,000) was recognised in profit or loss during the year ended 31 March 2016 accordingly.

As at 31 March 2015 and 2016, the directors of the Company were of the opinion that there was no impairment loss for the mining right of the Evander Project.

During the year ended 31 March 2016, the Group acquired a subsidiary in Indonesia, which hold a mining business license for gold mining project in Indonesia, namely, the Minex Project. The mining business license is valid for six years since the issue date and was expired in January 2016. Despite the Group held a renewed mining business license granted by local government, namely the Regent of Bolaang Mongondow Timur, issued in December 2014 for a period of 20 years until 2034, such renewed mining business license is not issued by authorised government agency in Indonesia pursuant to the Regional Government Law. At the end of the reporting period, the management of the Company is in the process of renewing the mining business license pursuant to the Regional Government Law.

As at 31 March 2016, the directors of the Company were of the opinion that there was no impairment loss for the mining business license of the Minex Project.

During the years ended 31 March 2015 and 2016, no revenue was generated from the exploration assets and expense relating to the exploration assets in gold exploration and development operation in South Africa and Indonesia was HK\$12,446,000 (2015: HK\$18,708,000) and HK\$115,000 (2015: nil), respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

16. INTERESTS IN ASSOCIATES AND AMOUNT DUE FROM AN ASSOCIATE

	2016 HK\$'000	2015 HK\$'000
Cost of investments in associates-unlisted	27,905	27,905
Share of post-acquisition loss and other comprehensive expense	(25,887)	(9,391)
	2,018	18,514
Amount due from an associate	30,751	29,287

On 25 May 2012, the Group entered into a sale and purchase agreement with a third party ("Vendor A") pursuant to which the Group acquired 49% equity interest in H & M Natural Resources Limited ("H & M") at a total consideration of HK\$90,228,000. The principal asset of H & M is the mine operating cooperation agreement ("Nickel Co-op Agreement") assigned to H & M by Vendor A. Pursuant to the Nickel Co-op Agreement, H & M may carry out the Nickel mining activities in Kolaka, Indonesia. However, it was subsequently found that the contractual arrangements provided under the Nickel Co-op Agreement were not in line with the requirements and restrictions under the Law of the Republic of Indonesia No. 4 of 2009 concerning Mineral and Coal Mining ("Mining Law") and Government Regulation No. 23 of 2010 concerning Implementation of Mineral and Coal Mining Business Activities as amended by the Government Regulation No. 24 of 2012 ("Government Regulation 23") and accordingly, based on the legal advice of Indonesian legal counsel the Group sought, H & M could not carry out the Nickel mining activities without breaching local laws and regulations. As a result, an impairment loss of HK\$90,228,000 was recognised in profit or loss during the year ended 31 March 2013.

On 17 March 2014, the Group entered into another sale and purchase agreement with Vendor A who agreed to re-acquire all the 49% equity interest in H & M from the Group at a consideration of HK\$90,228,000 of which HK\$15,228,000 was settled by cash and HK\$75,000,000 was settled by promissory notes to be issued by Vendor A.

During the year ended 31 March 2015, the disposal was completed and a cash amount of HK\$15,228,000 and promissory notes of HK\$75,000,000 were received. The management considered the promissory notes may not be settled, thus the promissory notes were fully impaired as at 31 March 2015. Accordingly, a gain on disposal of an associate of HK\$15,228,000 was recognised in profit or loss.

Amount due from an associate relates to amount due from Goldster Global Limited ("Goldster"), which was unsecured and interest-free as at 31 March 2015. On 1 April 2015, the Group entered into an agreement with Goldster, pursuant to which Goldster agreed to repay the loan within five years, with an interest rate of 5% per annum.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

16. INTERESTS IN ASSOCIATES AND AMOUNT DUE FROM AN ASSOCIATE *(Continued)*

As at 31 March 2016 and 31 March 2015, the Group had interests in the following associates:

Name of entity	Form of entity	Country/ place of incorporation	Country/ place of operation	Class of shares held	Proportion of nominal value of registered capital held by the Group		Proportion of voting power held		Principal activities
					2016	2015	2016	2015	
Goldster Global Limited ("Goldster")	Incorporated	British Virgin Islands ("BVI")	Hong Kong	Ordinary	45%	45%	45%	45%	Investment holding (Note)
Great Global Farming (Holdings) Limited ("Great Global Farming")	Incorporated	Hong Kong	Hong Kong	Ordinary	45%	45%	45%	45%	Investment holding (Note)
Oneshine Investments Limited ("Oneshine")	Incorporated	BVI	Hong Kong	Ordinary	44%	44%	44%	44%	Investment holding
貴州五禾農業發展有限公司 ("Guizhou Wu He")	Incorporated	PRC	PRC	Capital contribution	49%	49%	49%	49%	Inactive (Note)

Note: Great Global Farming and Guizhou Wu He are wholly-owned subsidiaries of Goldster.

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

Summarised financial information of a material associate

Summarised financial information in respect of the Group's material associate, Oneshine, is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with HKFRSs.

Oneshine

	2016 HK\$'000	2015 HK\$'000
Current assets	1,854	39,209
Non-current assets	—	—
Current liabilities	416	416
Non-current liabilities	—	—

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

16. INTERESTS IN ASSOCIATES AND AMOUNT DUE FROM AN ASSOCIATE (Continued)

Summarised financial information of a material associate (Continued)

Oneshine (Continued)

	2016 HK\$'000	2015 HK\$'000
Loss and total comprehensive expense for the year	(37,355)	(26,696)

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

	2016 HK\$'000	2015 HK\$'000
Net assets of Oneshine	1,438	38,793
Proportion of the Group's ownership interest in Oneshine	44%	44%
Carrying amount of the Group's interest in Oneshine	633	17,069

Aggregate information of associates that are not individually material:

	2016 HK\$'000	2015 HK\$'000
Group's share of loss and other comprehensive expense	(60)	(3,793)
Aggregate carrying amount of the Group's interests in these associates	1,385	1,445

17. LOANS TO SHAREHOLDERS OF A SUBSIDIARY

	2016 HK\$'000	2015 HK\$'000
Sephaku Gold Holdings (Proprietary) Limited ("SepGold")	253,576	277,308
Other various shareholders of TGL	17,315	19,241
	270,891	296,549

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

17. LOANS TO SHAREHOLDERS OF A SUBSIDIARY *(Continued)*

SepGold is a historically disadvantaged South African company in terms of broad-based black economic empowerment requirements in South Africa. Loan to SepGold was interest-free up to 31 December 2014. The loan is secured by the pledge of 39,402,071 shares of TGL, representing 16% (2015: 17%) of the issued share capital of TGL. 50% of any dividend declared by TGL in any financial year due to SepGold shall be applied towards the repayment of the loan. The loan carried interest at the prime rate quoted by ABSA Bank Limited in South Africa plus 4% per annum after 31 December 2014. The principal amount of the loan to SepGold at initial recognition is ZAR433,066,688 (equivalent to HK\$439,975,000) and the fair value of the loan as at the date of acquisition of TGL of ZAR243,404,429 (equivalent to HK\$247,287,000) was determined based on the effective interest rate of 16.15% per annum as at that date based on expected repayment date of the loan on 31 December 2014. During the year ended 31 March 2016, interest income amounting to HK\$33,244,000 (2015: nil) was recognised in profit or loss. Imputed interest income amounting to HK\$39,342,000 was recognised in profit or loss during the year ended 31 March 2015.

In prior years, an impairment loss of HK\$36,598,000 was recognised in profit or loss. As the expected timing of cash flows from the repayment of loan to SepGold is changed as at 31 March 2015, the management expected the loan to SepGold would be repaid on or before 1 April 2016 and was classified as non-current asset. The carrying amount of the loan to SepGold was adjusted to reflect the revised estimated cash flows at effective interest rate of 16.15% per annum. The difference between the carrying amount and revised amount was recognised as reversal of impairment loss of HK\$39,600,000 in profit or loss during the year ended 31 March 2015.

Subsequent to the end of the reporting period, loan to SepGold was past due without repayment. However, in the opinion of the directors, the Group takes into consideration the estimation of future cash flows not only from the repayment of loan to SepGold, but also taking into account the proceeds from realisation the collaterals charged by SepGold when default on repayment. The management do not expect the loan to SepGold will be repaid within twelve months from the end of the reporting period and classified as a non-current asset as at 31 March 2016.

Aggregated loans to various other shareholders of TGL amounting to HK\$17,315,000 (2015: HK\$19,241,000), interest-free and repayable on demand. The loans are secured by the pledge of 2,048,446 (2015: 2,048,446) shares of TGL, representing 0.8% (2015: 0.9%) of the issued share capital of TGL and 31,434,149 of the Company's shares, representing 0.2% (2015: 0.3%) of the issued share capital of the Company.

In prior years, an impairment loss of HK\$9,597,000 was recognised in profit or loss. As the expected timing of cash flows from the repayment of loan to various other shareholders of TGL is changed as at 31 March 2015, the management expected the loan to various other shareholders would be repaid on or before 1 April 2016 and was classified as non-current asset. The carrying amount of the loan to various other shareholders of TGL was adjusted to reflect the revised estimated cash flows at effective interest rate of 16.15% per annum. The difference between the carrying amount and revised amount was recognised as reversal of impairment loss of HK\$6,489,000 in profit or loss during the year ended 31 March 2015.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

17. LOANS TO SHAREHOLDERS OF A SUBSIDIARY *(Continued)*

As at 31 March 2015 and 2016, the fair value of the pledged shares was higher than the carrying amounts of the loans.

Certain of these various other shareholders of TGL are also directors of TGL or a company in which a director of TGL has a beneficial interest. Loans to directors of TGL disclosed pursuant to section 383 of the Hong Kong Companies Ordinance are as follows:

Name	Balance at 31.3.2016 HK\$'000	Balance at 1.4.2015 HK\$'000	Maximum amount outstanding during the year HK\$'000
Mr. C.R. de Wet de Bruin	2,306	2,441	2,441
African Precious Minerals Limited	3,714	3,929	3,929
Mr. L. Mohuba	67	71	71
Mr. S. H. Rosser	444	469	469

Mr. C.R. de Wet de Bruin, Mr. L. Mohuba and Mr. S.H. Rosser are directors of TGL. Mr. C.R. de Wet de Bruin has a beneficial interest in African Precious Minerals Limited.

18. DEPOSITS FOR REHABILITATION

Pursuant to section 41 of the Minerals and Petroleum Development Act of South Africa, an applicant for a prospecting right, mining right or mining permit must make the prescribed financial provision for the rehabilitation or management of negative environmental impacts. At 31 March 2016, the Group made deposits of HK\$675,000 (2015: HK\$830,000) to the Department of Mineral Resources in South Africa. In addition, at 31 March 2016, the Group also provided financial guarantees of ZAR2,923,000 (equivalent to HK\$1,519,000) (2015: ZAR2,709,000 (equivalent to HK\$1,730,000)) to the Department of Mineral Resources.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

19. DEPOSITS FOR ACQUISITION OF INVESTMENTS

(a) Acquisition of Jun Mao Enterprises Limited ("Jun Mao")

On 22 April 2013 and 24 April 2013, the Group entered into a sale and purchase agreement and a supplementary agreement, respectively, with an individual third party ("Vendor C") pursuant to which the Group conditionally agreed to acquire 100% equity interest in Jun Mao at a total consideration of HK\$93,000,000 of which HK\$8,000,000 was settled by cash and HK\$85,000,000 was settled by two promissory notes issued by Hua Xiong Development Limited ("Hua Xiong") to the Group in prior years. Full consideration was paid by the Group as at 31 March 2014.

As at 31 March 2014, Jun Mao was in a process of acquiring 10% equity interest in 貴州文真鋁業有限公司 ("Wen Zhen Lu Ye"), a company established in the PRC. Wen Zhen Lu Ye had a business of bauxite based materials processing and planned to further acquire a mining right from an independent third party which can conduct bauxite mining activities in the designated mining area in Guizhou, the PRC. The acquisition of Jun Mao was conditional upon the acquisition of 10% equity interest in Wen Zhen Lu Ye and the aforesaid mining right.

On 28 February 2015, the Group entered into another supplementary agreement with Vendor C to amend the terms and consideration for the acquisition of Jun Mao, pursuant to which the Group agreed to acquire 100% equity interest in Jun Mao, of which the principal assets is 15% equity interest in Wen Zhen Lu Ye at a total consideration of HK\$50,000,000. Accordingly, the acquisition in Jun Mao and Wen Zhen Lu Ye was completed during the year ended 31 March 2015.

The remaining deposit of HK\$43,000,000 was refundable and classified as a current asset as at 31 March 2015. The deposit was fully settled during the year ended 31 March 2016.

(b) Acquisition of Wealthy Peace Holdings Limited ("Wealthy Peace")

On 23 April 2013 and 25 April 2013, the Group entered into a sale and purchase agreement and a supplementary agreement, respectively, with a third party, a company incorporated in BVI, pursuant to which the Group conditionally agreed to acquire 35% equity interest in Wealthy Peace at a total consideration of HK\$60,000,000 of which HK\$17,500,000 was settled by cash and HK\$42,500,000 was settled by a promissory note issued by Hua Xiong to the Group in prior years. Full consideration was paid by the Group as at 31 March 2014.

As at 31 March 2014, Wealthy Peace was in the process of acquiring the 100% equity interest in 貴州天啟源燃氣投資有限公司 ("Tian Qi Yuan Ran Qi"), a company established in the PRC, which has 97% equity interest in the operations of liquefied natural gas storage and filling stations projects in Guizhou, the PRC. The acquisition of Wealthy Peace was conditional upon Wealthy Peace completing the acquisition of Tian Qi Yuan Ran Qi.

During the year ended 31 March 2015, the acquisition of Tian Qi Yuan Ran Qi by Wealthy Peace was terminated. Pursuant to the agreements, the deposit of HK\$60,000,000 was to be refunded to the Group upon termination, thus the refundable deposit of HK\$60,000,000 was classified as a current asset as at 31 March 2015. The deposit was settled during the year ended 31 March 2016.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

19. DEPOSITS FOR ACQUISITION OF INVESTMENTS *(Continued)*

(c) Acquisition of Glory Fortress Aluminium Limited ("Glory Fortress")

On 15 August 2014, the Group entered into a sale and purchase agreement with a third party, a company incorporated in BVI, pursuant to which the Group conditionally agreed to acquire 49% equity interest in Glory Fortress at a total consideration of HK\$51,400,000 of which HK\$30,000,000 was settled by cash and HK\$21,400,000 was settled by a promissory note to be issued by the Group. A deposit of HK\$30,000,000 was paid by the Group at 31 March 2015.

Glory Fortress owns 100% equity interest in 韶關金山鋁業有限公司, a company established in the PRC, which has an industrial land and a wood pellet plant located in Shaoguan, the PRC. The acquisition of Glory Fortress was not completed as at 31 March 2015 as the due diligence on Glory Fortress and its subsidiaries was in progress.

During the year ended 31 March 2016, the acquisition of Glory Fortress was terminated. Pursuant to the agreements, the deposit of HK\$30,000,000 was to be refunded to the Group upon termination, thus the refundable deposit of HK\$30,000,000 was reclassified as a current asset as at 31 March 2016. On 29 June 2016, HK\$30,000,000 was refunded to the Group.

The deposits for acquisition of investments are in respect of:

	2016 HK\$'000	2015 HK\$'000
Jun Mao	–	43,000
Wealthy Peace	–	60,000
Glory Fortress	30,000	30,000
	30,000	133,000
Shown in the consolidated financial statements as:		
Current assets	30,000	103,000
Non-current assets	–	30,000
	30,000	133,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

20. PREPAYMENT FOR ACQUISITION OF EXPLORATION ASSETS

On 6 July 2015, the Group entered into a sale and purchase agreement with two independent third parties, companies incorporated in BVI ("Sellers"), pursuant to which the Group agreed to acquire 100% equity interest in Minex Resources Pte. Limited ("Minex") for a total consideration of USD28,000,000 (equivalent to HK\$217,000,000), of which consideration of HK\$26,312,000 is in relation to the acquisition of Minex and the remaining consideration of HK\$190,688,000 is in relation to the acquisition of PT Rihendy Tri Jaya ("PTRTJ"). The management of the Company based on valuation reports prepared by an independent valuer to allocate the consideration for acquisition of Minex and PTRTJ. Details for acquisition of Minex are set out in note 27(a).

According to the sale and purchase agreement, total consideration of HK\$93,000,000 would be settled by cash, HK\$31,000,000 would be settled by cash or Consideration Shares and HK\$93,000,000 would be settled by Consideration Shares.

The value of all payments in Consideration Shares shall be calculated based on the volume weighted average price of shares purchases as quoted on the Stock Exchange for the ten trading days (excluding special transactions such as block trades) prior to the date on which a payment of Consideration Shares is required and posted on the relevant bloomberg page reference and converted to USD at the prevailing conversion rate but in any event shall be limited to a maximum of 748,340,374 Consideration Shares.

As set out in the announcement issued by the Company on 6 July 2015, a conditional share purchase agreement ("CSPA") was entered into between Minex and two Indonesian citizens on 1 July 2015 for the purchase by Minex of a 75% equity interest in PTRTJ, a company incorporated in the Republic of Indonesia, which holds a concession located in North Sulawesi, Indonesia that together with the concession held under Minex contain several deposits with significant potential to host an economic gold resource. The CSPA is conditional upon the conversion of PTRTJ into a Penanaman Modal Asing – Foreign Investment Company and the subsequent transfer 75% of the shares in PTRTJ to Minex (collectively known as "PTRTJ PMA Conversion"). The CSPA has not yet been executed up to the date of approval for issuance of the consolidated financial statements as the PTRTJ PMA Conversion is still in progress.

As at 31 March 2016, HK\$97,804,000 of cash and HK\$25,188,000 of Consideration Shares have been paid and issued respectively in relation to the acquisition of PTRTJ and recognised as the prepayment for acquisition of exploration assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

21. OTHER RECEIVABLES AND OTHER DEPOSITS

	2016 HK\$'000	2015 HK\$'000
Rental and other deposits	9,142	9,677
VAT recoverable	1,284	1,181
Other receivables	5,999	6,848
	16,425	17,706

22. AVAILABLE-FOR-SALE INVESTMENT

Available-for-sale investment comprises:

	2016 HK\$'000	2015 HK\$'000
Unlisted equity securities	49,717	50,007

The above unlisted equity securities represent the 15% equity interest in Wen Zhen Lu Ye. It is measured at cost less impairment at the end of the reporting period because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that its fair value cannot be measured reliably.

23. PLEDGED BANK DEPOSITS

At 31 March 2016, the pledged bank deposits of ZAR3,971,000 (equivalent to HK\$2,064,000) (2015: ZAR3,758,000 and equivalent to HK\$2,401,000) are mainly for financial guarantees provided to the Department of Mineral Resources in South Africa (see note 18). The pledged bank deposits carry variable interest rates ranging from 4.5% to 5% (2015: 4.5% to 5%) per annum.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

24. BANK BALANCES AND CASH

Bank balances comprise bank deposits held by the Group with an original maturity of three months or less. The bank balances carry effective interest rates ranging from 0.1% to 7.3% (2015: 0.1% to 7.0%) per annum.

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

	2016 HK\$'000	2015 HK\$'000
RMB	786	787
HK\$	136,927	24,803
	137,713	25,590

As at 31 March 2016, bank balances and cash of HK\$786,000 (2015: HK\$787,000) were denominated in RMB which is not freely convertible into other currencies.

25. OTHER PAYABLES AND ACCRUALS

	2016 HK\$'000	2015 HK\$'000
VAT payables	1,015	221
Other payables	1,489	1,067
Other accruals	7,109	4,451
	9,613	5,739

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

26. SHARE CAPITAL

	Number of shares	Share capital HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
At 1 April 2014, 31 March 2015 and 31 March 2016	30,000,000,000	300,000
Issue and fully paid:		
At 1 April 2014	12,179,915,688	121,799
Issue of shares under placement (<i>Note (a)</i>)	263,000,000	2,630
At 31 March 2015	12,442,915,688	124,429
Issue of shares under placement (<i>Note (b)</i>)	1,424,640,000	14,247
Issue of new shares of acquisition on subsidiaries (<i>Note (c)</i>)	231,080,513	2,311
Exercise of put options (<i>Note (d)</i>)	692,533,968	6,925
At 31 March 2016	14,791,170,169	147,912

Notes:

- As disclosed in the announcements of the Company dated 26 September 2014 and 13 October 2014, 263,000,000 ordinary shares of HK\$0.01 each were issued at HK\$0.152 per share through placement to various placees, who and whose ultimate beneficial owners are independent and not connected with the Group, with gross proceeds of HK\$39,976,000 and transaction costs of HK\$1,347,000 are recognised in equity. These placing shares were issued under the general mandate granted to the directors by the Company's shareholders at the Company's annual general meeting held on 4 September 2014.
- As disclosed in the announcements of the Company dated 15 and 24 July 2015, 1,424,640,000 ordinary shares of HK\$0.01 each were issued at HK\$0.107 per share through placement to various placees, who and whose ultimate beneficial owners are independent and not connected with the Group, with gross proceeds of HK\$152,436,000 and transaction costs of HK\$469,000 are recognised in equity. These placing shares were issued under the general mandate granted to the directors by the Company's shareholders at the Company's annual general meeting held on 4 September 2014.
- As consideration for the prepayment for acquisition of exploration assets, the Company issued 231,080,513 ordinary shares to Sellers during the year ended 31 March 2016. Details of the acquisition are set out in note 20.
- 12,975,312 put options were exercised by the holders of options of TGL during the year ended 31 March 2016 to exchange for 692,533,968 ordinary shares of the Company. Details of put options exercised are set out in note 33(b).

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

26. SHARE CAPITAL *(Continued)*

Warrants issued by the Company

Pursuant to a warrant subscription agreement entered into with Orient Best, an independent investor, dated 26 February 2010, the Company agreed to issue and Orient Best agreed to subscribe for 323,848,000 warrants on 10 March 2010 at the issue price of HK\$0.001 per warrant. Each of the warrants carries the right to subscribe for one share at the exercise price of HK\$0.16 per warrant during a period of 5 years commencing from the date of the issue of the warrants.

During the year ended 31 March 2015, all outstanding 88,840,000 warrants were expired on 9 March 2015. Upon the expiration of the warrants, the balance in the "Warrant reserve" of the Company in the consolidated statement of changes in equity, represented by the fair value of the outstanding warrants at date of grant of HK\$14,216,000 which was recognised during the year ended 31 March 2010, was transferred to accumulated losses.

27. ACQUISITION OF SUBSIDIARIES

(a) Acquisition of assets through purchase of a subsidiary, Minex

For the year ended 31 March 2016

As disclosed in note 20, the Group entered into a sale and purchase agreement with Sellers, pursuant to which the Group agreed to acquire 100% equity interest in Minex for a total consideration of USD28,000,000 (equivalent to HK\$217,000,000), of which consideration of HK\$26,312,000 is in relation to the acquisition of Minex and the remaining consideration of HK\$190,688,000 is in relation to the acquisition of PTRTJ. The principal activity of Minex is investment holding. The principal assets of Minex and its non-wholly owned subsidiary, PT Bolmong Timur Primanusa Resources ("PTBTPR"), is a gold concession that includes the Garini deposit under Mining Business License Operation Production in North Sulawesi, Indonesia.

The acquisition of Minex was accounted for as acquisition of assets and was completed on 24 August 2015.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

27. ACQUISITION OF SUBSIDIARIES *(Continued)*

(a) Acquisition of assets through purchase of a subsidiary, Minex *(Continued)*

For the year ended 31 March 2016 *(Continued)*

The net assets acquired in the transaction are as follows:

	HK\$'000
Net assets acquired:	
Exploration assets	28,286
Bank balances and cash	3
Other payables and accruals	(661)
	27,628
Non-controlling interests:	
– share of net assets <i>(Note)</i>	(1,316)
	26,312
Total consideration satisfied by:	
Cash	26,312
Net cash outflow arising on acquisition:	
Total cash paid	26,312
Less: bank and cash acquired	(3)
	26,309

Note: The non-controlling interests are determined by proportionate share of assets acquired and liabilities recognised of PTBTPR.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

27. ACQUISITION OF SUBSIDIARIES (Continued)

(b) Acquisition of assets through purchase of a subsidiary, Jun Mao

For the year ended 31 March 2015

As disclosed in note 19(a), the Group entered into a sale and purchase and supplementary agreements, with Vendor C pursuant to which the Group agreed to acquire 100% equity interest in Jun Mao at a total consideration of HK\$50,000,000. The principal activity of Jun Mao is investment holding. The principal asset of Jun Mao and its subsidiaries is 15% equity interest in Wen Zhen Lu Ye, a company established in the PRC, the acquisition was accounted for as acquisition of assets. The acquisition was completed on 31 March 2015.

The net assets acquired in the transaction are as follows:

	HK\$'000
Net assets acquired:	
Available-for-sale investment	50,007
Prepayments, deposits and other receivables	5
Bank and cash balances	12
Accruals and other payables	(24)
	50,000
Total consideration satisfied by:	
Deposits for acquisition of investments paid in 2013	50,000
Net cash inflow arising on acquisition:	
Bank and cash acquired	12

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

28. DISPOSAL OF A SUBSIDIARY

On 7 January 2013, the Group entered into a sale and purchase agreement with a third party ("Vendor B") pursuant to which the Group acquired 75% equity interest in Saint Ford Group Limited ("Saint Ford") for a total consideration of HK\$95,025,000. The principal asset of Saint Ford was the gold mining right assignment agreement ("Gold Assignment Agreement") entered into between Saint Ford and a gold mine owner. Pursuant to the Gold Assignment Agreement, Saint Ford may carry out the gold mining activities in Kotamobagu, Indonesia. However, it was subsequently found that the contractual arrangements provided under the Gold Assignment Agreement are not in line with the requirements and restrictions under the Mining Law and the Government Regulation 23 and accordingly, based on the legal advice of Indonesian legal counsel the Group sought, Saint Ford could not carry out the gold mining activities without breaching local laws and regulations. As a result, an impairment loss of HK\$95,025,000 was recognised in profit or loss for the year ended 31 March 2013.

On 17 March 2014, the Group entered into another sale and purchase agreement with Vendor B who agreed to re-acquire all the 75% equity interest in Saint Ford from the Group at a consideration of HK\$95,025,000 of which HK\$15,025,000 was settled by cash and HK\$80,000,000 was settled by promissory notes.

During the year ended 31 March 2015, the disposal was completed and a cash amount of HK\$15,025,000 and promissory notes of HK\$80,000,000 were received. The management considered the promissory notes may not be settled, thus the promissory notes were fully impaired as at 31 March 2015. Accordingly, a gain on disposal of subsidiary of HK\$15,025,000 was recognised in profit or loss.

29. OPERATING LEASES

The Group as lessee

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

	2016 HK\$'000	2015 HK\$'000
Within one year	2,323	1,357
In the second to fifth year inclusive	418	–
	2,741	1,357

Operating lease payments represent rentals payable by the Group for office premises. Leases are negotiated and rentals are fixed for a lease term of one to two years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

30. RETIREMENT BENEFIT SCHEMES

The Group operates a MPF Scheme under rules and regulations of Mandatory Provident Fund Schemes Ordinance for all its employees in Hong Kong. All the employees of the Group in Hong Kong are required to join the MPF Scheme. Contributions are made based on a percentage of the employees' salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme. No forfeited contribution is available to reduce the contribution payable in the future years as at 31 March 2016 and 2015.

During the year ended 31 March 2016, the Group's total contributions to the retirement benefit schemes are HK\$140,000 (2015: HK\$110,000).

31. RELATED PARTY TRANSACTIONS

Compensation of key management personnel

The remuneration of members of key management including directors of the Company during the year was as follows:

	2016 HK\$'000	2015 HK\$'000
Short-term benefits	9,988	12,239
Contributions to retirement benefits schemes	36	36
Share options expense	6,976	–
	17,000	12,275

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

32. SHARE-BASED PAYMENT TRANSACTIONS

(a) Equity-settled share option scheme of the Company

An ordinary resolution was duly passed by the shareholders of the Company at the special general meeting held on 4 January 2010 to adopt a share option scheme ("Share Option Scheme"). The purpose of the Share Option Scheme is to provide the Company with a flexible and effective means of incentivising, rewarding, remunerating, compensating and/or providing benefits to participants in recognition of their contribution to the Group. Eligible participants of the Share Option Scheme include any person who is an employee of the Group, and any entity (including associated company) in which the Company, any of its holding companies or any of their respective subsidiaries holds any equity interest ("Eligible Entity") or is a director (including executive and non-executive directors) of an Eligible Entity or any adviser, consultant, agent, contractor, customer and supplier of any member of the Group or any Eligible Entity whom the board of directors in its sole discretion considers eligible for the Share Option Scheme on the basis of his or her contribution to the Group. The Share Option Scheme became effective on 4 January 2010 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

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

The total number of shares which may be issued upon exercise of all share options to be granted under the Share Option Scheme and any options to be granted under any other share option schemes of the Company must not in aggregate exceed 10% of the total number of shares in issue on 4 January 2010. Share options which lapsed in accordance with the terms of the Share Option Scheme and any other share option schemes of the Company will not be counted for the purpose of calculating the 10% limit. The Company may seek approval of the shareholders in a general meeting for refreshing the 10% limit under the Share Option Scheme, save that the total number of shares which may be issued upon exercise of all share options granted under the Share Option Scheme and any other share option schemes of the Company under the limit as refreshed shall not exceed 10% of the total number of shares in issue as at the date of approval of the limit as refreshed. Share options previously granted under the Share Option Scheme and any other share option schemes of the Company (including share options outstanding, cancelled, lapsed in accordance with the terms of the relevant scheme, or exercised options) will not be counted for the purpose of calculating the limit as refreshed. The total number of shares issued and to be issued upon exercise of the share options granted to each eligible participant (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the total number of shares in issue.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

32. SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

(a) Equity-settled share option scheme of the Company *(Continued)*

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

The offer of a grant of share options shall be accepted within 21 days from the date of the offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determined by the directors, save that such period shall not be more than 10 years from the date of the offer of the share options, subject to the provisions for early termination set out in the Share Option Scheme. There is no minimum period for which an option must be held before the exercise of the subscription right attaching thereto, except as otherwise imposed by the board of directors.

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

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

On 16 July 2015, a total of 272,731,129 share options were granted to directors, employees and an independent consultant under the Share Option Scheme entitling the holders thereof to subscribe for shares of the Company at an exercise price of HK\$0.149. The share options will be vested on 15 July 2016 and are exercisable during the period from 16 July 2016 to 15 July 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

32. SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

(a) Equity-settled share option scheme of the Company *(Continued)*

Details and movements of options are as follows:

Date of grant	Exercisable period	Exercise price
16 July 2015	16 July 2016 - 15 July 2020	HK\$0.149

Grantees	Outstanding at 1.4.2015	Granted during the year	Outstanding at 31.3.2016
Directors	–	153,725,096	153,725,096
Employees	–	74,753,570	74,753,570
Consultant	–	44,252,463	44,252,463
	–	272,731,129	272,731,129
Number of options exercisable at the reporting date	–		–

The options of 228,478,666 were granted to directors and employees of the Group on 16 July 2015 for the provision of services to the Group. The options will be vested on 15 July 2016.

The options of 44,252,463 were granted to a consultant of the Group on 16 July 2015 for the provision of consultancy services to the Group. The options will be vested on 15 July 2016. These share options were granted by the Company without entering into formal service agreements with a consultant. In the opinion of the directors of the Company, these share options were granted to the consultants for rendering consultancy services in respect of identification of potential investment opportunities and lining-up business connections for the Group. The Group granted share options to it for recognising its efforts. Since its services are such unique that the fair value cannot be reliably measured, the services received are measured by reference to the fair value of share option granted.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

32. SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

(a) Equity-settled share option scheme of the Company *(Continued)*

The binomial option pricing model has been used to estimate the fair value of the share options. The variables and assumptions used in computing the fair value of the share options are based on the best assessment of the directors of the Company on the valuer's estimation. The value of an option varied with different variables of certain subjective assumptions. The following inputs were used:

	Grant at 16 July 2015
Share price on date of grant	HK\$0.149
Exercise price	HK\$0.149
Expected volatility <i>(Note (a))</i>	58.04%
Option life	5 years
Risk-free rate <i>(Note (b))</i>	1.18%
Expected dividend yield	0%

Notes:

- (a) Expected volatility was determined based on the historical volatility of the Company's share prices (calculated based on the expected life of the share options).
- (b) Risk-free rate was determined based on the yield of HKD Hong Kong Sovereign Bond.

The estimated fair value of the options and each option of the date of grant was approximately HK\$17,962,000 and HK\$0.066 respectively. During the year ended 31 March 2016, the Group recognised share-based payments of HK\$11,975,000 in profit and loss and same amount has been credited to share option reserve.

(b) Equity-settled share option scheme of TGL

TGL has a share option scheme ("TGL Share Option Scheme") for its management and staff. The outstanding vested share options were not replaced and were still in existence at the time when the Group acquired TGL on 8 September 2011.

In accordance with the terms of the TGL Share Option Scheme, all management and staff of TGL may be granted options to purchase ordinary shares of TGL at an exercise price that is between 1% and 5% less than the market value of the shares at the date of options are awarded.

Each TGL employee's share option converts to one ordinary share of TGL on exercise. No amounts are paid or are payable by the recipient on receipt of the option. All options vested on the date of grant and options may be exercised within 5 years from the date of grant.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

32. SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

(b) Equity-settled share option scheme of TGL *(Continued)*

All outstanding vested share options were measured in accordance with HKFRS 2 "Share-based payment" at their market-based measure at the acquisition date.

Details of share options granted by TGL and movements of such options are as follows:

Tranche	Grantees	Date of grant	Exercise period	Exercise price
1	Employees	26 May 2010	26 May 2010 - 25 May 2015	ZAR4.950
2	Employees	26 July 2010	26 July 2010 - 25 July 2015	ZAR4.950
3	Employees	1 September 2010	1 September 2010 - 31 August 2015	ZAR7.425
4	Employees	1 November 2010	1 November 2010 - 31 October 2015	ZAR9.900

	Outstanding at 1.4.2014 and 31.3.2015	Exercised during the year	Lapsed during the year	Outstanding at 31.3.2016
Tranche 1	6,737,312	(6,737,312)	–	–
Tranche 2	6,238,000	(6,238,000)	–	–
Tranche 3	7,964,737	(1,563,772)	(6,400,965)	–
Tranche 4	2,705,161	–	(2,705,161)	–
	23,645,210	(14,539,084)	(9,106,126)	–

During the year ended 31 March 2016, 14,539,084 (2015: nil) TGL options were exercised. The remaining 9,106,126 TGL options were lapsed upon expiration and the balance in the "Share Option reserves of subsidiaries" in non-controlling interests in the consolidated statement of changes in equity, represented by the fair value of the share options at date of grant of HK\$118,428,000 was transferred to accumulated losses and "Share of net assets of subsidiaries" in non-controlling interests (see note 35).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

33. GROSS OBLIGATION UNDER PUT OPTIONS, DERIVATIVE FINANCIAL INSTRUMENTS – PUT OPTIONS AND CALL OPTIONS

(a) Gross obligation under put options

The Group granted put options to acquire TGL's shares from the South African Shareholders and the TGL option holders. Details of the put options are set out in note 33(b).

Upon the issuance of the put options, the Group has a commitment to settle the contractual obligation by cash proceeds from sales (at the times of exercise of the options) of a maximum of 2,392,161,765 of the Company's shares. The gross obligation under these put options are designated as FVTPL at initial recognition and stated at fair value.

The Company's share price of HK\$0.080 (2015: HK\$0.155) per share as at 31 March 2016 was with reference to quoted market price available on the Stock Exchange.

As disclosed in note 33(b), put options granted to South African Shareholders and TGL option holders on 8 September 2011 were lapsed on 5 September 2014 and fair value of gross obligation under put options of HK\$483,585,000 was derecognised. At the same date, put options were granted by the Company to South African Shareholders and TGL option holders, fair value of gross obligation under put options of HK\$540,628,000 was recognised. The fair value of the gross obligation under put options at the date of lapse and grant was with reference to the quoted market price of the Company of HK\$0.226 per share available on the Stock Exchange.

During the year ended 31 March 2016, 874,495 of put options granted to South African Shareholders on 5 September 2014 were exercised and fair value of gross obligation under put options of HK\$4,160,000 was derecognised. 14,539,084 put options granted to TGL option holders on 5 September 2014 were exercised and 12,975,312 put options were settled by issue of 692,533,968 Company's shares as at 31 March 2016 and fair value of gross obligation under put options of HK\$96,039,000 was derecognised. The remaining 1,563,772 put options will be settled subsequent to the end of reporting period. Details are set out in note 37.

Following the expiration of the remaining TGL options as disclosed in note 32(b), 6,400,965 and 2,705,161 of the corresponding put options were lapsed on 31 August 2015 and 31 October 2015 respectively and total fair value of gross obligation under put options of HK\$47,895,000 was derecognised. The fair values of the gross obligation under put options at the date of exercise and lapse were with reference to the respective quoted market prices of the Company available on the Stock Exchange.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

33. GROSS OBLIGATION UNDER PUT OPTIONS, DERIVATIVE FINANCIAL INSTRUMENTS - PUT OPTIONS AND CALL OPTIONS *(Continued)*

(a) Gross obligation under put options *(Continued)*

As at 31 March 2016, total 1,166,934,842 (2015: 2,392,161,765) put options are outstanding and the fair value of the gross obligation under put options with reference to the Company's share price of HK\$0.080 (2015: HK\$0.155) per share was HK\$93,355,000 (2015: HK\$370,785,000). During the year ended 31 March 2016, net decrease in fair value of HK\$129,336,000 (2015: net increase in fair value of HK\$56,971,000) was recognised in profit or loss.

(b) Derivative financial instruments - put options

Put options for the acquisition of additional interest in TGL

(i) Put option agreements between the Company, GoldCom and South African Shareholders

The South African Shareholders had 21,174,316 shares of TGL on 8 September 2011. To facilitate the South African Shareholders selling their shares in TGL to the Company, the Company granted put options to the South African Shareholders. The consideration payable by each South African Shareholder for the grant of the put option is ZAR1. Due to foreign exchange control restrictions in South Africa, the South African Shareholders are restricted from on-selling, transferring or dealing in the Company's shares. Accordingly, GoldCom was introduced to facilitate the arrangements under the put option agreements between the Company and the South African Shareholders.

To facilitate the payment of the put option exercise price upon the exercise of the put options, on 8 September 2011, GoldCom subscribed for 1,130,141,116 of the Company's shares in consideration for the issuance of the loan note with nil interest. The shares are kept by an escrow agent appointed jointly by GoldCom, the Company and the South African Shareholders. The loan note is unsecured. The Company will not demand repayment of any amount outstanding under the loan note prior to the sales on the Stock Exchange of the Company's shares and the receipt by GoldCom of an amount equivalent to the cash proceeds from the sales of the Company's shares upon exercise of put options by the South African Shareholders. In substance, GoldCom is acting in the role of an agent and the arrangement of loan note and the share subscription is only to facilitate the issuance of the Company's shares prior to the exercise of put options. Accordingly, the Company's shares issued for the loan note are accounted for as if they are treasury shares. The closing market price of the Company's share on 8 September 2011 was HK\$0.46. The share capital and share premium relating to these shares issued to GoldCom for the exchange of a loan note amounting to HK\$519,865,000 is recognised as other reserve in equity in the consolidated statement of changes in equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

33. GROSS OBLIGATION UNDER PUT OPTIONS, DERIVATIVE FINANCIAL INSTRUMENTS - PUT OPTIONS AND CALL OPTIONS *(Continued)*

(b) Derivative financial instruments - put options *(Continued)*

Put options for the acquisition of additional interest in TGL (Continued)

(i) *Put option agreements between the Company, GoldCom and South African Shareholders (Continued)*

Pursuant to the put option agreements dated 8 September 2011, the South African Shareholders may sell their TGL shares to the Company through GoldCom who will sell on-market a number of the Company's shares representing the number of TGL shares being sold by the South African Shareholders multiplied by the share exchange ratio of about 53 Company's shares for every 1 TGL share. GoldCom will deliver the cash proceeds from such on-market sale to the South African Shareholders and will transfer the TGL shares to the Company. The principal amount outstanding under the loan note will be reduced by the market value of the corresponding number of the Company's shares upon the transfer of TGL shares to the Company. Such right to sell TGL shares to the Company through GoldCom may be exercised by the South African Shareholders at any time within three years from 8 September 2011.

The put options may not be transferred by the South African Shareholders without the prior written consent of the other parties to the put option agreements. In addition, if any South African Shareholder wishes to sell all or part of the TGL shares held by him to a third party during the term of the put option agreements, he shall first be required to offer such TGL shares to the Company through GoldCom. If any South African Shareholder has not exercised his put options in full within three years from 8 September 2011, GoldCom shall sell through the Stock Exchange the remaining Company's shares it then holds and the cash proceeds from such sales shall be paid to the Company in repayment of the loan note. The risk of any reduction in value of the Company's shares is borne by the Company. The put options agreement was expired on 7 September 2014.

On 5 September 2014, the Company, GoldCom and TGL entered into the new put option agreements ("New put option agreements") with each of the South African Shareholders and pursuant to the New put option agreements, the Company granted the South African Shareholders the right to sell their TGL shares to the Company through GoldCom who will sell on-market a number of the Company's shares representing the number of TGL shares being sold by the South African shareholders multiplied by the share exchange ratio of about 53 Company's shares for every 1 TGL share. GoldCom will deliver the cash proceeds from such on-market sale to the South African Shareholders and will transfer the TGL shares to the Company. The principal amount outstanding under the loan note will be reduced by the market value of the corresponding number of the Company's shares upon the transfer of TGL shares to the Company. Such right to sell TGL shares to the Company through GoldCom may be exercised by the South African Shareholders at any time before 7 September 2016.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

33. GROSS OBLIGATION UNDER PUT OPTIONS, DERIVATIVE FINANCIAL INSTRUMENTS - PUT OPTIONS AND CALL OPTIONS *(Continued)*

(b) Derivative financial instruments - put options *(Continued)*

Put options for the acquisition of additional interest in TGL (Continued)

(i) *Put option agreements between the Company, GoldCom and South African Shareholders (Continued)*

The put options may not be transferred by the South African Shareholders without the prior written consent of the other parties to the New put option agreements. In addition, if any South African Shareholder wishes to sell all or part of the TGL shares held by him to a third party during the term of the New put option agreements, he shall first be required to offer such TGL shares to the Company through GoldCom. If any South African Shareholder has not exercised his put options in full before 7 September 2016, GoldCom shall sell through the Stock Exchange the remaining Company's shares it then holds and the cash proceeds from such sales shall be paid to the Company in repayment of the loan note. The risk of any reduction in value of the Company's shares is borne by the Company.

During the year ended 31 March 2015, no put options were exercised by the South African Shareholders.

During the year ended 31 March 2016, 874,495 of the put options were exercised by the South African Shareholders. According to the share exchange ratio of about 53 Company's shares for every 1 TGL share, the principal amount under the loan note will be reduced by HK\$21,468,000, based on the market value of 46,669,798 shares of the Company at market price of HK\$0.46 per share at the issue date and derecognised in other reserve.

(ii) *Put options granted by the Company to the holders of options of TGL ("TG Optionholders")*

Pursuant to the put option agreements dated 8 September 2011 entered into between the TG Optionholders, GoldCom, TGL and the Company, the Company and GoldCom granted to the TG Optionholders the right to sell a maximum number of 18,916,168 TGL shares to the Company or to the Company through GoldCom for a maximum of 1,009,616,519 new shares of the Company upon their exercise of the options granted by TGL. The put options may be exercised by the TG Optionholders at any time within three years from 8 September 2011.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

33. GROSS OBLIGATION UNDER PUT OPTIONS, DERIVATIVE FINANCIAL INSTRUMENTS - PUT OPTIONS AND CALL OPTIONS *(Continued)*

(b) Derivative financial instruments - put options *(Continued)*

Put options for the acquisition of additional interest in TGL (Continued)

- (ii) *Put options granted by the Company to the holders of options of TGL ("TG Optionholders") (Continued)*

When the TG Optionholders are South African Shareholders, they may sell their TGL shares obtained from exercise of the options granted by TGL to the Company through GoldCom who will sell on-market a number of the Company's shares representing the number of TGL shares being sold by the South African Shareholders multiplied by the share exchange ratio of about 53 Company's shares for every 1 TGL share. GoldCom will deliver the cash proceeds from such on-market sale to the South African Shareholders and will transfer the TGL shares to the Company. When the TG Optionholders are not residents of South Africa, they may sell their TGL shares obtaining from exercise of the options granted by TGL to the Company and the Company will issue a corresponding number of the Company's shares to the TG Optionholders using an exchange ratio of about 53 Company's shares for every 1 TGL share.

The put options may not be transferred by the TG Optionholders without the prior written consent of the other parties to the put option agreements. In addition, if any TG Optionholder wishes to sell all or part of the TGL shares obtaining from exercise of the options granted by TGL to a third party during the term of the put option agreements, he shall first be required to offer such TGL shares to the Company.

The consideration payable by each of the TG Optionholders for the grant of the put option is ZAR1.

The put options agreement was expired on 7 September 2014.

On 5 September 2014, the Company, GoldCom and TGL entered into the new optionholder agreements ("New optionholder agreements") with each of the TG Optionholders and pursuant to the New optionholder agreements, the Company granted the TG Optionholders the right to sell a maximum number of 23,645,210 TGL shares to the Company or to the Company through GoldCom for a maximum of 1,262,020,649 new shares of the Company upon their exercise of the options granted by TGL. The put options may be exercised by the TG Optionholders at any time before 7 September 2016.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

33. GROSS OBLIGATION UNDER PUT OPTIONS, DERIVATIVE FINANCIAL INSTRUMENTS - PUT OPTIONS AND CALL OPTIONS *(Continued)*

(b) Derivative financial instruments - put options *(Continued)*

Put options for the acquisition of additional interest in TGL *(Continued)*

(ii) *Put options granted by the Company to the holders of options of TGL ("TG Optionholders")* *(Continued)*

When the TG Optionholders are South African Shareholders, they may sell their TGL shares obtained from exercise of the options granted by TGL to the Company through GoldCom who will sell on-market a number of the Company's shares representing the number of TGL shares being sold by the South African Shareholders multiplied by the share exchange ratio of about 53 Company's shares for every 1 TGL share. GoldCom will deliver the cash proceeds from such on-market sale to the South African Shareholders and will transfer the TGL shares to the Company. When the TG Optionholders are not residents of South Africa, they may sell their TGL shares obtaining from exercise of the options granted by TGL to the Company and the Company will issue a corresponding number of the Company's shares to the TG Optionholders using an exchange ratio of about 53 Company's shares for every 1 TGL share.

The put options may not be transferred by the TG Optionholders without the prior written consent of the other parties to the New optionholder agreements. In addition, if any TG Optionholder wishes to sell all or part of the TGL shares obtaining from exercise of the options granted by TGL to a third party during the term of the New optionholder agreements, he shall first be required to offer such TGL shares to the Company.

The consideration payable by each of the TG Optionholders for the grant of the put option is ZAR1.

During the year ended 31 March 2015, no put options were exercised by the TG Optionholders.

During the year ended 31 March 2016, 14,539,084 of the put options were exercised by the TG Optionholders and 12,975,312 of put options were executed to exchange for the Company's shares as at 31 March 2016. According to the share exchange ratio of about 53 Company's shares for every 1 TGL share, 692,533,968 ordinary shares of the Company of HK\$0.01 each were issued at respective market prices of the Company's share at the issue dates.

As disclosed in note 32(b), total 9,106,126 put options were lapsed during the year ended 31 March 2016, due to expiration of share options by TG Optionholders.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

33. GROSS OBLIGATION UNDER PUT OPTIONS, DERIVATIVE FINANCIAL INSTRUMENTS - PUT OPTIONS AND CALL OPTIONS *(Continued)*

(b) Derivative financial instruments - put options *(Continued)*

Put options for the acquisition of additional interest in TGL *(Continued)*

The put options granted by the Company are classified as derivative financial instruments and stated at fair value.

The fair value of put options granted by the Company to South African Shareholders and TG Optionholders at 31 March 2015 and 2016 is considered as minimal, which was assessed using the exchange option model.

	31 March 2016	31 March 2015
Time to maturity	0.4 years	1.4 years
Correlation	0.95	0.90
Risk free rate <i>(Note (a))</i>	0.10%	0.24%
Volatility of the Company <i>(Note (b))</i>	81.55%	37.69%
Expected dividend yield	0%	0%
Share price of TGL share <i>(Note (c))</i>	HK\$21.9	HK\$18.1

Notes:

- (a) Risk free rate was determined by reference to the yields to maturity of HK Exchange Fund Note.
- (b) Volatility for options is based on the historical share price movement of the Company's share.
- (c) The share price of TGL share was determined by reference to the business value of TGL.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

33. GROSS OBLIGATION UNDER PUT OPTIONS, DERIVATIVE FINANCIAL INSTRUMENTS - PUT OPTIONS AND CALL OPTIONS (Continued)

(b) Derivative financial instruments - put options (Continued)

Put options for the acquisition of additional interest in TGL (Continued)

During the year ended 31 March 2015, change in fair value of the put options amounting to HK\$23,640,000 was recognised in profit or loss. The movement of gross obligation under put options and derivative financial instruments for the years ended 31 March 2015 and 2016 is set out below.

	Gross obligation under put options	Derivative financial instruments – put options
At 1 April 2014	256,771	23,640
Lapse of put options granted on 8 September 2011	(483,585)	–
Grant of call and put options on 5 September 2014	540,628	–
Loss (gain) arising on changes in fair value	56,971	(23,640)
At 31 March 2015	370,785	–
Exercise of put options during the year	(100,199)	–
Lapse of put options during the year	(47,895)	–
Gain arising on changes in fair value	(129,336)	–
At 31 March 2016	93,355	–

(c) Derivative financial instruments - call options

Call options for the acquisition of additional interest in TGL

(i) *Call options granted by the South African Shareholders to the Company*

Pursuant to the New put option agreements dated 5 September 2014, the Company may acquire the TGL shares from the South African Shareholders through GoldCom in respect of the Company's shares representing the number of TGL shares being sold by the South African Shareholders multiplied by the share exchange ratio of about 53 Company's shares for every 1 TGL share. GoldCom will deliver the cash proceeds from such on-market sale to the South African Shareholders and will transfer the TGL shares to the Company. The principal amount outstanding under the loan note will be reduced by the market value of the corresponding number of the Company's shares upon the transfer of TGL shares to the Company. Such right to acquire TGL shares from the South African Shareholders through GoldCom may be exercised by the Company at any time before 7 September 2016.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

33. GROSS OBLIGATION UNDER PUT OPTIONS, DERIVATIVE FINANCIAL INSTRUMENTS - PUT OPTIONS AND CALL OPTIONS *(Continued)*

(c) Derivative financial instruments - call options *(Continued)*

Call options for the acquisition of additional interest in TGL *(Continued)*

(i) *Call options granted by the South African Shareholders to the Company (Continued)*

The call options may not be transferred by the Company without the prior written consent of the other parties to the New put option agreements. In addition, the call options shall automatically terminate when the Company acquires 80% or more of the TGL shares from the South African Shareholders.

The exercise of the call options shall be conditional upon (a) a change of control of the Company has occurred and duly completed in accordance with the terms and conditions thereunder and has been announced on the Stock Exchange; (b) where applicable, the exercise of the call options having been approved by the independent shareholders as required by and in accordance with the requirements under the Listing Rules; and (c) the offer price of the Company's share shall not less than HK\$0.20 per share.

The consideration payable by the Company to the South African Shareholders for the grant of the call option is HK\$1.

As at 31 March 2016 and 2015, the directors of the Company considered that the possibility of exercisability of the call options is low as the likelihood of change of control of the Company is outside the control of the Company and not foreseeable, thus the fair value of the call options is considered as minimal.

During the year ended 31 March 2016, 874,495 (2015: nil) of put options granted to South African Shareholders on 5 September 2014 were exercised. Following the exercise of the put options, 874,495 (2015: nil) of the call options were lapsed.

(ii) *Call options granted by the TG Optionholders to the Company*

Pursuant to the New optionholder agreements dated 5 September 2014, each of the TG Optionholders has granted the Company the right to acquire a maximum number of 23,645,210 TGL shares from TG Optionholders through GoldCom for a maximum of 1,262,020,649 new shares of the Company upon their exercise of the options granted by TGL. The call options may be exercised by the Company at any time before 7 September 2016.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

33. GROSS OBLIGATION UNDER PUT OPTIONS, DERIVATIVE FINANCIAL INSTRUMENTS - PUT OPTIONS AND CALL OPTIONS *(Continued)*

(c) Derivative financial instruments - call options *(Continued)*

Call options for the acquisition of additional interest in TGL *(Continued)*

(ii) *Call options granted by the TG Optionholders to the Company* *(Continued)*

When the TG Optionholders are South African Shareholders, the Company may acquire the TGL shares from the South African Shareholders through GoldCom who will sell on-market a number of the Company's shares representing the number of TGL shares being sold by the South African Shareholders multiplied by the share exchange ratio of about 53 Company's shares for every 1 TGL share. GoldCom will deliver the cash proceeds from such on-market sale to the South African Shareholders and will transfer the TGL shares to the Company. When the TG Optionholders are not residents of South Africa, the Company may acquire the TGL shares obtaining from exercise of the options granted by TGL to the Company and the Company will issue a corresponding number of the Company's shares to the TG Optionholders using an exchange ratio of about 53 Company's shares for every 1 TGL share.

The call options may not be transferred by the Company without the prior written consent of the other parties to the New optionholder agreements. In addition, if any put options may not be transferred by the TG Optionholders without the prior written consent of the other parties to the New optionholder agreements. In addition, the call options shall automatically terminate when the Company acquires 80% or more of the TGL shares from TG Optionholders.

The exercise of the call options shall be conditional upon (a) a change of control of the Company has occurred and duly completed in accordance with the terms and conditions thereunder and has been announced on the Stock Exchange; (b) where applicable, the exercise of the call options having been approved by the independent shareholders as required by and in accordance with the requirements under the Listing Rules; and (c) the offer price of the Company's share shall not less than HK\$0.20 per share.

The consideration payable by the Company to the TG Optionholders for the grant of the call option is HK\$1.

As at 31 March 2016 and 2015, the directors of the Company considered that the possibility of exercisability of the call options is low as the likelihood of change of control of the Company is outside the control of the Company and not foreseeable, thus the fair value of the call options is considered as minimal.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

33. GROSS OBLIGATION UNDER PUT OPTIONS, DERIVATIVE FINANCIAL INSTRUMENTS - PUT OPTIONS AND CALL OPTIONS *(Continued)*

(c) Derivative financial instruments - call options *(Continued)*

Call options for the acquisition of additional interest in TGL *(Continued)*

(ii) *Call options granted by the TG Optionholders to the Company* *(Continued)*

As disclosed in note 32(b), 14,539,084 (2015: nil) of TGL options granted to the option holders were exercised and 9,106,126 (2015: nil) of the remaining TGL options were lapsed upon expiration during the year ended 31 March 2016. Upon the exercise and expiration of TGL options, all call options (2015: nil) granted to the TG Optionholders have been lapsed.

The call options granted by South African Shareholders and TG Optionholders to the Company are classified as derivative financial instruments and stated at fair value.

34. CHANGE IN SHAREHOLDING OF SUBSIDIARIES WITHOUT LOSING CONTROL

During the year ended 31 March 2016, the Group's equity interest in TGL was decreased from 68.92% to 64.93% upon the exercise of TGL options as disclosed in note 32 with total consideration of HK\$46,089,000. The aggregate of HK\$96,222,000 represented the transfer of share option reserve of subsidiaries, net of the increasing in the non-controlling interests, being the proportionate share of the carrying amount of net assets of TGL amounting to HK\$50,133,000 and the proceeds paid for share purchases has credited to other reserve.

Following the exercise of TGL options, put options granted by the Company to the TG Optionholders were exercised as disclosed in note 33. The Group's equity interest in TGL was increased from 64.93% to 70.72%. The decreasing in the non-controlling interests, being the proportionate share of the carrying amount of net assets of TGL amounting to HK\$344,244,000 has credited to other reserve.

Upon the exercise of South African Shareholders put options as disclosed in note 33, the Group's equity interest in TGL was increased from 70.72% to 71.07%. The consideration for exercising the put options of HK\$21,468,000 were settled by the Company's shares issued to GoldCom in prior years. The decreasing in the non-controlling interests, being the proportionate share of the carrying amount of net assets of TGL amounting to HK\$13,359,000 has credited to other reserve.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

35. NON-CONTROLLING INTERESTS

	Share of net assets of subsidiaries HK\$'000	Share option reserve of subsidiaries HK\$'000	Total HK\$'000
At 1 April 2014	851,997	461,509	1,313,506
Share of loss for the year	(89,849)	–	(89,849)
Exchange difference arising on translation to presentation currency	(34,661)	–	(34,661)
Lapse of put options for potential additional acquisition in a subsidiary	255,412	–	255,412
Non-controlling interest arising on potential additional acquisition in a subsidiary	(255,412)	–	(255,412)
At 31 March 2015	727,487	461,509	1,188,996
Share of profit for the year	123,417	–	123,417
Exchange difference arising on translation to presentation currency	(43,876)	–	(43,876)
Non-controlling interest arising on acquisition in subsidiaries	1,316	–	1,316
Change in shareholding in TGL without losing control upon exercise of TGL share options	244,741	(294,874)	(50,133)
Change in shareholding in TGL without losing control upon exercise of TGL Optionholders put options	(344,244)	–	(344,244)
Change in shareholding in TGL without losing control upon exercise of South African Shareholders put options	(13,359)	–	(13,359)
Transfer to accumulated losses upon expiration of TGL share options of a subsidiary	48,207	(166,635)	(118,428)
At 31 March 2016	743,689	–	743,689

36. CAPITAL COMMITMENTS

	2016 HK\$'000	2015 HK\$'000
Capital expenditure in respect of the gold projects contracted for but not provided in the consolidated financial statements:		
– Property, plant and equipment and exploration assets	1,429	5,180

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

37. EVENTS AFTER THE REPORTING PERIOD

- (a) On 24 May 2016, 63,352,287 ordinary shares of the Company were issued to TG Optionholders through GoldCom at HK\$0.073 per share, being the market price of the Company's share on date of issue, for settlement of the consideration payable upon exercise of put options as disclosed in note 33.
- (b) On 25 April 2016, 5,058,327 ordinary shares of the TGL were issued to an associate of the Company. The Company's shareholding on TGL's shares has increased from 71.07% to 71.64% upon the issue of new shares. The directors of the Company are in progress in assessing the financial impact to the Group.

38. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Particulars of the Company's principal subsidiaries as at 31 March 2016 and 2015 are as follows:

Name of subsidiary	Country/place of incorporation	Country/place of operation	Issued share capital/paid up capital/ registered capital	Equity interest attributable to the Group as at 31 March				Principal activities
				Directly 2016	2015	Indirectly 2016	2015	
Wing Hing International (Holdings) Limited	Republic of Seychelles	Hong Kong	Ordinary USD1	100%	100%	-	-	Investment holding
Lee Hing Mining Industry Limited	Hong Kong	Hong Kong	Ordinary HK\$100	-	-	100%	100%	Sale of minerals
TGL	South Africa	South Africa	Ordinary ZAR58,040,000	-	-	71.07%	68.92%	Exploration, development and mining of gold and associated minerals
Taung Gold Exploration (West) (Pty) Limited*	South Africa	South Africa	Ordinary ZAR7,875	-	-	71.07%	68.92%	Exploration, development and mining of gold and associated minerals
Taung Gold Exploration Limited*	South Africa	South Africa	Ordinary ZAR7,875	-	-	71.07%	68.92%	Exploration, development and mining of gold and associated minerals
Taung Gold (North West) (Pty) Limited*	South Africa	South Africa	Ordinary ZAR100	-	-	71.07%	68.92%	Exploration, development and mining of gold and associated minerals
Taung Gold (Free State) (Pty) Limited*	South Africa	South Africa	Ordinary ZAR100	-	-	71.07%	68.92%	Exploration, development and mining of gold and associated minerals
Ulinet (Pty) Limited*	South Africa	South Africa	Ordinary ZAR100	-	-	71.07%	68.92%	Exploration, development and mining of gold and associated minerals
Minex	Singapore	Hong Kong	Ordinary USD2,400,100	100%	-	-	-	Investment holding
PTRTJ	Indonesia	Indonesia	Ordinary IDR2,500,000,000	-	-	95%	-	Exploration, development and mining of gold and associated minerals

* These companies are wholly-owned subsidiaries of TGL

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

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

At the end of the reporting period, the Company has other subsidiaries that are not material to the Group. A majority of these subsidiaries operate in Hong Kong. The principal activities of these subsidiaries are either investment holding or inactive.

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

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

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

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by		Profit (loss) allocated to non-controlling interests		Accumulated non-controlling interests	
		non-controlling interests	non-controlling interests	non-controlling interests	non-controlling interests	non-controlling interests	non-controlling interests
		31.3.2016	31.3.2015	31.3.2016	31.3.2015	31.3.2016	31.3.2015
				HK\$'000	HK\$'000	HK\$'000	HK\$'000
TGL	South Africa	28.93%	31.08%	207,756	(89,849)	948,831	1,188,996

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

	2016 HK\$'000	2015 HK\$'000
Current assets	88,192	85,661
Non-current assets	4,284,533	3,965,457
Current liabilities	(3,950)	(2,414)
Equity attributable to owners of the Company	3,419,944	2,859,708
Non-controlling interests	948,831	1,188,996

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

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

	Year ended 31.3.2016 HK\$'000	Year ended 31.3.2015 HK\$'000
Income	567,785	91,838
Expenses	(12,805)	(310,628)
Profit (loss) for the year	554,980	(218,790)
Profit (loss) attributable to owners of the Company	347,224	(128,941)
Profit (loss) attributable to non-controlling interests	207,756	(89,849)
Profit (loss) for the year	554,980	(218,790)
Other comprehensive expense attributable to owners of the Company	(107,785)	(76,858)
Other comprehensive expense attributable to non-controlling interests	(43,876)	(34,661)
Other comprehensive expense for the year	(151,661)	(111,519)
Total comprehensive income (expense) attributable to owners of the Company	239,439	(205,799)
Total comprehensive income (expense) attributable to non-controlling interests	163,880	(124,510)
Total comprehensive income (expense) for the year	403,319	(330,309)
Net cash outflow from operating activities	(13,751)	(25,264)
Net cash outflow from investing activities	(12,499)	(18,990)
Net cash inflow from financing activities	46,089	–
Net cash inflow (outflow)	19,839	(44,254)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

40. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

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

	2016 HK\$'000	2015 HK\$'000
Non-current assets		
Investments in subsidiaries	3,446,256	2,859,708
Prepayment for acquisition of a subsidiary	122,992	–
Amount due from an associate	30,751	29,287
	3,599,999	2,888,995
Current assets		
Amount due from subsidiaries	92,119	210,845
Other receivables	14	7
Bank balances and cash	136,785	24,683
	228,918	235,535
Current liabilities		
Other payables and accruals	5,251	3,276
Net current assets	223,667	232,259
Net assets	3,823,666	3,121,254
Capital and reserves		
Share capital	147,912	124,429
Reserves	3,675,754	2,996,825
Total	3,823,666	3,121,254

The Company's statement of financial position was approved and authorised for issue by the Board of Directors on 29 June 2016 and are signed on its behalf by:

Li Hok Yin
DIRECTOR

Cheung Pak Sum
DIRECTOR

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

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

Movement in the Company's reserves

	Share premium HK\$'000	Capital reserve HK\$'000	Other reserve HK\$'000	Contributed surplus HK\$'000	Warrant reserve HK\$'000	Share option reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 April 2014	4,758,396	(800)	(519,865)	147,828	14,216	-	(1,318,571)	3,081,204
Loss and total comprehensive expense for the year	-	-	-	-	-	-	(120,378)	(120,378)
Issue of new shares under placement	37,346	-	-	-	-	-	-	37,346
Transaction cost attributable to issue of new shares	(1,347)	-	-	-	-	-	-	(1,347)
Transfer upon lapse of warrants	-	-	-	-	(14,216)	-	14,216	-
At 31 March 2015	4,794,395	(800)	(519,865)	147,828	-	-	(1,424,733)	2,996,825
Profit and total comprehensive income for the year	-	-	-	-	-	-	413,083	413,083
Recognition of share-based payments	-	-	-	-	-	11,975	-	11,975
Issue of new shares under placement	138,189	-	-	-	-	-	-	138,189
Transaction costs attributable to issue of new shares	(469)	-	-	-	-	-	-	(469)
Issue of new shares for acquisition on subsidiaries	22,877	-	-	-	-	-	-	22,877
Effect of exercise of put options for optionholders of a subsidiary	89,114	-	21,468	-	-	-	(17,308)	93,274
At 31 March 2016	5,044,106	(800)	(498,397)	147,828	-	11,975	(1,028,958)	3,675,754

FINANCIAL SUMMARY

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

RESULTS

	Year ended 31 March				2016 HK\$'000
	2012 HK\$'000	2013 HK\$'000	2014 HK\$'000	2015 HK\$'000	
Revenue					
Continuing operations	7,858	4,592	4,156	–	–
Discontinued operations	659	–	–	–	–
	8,517	4,592	4,156	–	–
Profit (loss) attributable to					
Owners of the Company	(217,812)	(150,196)	(726,863)	(110,730)	382,210
Non-controlling interests	130,428	22,932	(296,716)	(89,849)	123,417
	(87,384)	(127,264)	(1,023,579)	(200,579)	505,627

ASSETS AND LIABILITIES

	As at 31 March				2016 HK\$'000
	2012 HK\$'000	2013 HK\$'000	2014 HK\$'000	2015 HK\$'000	
Total assets	6,307,650	5,835,953	4,561,119	4,311,724	4,778,006
Total liabilities	572,300	415,759	295,407	376,524	102,968
Total equity	5,735,350	5,420,194	4,265,712	3,935,200	4,675,038