



ARES ASIA
安 域 亞 洲

Ares Asia Limited
安域亞洲有限公司

(Incorporated in Bermuda with limited liability)

Stock Code: 645

Annual Report
2014/2015

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CORPORATE INFORMATION

Ares Asia Limited

(Incorporated in Bermuda with limited liability)

DIRECTORS

Executive Directors

Mr. ZHENG Yong Sheng (*Chairman*)
Mr. RAN Dong
Mr. CHAN Tsang Mo

Independent Non-executive Directors

Mr. CHANG Tseng Hsi, Jesse
Mr. NGAN Hing Hon
Mr. YEUNG Kin Bond, Sydney

COMPANY SECRETARY

Mr. CHAU Kwok Ming

AUTHORISED REPRESENTATIVES

Mr. CHAN Tsang Mo
Mr. CHAU Kwok Ming

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited
The Belvedere Building
69 Pitts Bay Road
Pembroke HM08
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Level 96, International Commerce Centre
1 Austin Road West
Kowloon
Hong Kong

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

AUDITOR

KPMG
Certified Public Accountants

LEGAL ADVISERS

As to Hong Kong Law
TC & Co., Solicitors

As to Bermuda Law
Codan Services Limited

PRINCIPAL BANKERS

Societe Generale Corporate and Investment Banking
The Hongkong and Shanghai Banking Corporation
Limited
Industrial and Commercial Bank of China (Asia) Limited

COMPANY WEBSITES

www.aresiasia.com
www.irasia.com/listco/hk/aresasia

STOCK CODE

645



CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board of directors (the "Board") of Ares Asia Limited (the "Company", together with its subsidiaries, the "Group"), I am pleased to present the annual report of the Company for the year ended 31 March 2015.

Confronting challenging market situation in 2014/15 featuring oversupply of coal and declining coal prices, this was a year full of challenges and difficulties. Management has taken measurement to tighten cost control and achieved a generally favorable business performance against the overall loss of the coal trading industry.

In addition, further to the Group's discontinuation of its footwear manufacturing business (the "Manufacturing Business") during the year ended 31 March 2013, the Company disposed of its entire interests in the Manufacturing Business. The disposal was completed on 10 April 2014 with a gain on disposal of approximately US\$3.18 million, which had further enhanced the asset quality of the Company.

Moving forward, taking into account the overall unsatisfactory performance of the industry, the Group will take a conservative approach to its development in the coming year, without risking the financial stability of the Group.

On behalf of the Board, I would like to extend my sincere gratitude to our shareholders, business partners, customers, suppliers, bankers, management and staff for their continuous support and valuable contribution to the Group.

ZHENG Yong Sheng

Chairman

Hong Kong, 29 June 2015



MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND FINANCIAL HIGHLIGHTS

The Group continued to operate its coal trading business during the year ended 31 March 2015 and the results of the coal trading business are presented as Continuing Operation in the consolidated financial statements.

The Group's turnover for the year ended 31 March 2015, which was solely generated from its coal trading business, increased to US\$125.07 million as compared with US\$109.02 million for the year ended 31 March 2014.

The footwear manufacturing business, the operation of which was discontinued during the year ended 31 March 2013, was disposed during the year ended 31 March 2015. Further details on this disposal are set out in the section headed "Review of operations – Discontinued operation" below. The results for the discontinued footwear manufacturing business are continued to be reported separately as Discontinued Operation in the consolidated financial statements.

Profit before taxation for the year ended 31 March 2015 was US\$1.69 million, representing US\$0.35 million of profit from the coal trading business, US\$3.18 million of gain from the Discontinued Operation and US\$1.84 million of corporate overhead expenses. In comparison, the loss for the year ended 31 March 2014 was US\$8.21 million, which was made up of US\$0.33 million of profit from the coal trading business, US\$0.58 of loss from the Discontinued Operation, US\$1.95 million of corporate overhead expenses and US\$6.01 million of fair value loss on the Exchangeable Bond.

REVIEW OF OPERATIONS

Continuing Operation

During the year ended 31 March 2015, the performance of our coal trading business has continued to grow with a turnover of US\$125.07 million, representing a year on year increase of 14.7% or US\$16.05 million.

During the year ended 31 March 2015, the Group continued to sell thermal coals, with majority of the coal originated from Indonesia and Australia, to China, with a total volume of approximately 1.89 million metric tonnes ("MT") as compared with approximately 1.64 million MT in prior year.

Selling and administrative expenses primarily consisted of employee benefits costs, rental and corporate expenses which amounted to approximately US\$3.65 million for the current year (2014: US\$3.39 million). The increase is the reflection of the growing of the operation.

Loss before taxation from Continuing Operation was approximately US\$1.49 million for the year ended 31 March 2015 as compared with US\$7.64 million in last year. When excluding the fair value loss of approximately US\$6.01 million in the last reporting period, loss before taxation from the continuing operation of this reporting period would be slightly narrowed by 8% or US\$0.13 million, as compared to US\$1.62 million of prior year.

MANAGEMENT DISCUSSION AND ANALYSIS

DISCONTINUED OPERATION

The discontinued operation represents the footwear manufacturing business and as disclosed in the announcement dated 26 February 2014, the Company entered into a sale and purchase agreement with Landway Investments Limited, a company which is wholly-owned by a director of Brave Win Industries Limited ("Brave Win"), to dispose of (i) 1 share of Brave Win, representing 0.0000033% of the then total issued share capital of Brave Win; (ii) the entire issue shares of China Compass Investments Limited ("China Compass"); and (iii) the unsecured and interest free shareholder's loan in the principal amount of US\$1.58 million owed by China Compass to the Company, at a consideration of US\$3.20 million (the "Disposal"). The Disposal was completed in April 2014 and the Group recorded a gain on disposal of discontinued operation of US\$3.18 million.

LIQUIDITY AND FINANCIAL RESOURCES

We continue our conservative positioning in managing the Group's working capital.

As at 31 March 2015, cash on hand and at banks for the Group amounted to approximately US\$12.53 million as compared to US\$9.36 million as at 31 March 2014. The increase in cash was primarily the result of the consideration received from the Disposal during the year ended 31 March 2015.

As at 31 March 2015, the Group had no other borrowings except for the discounted bills with recourse amounting to US\$26.92 million while the Group was debt-free as at 31 March 2014. The increase was due to bills receivable being discounted, with recourse, for matching the working capital requirement arising from the Group's trading activities. The discounting of bills receivable was a short term trade facility and the underlying bills receivable had maturity periods of 90 days after the receipt of required documents by nominated banks, or less and were covered by corresponding letters of credit.

As at 31 March 2015, the gearing ratio, being net debt (total borrowings less cash on hand and at banks) to net assets attributable to owners of the Group was approximately 58.7% (31 March 2014: nil).

The Group implements tight control on its credit and collection policies. As stipulated in the sale and purchase agreements for the coal trading business, irrevocable letters of credit, up to a tenor of 90 days after the receipt of required documents by nominated banks, by reputable banks are usually required not later than 14 days prior to the expected date of vessels' arrival at loading port. So far, the Group has not experienced any bad debts from its coal trading business.

The Group generally relied on its internally generated cash flows and the existing trade facilities to finance its day to day operations. There is no present plan for material capital expenditures and we believe that the Group has adequate liquidity to meet its current and future working capital requirements.



MANAGEMENT DISCUSSION AND ANALYSIS

MATERIAL ACQUISITION, DISPOSAL AND SIGNIFICANT INVESTMENT

Save for the Disposal, the Group did not have any material acquisition, disposal and significant investment during the year ended 31 March 2015.

RISK OF CURRENCY FLUCTUATIONS

The Group's assets and liabilities as well as the income and expenses derived from both the Continuing Operation and Discontinued Operation are mainly denominated in Hong Kong Dollars and United States Dollars (i.e. functional currency of the Company and its subsidiaries).

There is no significant exposure to the fluctuation of foreign exchange rates, but the Group is closely monitoring the financial market and would consider appropriate measures if required. Currently, the Group has no hedging arrangement for foreign currencies and has not entered into any financial derivatives arrangement.

COMMITMENTS

At 31 March 2015, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	The Group	
	2015	2014
	\$'000	\$'000
Within 1 year	374	181
After 1 year but within 5 years	582	—
	956	181

The Group is the lessee in respect of its office premise held under operating lease from a fellow subsidiary. The lease runs for an initial period of three years with options to renew the lease when all terms are renegotiated. The lease does not include contingent rentals.



MANAGEMENT DISCUSSION AND ANALYSIS

PROSPECT

Owing to the adverse effect of the backdrop of global economic growth downturn, declining coal demand and the enhanced intensity in air pollution control, China's coal industry remained in a profound correction scenario. The lingering high coal inventories and declining coal prices led to larger scale of deficit of the coal industry.

Looking ahead into next year, following the decelerated rate of growth in the Chinese economy, energy restructuring and reinforced treatment of air pollution, the rate of growth in nationwide coal consumption is expected to slow down substantially. Together with the gradually released coal production in recent years and the slackened demand for coal consumption, it will be a long process to digest the existing coal inventory and the excessive coal capacity.

However, the volume of coal import yet amounted to 227 million MT in 2014. Considering the above factors, the coal market in China is expected to stay on the weak side. The thermal coal price will continue to be under pressure and remain at its lows in the coming year, given the tremendous drop in the volume of coal import of China in the first half of 2015.

The Group will continue its business through the secured long-term supply of quality thermal coal originated from Indonesia's top coal mines at market pricing. This enables the Group to maintain the marginal contribution and minimize the adverse impact of market price fluctuations on the Group's profitability. Adhering to the market-oriented pricing mechanism, the Company will further explore new customers by allocating marketable types of coal according to the differentiated needs of the customers, which to some extent mitigate the impact from insufficient coal demand and thus enhance the market risk resilience of the Company.

The Group will continue to review the strategic directions of the Group with a view to enhancing its future development.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2015, the Group had a total of 10 (2014: 13) full time employees in Hong Kong. The Group's emolument policy is to pay salaries and wages that are competitive in the industry in a way that will be motivational, fair and equitable, and that are dependent on individual and the Group's performance. Apart from salaries, the Group also provides other fringe benefits to employees, which include share option scheme, provident fund schemes, discretionary bonuses on performance basis and medical insurance.

The remuneration committee under the Board reviews the Group's emolument policy and structure of the Directors of the Group, having regards to the Group's operating results, individual performance and comparable market standards.



DIRECTORS' REPORT

The board (the "Board") of directors (the "Directors") of Ares Asia Limited (the "Company", together with its subsidiaries, the "Group") is pleased to present its report together with the audited consolidated financial statements of the Group for the year ended 31 March 2015.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The Group is principally engaged in the business of coal trading, entailing the selling of thermal coal purchased from Indonesia and Australia to the People's Republic of China. The Group commenced coal trading in October 2012. Prior to this, the Group's major business was the manufacture of footwear but, as disclosed in the Company's annual report for the year ended 31 March 2013, due to a decrease in sales and rising production costs, the Group ceased its footwear manufacturing business in January 2013. An analysis of the Group's performance by operating segments is set out in note 3 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated statement of comprehensive income on page 32 of this annual report.

The Directors did not recommend the payment of any final dividend during the year.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the annual general meeting of the Company (the "AGM"), the register of members of the Company will be closed from Monday, 14 September 2015 to Friday, 18 September 2015, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the AGM, all transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shop 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Friday, 11 September 2015.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group are set out in note 12 to the consolidated financial statements.

SHARE CAPITAL

Details of the share capital of the Company are set out in note 24 to the consolidated financial statements.

DIRECTORS' REPORT

DISTRIBUTABLE RESERVES

Under the Companies Act 1981 of Bermuda (as amended) (the "Act"), the Company's contributed surplus is distributable to shareholders under certain circumstances as provided in the Act. The reserve of the Company available for distribution to shareholders as calculated under the Act as at 31 March 2015 amounted to US\$23,835,000 (2014: US\$22,564,000).

Details of the movements in reserves of the Group are set out in the consolidated statement of changes in equity on page 35 of this annual report.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws or the laws of Bermuda in respect of the Company's share capital.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 92 of this annual report.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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

DIRECTORS

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

Executive Directors:

Mr. ZHENG Yong Sheng (*Chairman*) (appointed on 29 July 2014)

Mr. CHUA Chun Kay (resigned on 27 June 2014)

Mr. Junaidi YAP (resigned on 18 December 2014)

Mr. RAN Dong (appointed on 9 June 2014)

Mr. CHAN Tsang Mo (appointed on 9 June 2014)



DIRECTORS' REPORT

DIRECTORS *(Continued)*

Independent non-executive Directors:

Mr. CHANG Tseng Hsi, Jesse (appointed on 9 June 2014)

Mr. LAM Pun Yuen, Frank (resigned on 27 June 2014)

Mr. NGAN Hing Hon

Mr. YEUNG Kin Bond, Sydney

In accordance with Bye-law 87 of the Company's Bye-laws, Messrs. NGAN Hing Hon and YEUNG Kin Bond, Sydney, will retire by rotation and, being eligible, offer themselves for re-election at the AGM.

BIOGRAPHICAL DETAILS OF DIRECTORS

The biographical details of the Directors of the Group are set out in the "Biographical Details of Directors" section on pages 17 to 18 of this annual report.

UPDATE ON DIRECTOR'S INFORMATION UNDER RULE 13.51B(1) OF THE LISTING RULES

Upon specific enquiry by the Company and following confirmations from the Directors, there is no change in the information of the Directors required to be disclosed pursuant to Rule 13.51B(1) of the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange (the "Listing Rules") subsequent to the date of the Company's 2014/15 interim report.

DIRECTORS' EMOLUMENTS

The Directors' emoluments for the year ended 31 March 2015 are set out in note 8 to the consolidated financial statements.

DIRECTORS' SERVICE CONTRACTS

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

DIRECTORS' INTERESTS IN CONTRACTS

Other than as disclosed under the section headed "Material Related Party Transactions" in note 27 to the consolidated financial statements, 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' REPORT

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive Directors an annual confirmation of independence, and the Company considers that each of them to be independent and has met the guidelines set out in Rule 3.13 of the Listing Rules.

SHARE OPTION SCHEME

The Company's existing share option scheme (the "Share Option Scheme") was adopted on 21 September 2012, under which the Directors may grant options to eligible persons to subscribe for the Company's shares subject to the terms and conditions as stipulated therein. The vesting period of the share options granted is determined by the Board at each time when the share options are granted. The detailed disclosures relating to the Share Option Scheme and valuation of options are set out in note 22 to the consolidated financial statements.

Details of the movements in the share options granted under the Share Option Scheme during the year were as follows:

Name of Director	Grant date	Exercisable period	Exercise price per share <i>HK\$</i>	Number of share options		As at 31 March 2015
				Outstanding as at 1 April 2014	Exercised during the year	
Mr. Junaidi YAP	25 October 2012	25 October 2012 – 23 October 2015	0.63	1,500,000	(1,500,000)	—

Note:

Mr. Junaidi YAP resigned as the Chief Executive Officer of the Company on 11 November 2014 and as an executive Director on 18 December 2014.

No share option was granted, lapsed or cancelled under the Share Option Scheme during the year.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the section headed "Share Option Scheme" above regarding the exercise of the share options by a Director during the year, at no time during the year was the Company or any of its subsidiaries a party to any arrangement which enables the Directors to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.



DIRECTORS' REPORT

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

As at 31 March 2015, none of the Directors and chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the 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 pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules.

SUBSTANTIAL SHAREHOLDER'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 March 2015, the following substantial shareholder of the Company, other than the Directors and chief executive of the Company, had interests in the shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Long position in shares of the Company

Name	Capacity/ Nature of Interest	Number of shares held	Approximate percentage of issued share capital
Reignwood International Holdings Company Limited ("Reignwood") (Note)	Beneficial Owner	182,459,527	53.33%

Note:

Reignwood is wholly-owned by Dr. Chanchai RUAYRUNGRUANG.

Save as disclosed above, as at 31 March 2015, no person, including the Directors and chief executive of the Company, had interest or short position in the shares, underlying shares and debentures of the Company which was required to be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

RELATED PARTY TRANSACTIONS

A summary of the related party transactions entered into by the Group during the year is disclosed in Note 27 to the financial statements.

CONNECTED TRANSACTION AND CONTINUING CONNECTED TRANSACTION

Pursuant to Chapter 14A of the Listing Rules, the Group had the following connected transaction and continuing connected transaction during the year.



DIRECTORS' REPORT

CONNECTED TRANSACTION AND CONTINUING CONNECTED TRANSACTION *(Continued)*

(i) Disposal of entire interest in China Compass Group

On 26 February 2014, the Company and Landway Investments Limited (the "Purchaser"), a company wholly-owned by Mr. LEE Chi Keung, Russell ("Mr. LEE"), entered into a sale and purchase agreement (the "Agreement"), pursuant to which the Company has agreed to sell and the Purchaser has agreed to acquire (i) 1 share of Brave Win Industries Limited ("Brave Win"), representing 0.0000033% of the total issued share capital of Brave Win; (ii) the 1,000 shares of China Compass Investments Limited ("China Compass", together with Brave Win, collectively the "China Compass Group"), representing the entire issued share capital of China Compass; and (iii) the unsecured and interest free shareholder's loan in the principal amount of US\$1,578,767 owned by China Compass to the Company, for a consideration of US\$3.2 million (the "Disposal"). Further details of the Disposal are set out in the announcement and circular of the Company dated 26 February 2014 and 25 March 2014 respectively.

Mr. LEE, being a director of Brave Win, the then wholly-owned subsidiary of the Company, was a connected person of the Company for the purpose of the Listing Rules. The Purchaser, which is wholly-owned by Mr. LEE and therefore an associate of Mr. LEE, is also a connected person of the Company. Accordingly, the Disposal constituted a discloseable and connected transaction of the Company under Chapters 14 and 14A of the Listing Rules.

Upon completion of the Disposal on 10 April 2014, the Company ceased to hold any interest in any of the members of the China Compass Group, all members of which ceased to be subsidiaries of the Company and the financial results of the China Compass Group would not be consolidated into the consolidated financial statements of the Group.

(ii) Lease of office premises

On 17 October 2014, Ares Repco Limited ("Ares Repco"), an indirect wholly-owned subsidiary of the Company, as lessee, entered into a lease agreement (the "Lease Agreement") with Reignwood International Investment (Group) Company Limited ("Reignwood International Investment"), a direct wholly-owned subsidiary of Reignwood, as lessor, in respect of the lease of the premises (the "Premises") situated at Level 96, International Commerce Centre, 1 Austin Road West, Hong Kong for a term of 3 years commencing from 20 October 2014 and expiring on 19 October 2017 at a monthly rent of HK\$241,800, exclusive of rates, air-conditioning charges and property management fee, subject to the terms and conditions of the Lease Agreement.



DIRECTORS' REPORT

CONNECTED TRANSACTION AND CONTINUING CONNECTED TRANSACTION *(Continued)*

(ii) Lease of office premises *(Continued)*

Dr. Chanchai RUAYRUNGRUANG owns the entire share capital of Reignwood, which in turn holds 182,459,527 shares in the capital of the Company, representing approximately 53.57% of the then total issued share capital of the Company on 17 October 2014, and is the controlling shareholder of the Company. The lessor is a direct wholly-owned subsidiary of Reignwood and, therefore, an associate of Dr. Chanchai RUAYRUNGRUANG and a connected person of the Company. The transactions contemplated under the Lease Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

The annual cap of the aggregate amount payable by Ares Repco to Reignwood International Investment set by the Board for the lease of the Premises for the period from 20 October 2014 to 31 March 2015 is HK\$1,405,000. During the year ended 31 March 2015, the total amount incurred by Ares Repco to Reignwood International Investment pursuant to the Lease Agreement was HK\$1,366,876.

The independent non-executive Directors have reviewed the aforesaid continuing connected transactions and confirmed that the transactions have been entered into:

1. in the ordinary and usual course of business of the Group;
2. on normal commercial terms or better; and
3. according to the agreement governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Company's auditor was engaged to report on the aforesaid continuing connected transaction in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants.

The auditor has issued their unqualified letter containing the auditor's findings and conclusions in respect of the aforesaid continuing connected transaction in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.



DIRECTORS' REPORT

CHANGE OF CONTROLLING SHAREHOLDER AND UNCONDITIONAL MANDATORY CASH OFFERS

On 29 April 2014, Reignwood and Star Crown Capital Ltd ("Star Crown"), a company directly owned and beneficially wholly-owned by Mr. CHUA Chun Kay, the then executive Director and Chairman of the Board, entered into a sale and purchase agreement (the "S&P Agreement") in respect of the acquisition by Reignwood of the 182,458,061 ordinary Shares of the Company (the "Shares") for a total cash consideration of HK\$127,720,642.70. Such Shares represented 53.57% of the then issued share capital of the Company. Upon completion of the S&P Agreement on 29 April 2014 (the "Completion"), Reignwood has become the holder of 182,458,061 Shares, and thus became a controlling shareholder of the Company.

Immediately following the Completion, Bridge Partners Capital Limited had made unconditional mandatory cash offers (the "Offers") on behalf of Reignwood to acquire all the issued Shares (the "Offer Shares") (other than those already owned by Reignwood and parties acting in concert with them) (the "Share Offer") and to cancel all outstanding share options granted by the Company pursuant to its share option scheme (the "Option Offer") in accordance with the Hong Kong Code on Takeovers and Mergers.

On 27 June 2014, Reignwood received valid acceptances in respect of 1,466 Offer Shares under the Share Offer (representing approximately 0.0004% of the issued share capital of the Company as at 27 June 2014) and there was no acceptance received under the Option Offer.

Upon the completion of the Offers, Reignwood and parties acting in concert with it were interested in an aggregate of 182,459,527 Shares, representing approximately 53.57% of the then issued share capital of the Company.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the percentages of purchases and sales attributable to the Group's major suppliers and customers are as follows:

Purchases

— the largest supplier	71%
— five largest suppliers combined	100%

Sales

— the largest customer	38%
— five largest customers combined	94%

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



DIRECTORS' REPORT

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the directors, throughout the year ended 31 March 2015 until the date of this report, there is a sufficiency of public float of the Company's securities as required under the Listing Rules.

CORPORATE GOVERNANCE

The Company's corporate governance practices are set out in the Corporate Governance Report on pages 19 to 29 of this annual report.

AUDITOR

KPMG were first appointed as independent auditor of the Company for the year ended 31 March 2013.

The financial statements of the Group for the year ended 31 March 2015 have been audited by KPMG who will retire at the AGM and being eligible, offer themselves for re-appointment. A resolution for the re-appointment of KPMG as independent auditor of the Company will be proposed at the AGM.

On behalf of the Board

ZHENG Yong Sheng

Chairman

Hong Kong, 29 June 2015



BIOGRAPHICAL DETAILS OF DIRECTORS

Executive Directors

Mr. ZHENG Yong Sheng, aged 43, holds a master degree in Accounting from Macquarie University in Australia and a master degree of Business Administration in Finance from the University of Lincoln in the United Kingdom. He is a member of each of the Hong Kong Institute of Certified Public Accountants, the Chinese Institute of Certified Public Accountants and the Australian Institute of Certified Public Accountants. Mr. ZHENG possesses extensive experience in auditing and business consulting from various international accountancy firms. He joined the Company as an executive Director and Chairman of the Board on 29 July 2014, and was appointed as the Chief Executive Officer of the Company on 11 November 2014.

Mr. RAN Dong, aged 34, is currently the finance manager of Reignwood Group in the PRC. Mr. Ran graduated from Tianjin University in the PRC with a bachelor's degree in economic law & financial management. He is the member of The Chinese Institute of Certified Public Accountants. Prior to joining the Reignwood Group, Mr. Ran had worked for two international audit firms in the PRC and has extensive experience in auditing, financial management and reporting. He joined the Company as an executive Director on 9 June 2014.

Mr. CHAN Tsang Mo, aged 30, is currently the accounting manager of Reignwood Group in Hong Kong. Mr. CHAN holds a bachelor's degree in business administration of City University of Hong Kong and is a member of Hong Kong Institute of Certified Public Accountants. Prior to joining the Reignwood Group, Mr. CHAN had worked for international audit firms and financial advisory companies. He has experience in auditing, financial management and treasury activities. He joined the Company as an executive Director on 9 June 2014.

BIOGRAPHICAL DETAILS OF DIRECTORS

Independent Non-executive Directors

Mr. CHANG Tseng Hsi, Jesse, aged 60, is currently the managing partner of TransAsia Lawyers, a law firm licensed in the PRC and is also an arbitrator of Shanghai International Economic and Trade Arbitration Commission. Mr. CHANG graduated with a bachelor of laws degree and a bachelor of economics degree from The Australian National University and a master of laws degree from the Columbia University in New York. He has extensive experience in advising clients to implement market entry structures in highly regulated sectors in the PRC, such as aviation, media and IT. He has also been involved in corporate restructurings, mergers and acquisitions of numerous multinational companies particularly in industries related to media, IT as well as minerals and resources. He joined the Company an independent non-executive Director on 9 June 2014.

Mr. NGAN Hing Hon, aged 58, is currently the audit partner of ZHONGHUI ANDA CPA Limited. Mr. NGAN graduated from the Chinese University of Hong Kong with a bachelor of business administration. He is an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow member of The Association of Chartered Certified Accountants. Mr. NGAN had worked in two international audit firms for approximately 4 years, and was then employed by several listed and private companies in Hong Kong as financial controller. Mr. NGAN has extensive experience in auditing, accounting and corporate finance. He was the chief financial officer of a listed company in Singapore for the period from May 2004 to September 2007. He joined the Company as an independent non-executive Director in 2011.

Mr. YEUNG Kin Bond, Sydney, aged 41, started his career at Morgan Stanley in New York in 1996. He then worked at Van der Moolen (listed on the New York Stock Exchange) as the managing director of international trading. Mr. YEUNG is one of the founders of Verde Asia Fund LLC and the managing director of Pioneer Capital Mgmt, Inc. He is also the founder director and shareholder of Roots Capital Asia Limited. Mr. YEUNG is an independent non-executive director of China Gaoxian Fibre Fabric Holdings Limited (listed on the Singapore Stock Exchange) and the director of Maiplay Pte Ltd, Arella Worldwide Limited and Giken Sakata (S) Limited as well as an executive director and the group chief executive director of GSS Energy Limited (listed on the Singapore Stock Exchange). He joined the Company as an independent non-executive Director in 2011.



CORPORATE GOVERNANCE REPORT

The Company is dedicated to sound governance practices and strives to meet the standard at all levels of the organisation. The Board recognises the vital importance of trust in relationship with our shareholders and investors. Solid corporate governance practices ensure the alignment of corporate behaviours with shareholder interests by promoting the principles of transparency, accountability and independence in the Company's business activities and decision making processes.

The Company has applied the principles of, and complied with the applicable code provisions (the "Code Provision(s)") of the Corporate Governance Code (the "CG Code") and Corporate Governance Report as set out in Appendix 14 to the Listing Rules throughout the year ended 31 March 2015 save for the deviation from Code Provision A.2.1 which stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. ZHENG Yong Sheng ("Mr. ZHENG") is the Chairman of the Board and Chief Executive Officer of the Company. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Company. The balance of power and authority is ensured by the operations of the Board, which comprises experienced and high calibre individuals and meets regularly to discuss issues affecting the operations of the Company. The Board believes that this structure is conducive to strong and consistent leadership, enabling the Group to make and implement decisions promptly and efficiently. The Board has full confidence in Mr. ZHENG and believes that his holding of the positions of the Chairman of the Board and Chief Executive Officer of the Company is beneficial to the business development of the Group. The Board will nevertheless regularly review the effectiveness of this structure to ensure that such structure is appropriate in view of the Group's prevailing circumstances.

THE BOARD

Board composition and role

The Board is responsible for overseeing our management and business affairs as well as approving strategic plans and major policy decisions for the Company with the objectives of enhancing shareholder value.

As at the date of this annual report, the Board consisted of six members, including three executive Directors and three independent non-executive Directors.

Changes in members of the Board during the year ended 31 March 2015 and up to the date of this annual report are set out below:

- Mr. RAN Dong and Mr. CHAN Tsang Mo were appointed as executive Directors on 9 June 2014.
- Mr. CHANG Tseng Hsi, Jesse was appointed as an independent non-executive Director on 9 June 2014 and acted as the Chairman of the Board for the period from 27 June 2014 to 28 July 2014. He was also appointed as the chairman of the remuneration committee (the "Remuneration Committee") under the Board and a member of each of the nomination committee (the "Nomination Committee") and the audit committee (the "Audit Committee") under the Board on 27 June 2014.



CORPORATE GOVERNANCE REPORT

THE BOARD *(Continued)*

Board composition and role *(Continued)*

- Mr. CHUA Chun Kay resigned as an executive Director and Chairman of the Board and Mr. LAM Pun Yuen, Frank resigned as an independent non-executive Director, the chairman of the Remuneration Committee and a member of each of the Nomination Committee and the Audit Committee on 27 June 2014.
- Mr. ZHENG Yong Sheng was appointed as an executive Director and the Chairman of the Board on 29 July 2014, and as the Chief Executive Officer of the Company on 11 November 2014.
- Mr. Junaidi YAP resigned as the Chief Executive Officer of the Company on 11 November 2014 and as an executive Director on 18 December 2014.

The Board as a whole has achieved an appropriate balance of skills and experience to meet the requirements of the Group's business. The biographical details of the Directors and the relationships amongst them, if any, are set out in the section headed "Biographical Details of Directors" section on pages 17 to 18 of this annual report.

The Board has adopted a Board Diversity Policy on 16 August 2013 which sets out the approach to the diversity on the Board. The Nomination Committee will give consideration to a number of factors as set out in the Board Diversity Policy when identifying suitably qualified candidates to become members of the Board, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, industry experience, skills, knowledge and length of service. The Board is considered well balanced and of a diverse mix appropriate for the needs of the Company. The Company will also take into account its own business model and specific needs from time to time to determine the optimal composition of the Board. The Nomination Committee will review the Board Diversity Policy on a regular basis to ensure its continued effectiveness.

The Board has delegated the day-to-day responsibility to the executive Directors who perform their duties under the leadership of the Chief Executive Officer of the Company. During the year ended 31 March 2015, Mr. Junaidi YAP, the former Chief Executive Officer of the Company, was delegated with the authority and responsibility to maintain the Group's business and day-to-day operations, and to implement the Group's strategy with respect to the achievement of its business objectives. Mr. ZHENG Yong Sheng, the chairman of the Board and the Chief Executive Officer of the Company, was delegated with the authority and responsibility to take up the overall management of the Group.



CORPORATE GOVERNANCE REPORT

THE BOARD *(Continued)*

Board composition and role *(Continued)*

During the year ended 31 March 2015, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors. All the independent non-executive Directors possess appropriate professional qualifications, or accounting or related financial management expertise. In addition, the Company has received, from each of the independent non-executive Directors, an annual confirmation of independence as required under Rule 3.13 of the Listing Rules. The Board considers each of the independent non-executive Directors to be independent and has met the independence guidelines set out in Rule 3.13 of the Listing Rules.

The Directors have been keeping abreast of their responsibilities as a director of a listed company and of the conduct, business activities and development of the Group. Management provides appropriate and sufficient information to the Directors and the Board committees' members in a timely manner to keep them apprised of the latest development of the Group. The Board and each Director also have separate and independent access to the management whenever necessary.

Directors' and officers' liability insurance

The Company has arranged appropriate insurance coverage for the Directors' and officers' liabilities arising from the businesses of the Group. The insurance coverage is reviewed by the management on an annual basis.

Board meetings

The Board meets regularly and at least four times a year to review and discuss the overall strategy as well as the operation and financial performance of the Group. A total of 5 Board meetings were held during the year ended 31 March 2015. Additional meetings with reasonable notice will be held as and when the Board considers appropriate. Regular Board meetings each year are scheduled in advance to facilitate maximum attendance of the Directors. Notice of at least 14 days is given to all the Directors for regular Board meetings, and all the Directors are given an opportunity to include matters for discussion in the agenda.

The Company Secretary of the Company is responsible for taking and keeping minutes of all the Board meetings. All Directors have access to board papers and related materials, and are provided with adequate information in a timely manner, enabling the Board to make an informed decision on matters placed before the Board Meetings. Draft minutes are normally circulated to the Directors for comment within a reasonable time after each meeting and the final version is open for the Directors' inspection.

According to current Board practice, any material transaction that involves a conflict of interests of a substantial shareholder of the Company or a Director, will be considered and dealt with by the Board at a duly convened Board meeting. The Company's Bye-laws require the Directors who themselves or whose associates have material interest to abstain from voting and not to be counted in the quorum at meetings for approving such transaction.



CORPORATE GOVERNANCE REPORT

THE BOARD *(Continued)*

Directors' attendance at meetings

The attendance records of the Directors at the Company's Board meetings, special general meeting and annual general meeting held during the year ended 31 March 2015 were as follows:

Name of Director	Number of Board meetings attended/held	Special general meeting attended/held	Annual general meeting attended/held
Executive Directors			
Mr. ZHENG Yong Sheng (appointed on 29 July 2014)	1/2	N/A	1/1
Mr. RAN Dong (appointed on 9 June 2014)	2/4	N/A	1/1
Mr. CHAN Tsang Mo (appointed on 9 June 2014)	4/4	N/A	1/1
Mr. CHUA Chun Kay (resigned on 27 June 2014)	0/1	1/1	N/A
Mr. Junaidi YAP (resigned on 18 December 2014)	5/5	1/1	1/1
Independent non-executive Directors			
Mr. NGAN Hing Hon	2/5	1/1	1/1
Mr. YEUNG Kin Bond, Sydney	2/5	1/1	1/1
Mr. CHANG Tseng Hsi, Jesse (appointed on 9 June 2014)	2/4	N/A	1/1
Mr. LAM Pun Yuen, Frank (resigned on 27 June 2014)	1/1	1/1	N/A

Company Secretary

Ms. POON Kin Yee resigned and Ms. LAM Wai Yee, Sophie ("Ms. LAM") was appointed as the Company Secretary of the Company on 1 April 2014. During the year ended 31 March 2015, Ms. LAM has complied with Rule 3.29 of the Listing Rules by taking no less than 15 hours of relevant professional training.

As disclosed in an announcement of the Company dated 29 June 2015, Ms. LAM resigned and Mr. CHAU Kwok Ming ("Mr. CHAU") was appointed as the Company Secretary of the Company on even date. Mr. CHAU is currently a Vice President of SW Corporate Services Group Limited, a corporate service provider. Mr. CHAU is responsible for advising the Board on company secretarial and corporate governance matters and ensuring that the Board complies with the applicable policies and procedures, and the applicable rules and regulations. The primary corporate contact person at the Company is Mr. CHAN Tsang Mo, an executive Director.



CORPORATE GOVERNANCE REPORT

THE BOARD *(Continued)*

Directors' securities transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its code of conduct regarding directors' securities transactions. All the members of the Board have confirmed that, following specific enquiries made by the Company, they have complied with the required standards as set out in the Model Code throughout the year ended 31 March 2015.

Directors' training and continuous professional development

Each newly appointed Director is provided with necessary induction and information to ensure that he/she has a proper understanding of the Company's operations and businesses as well as his/her responsibilities under relevant statutes, laws, rules and regulations.

Pursuant to A.6.5 of the CG Code, all the Directors should participate in continuous professional development to develop and refresh their knowledge and skills. The Directors acknowledge the need to continue to develop and refresh their knowledge and skills for making contributions to the Company. During the year ended 31 March 2015, all Directors have participated in continuous professional development by attending external seminars/programmes and/or reading materials relating to updates on corporate governance and regulations.

Appointment, re-election and removal of Directors

In accordance with the Company's Bye-laws, all the Directors are subject to retirement by rotation at least once every three years. Any new Director so appointed by the Board shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election at that meeting.

Pursuant to Code Provision A.4.1, non-executive directors should be appointed for a specific term, subject to re-election. All independent non-executive Directors are appointed for a term of two years and are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Bye-laws of the Company.

Corporate governance functions

The Board has delegated the corporate governance duties to the Audit Committee and the Audit Committee is responsible for performing the corporate governance functions set out in Code Provision D.3.1, which include developing and reviewing the Company's policies and practices on corporate governance (including those on compliance with legal and regulatory requirements), monitoring the Company's compliance with the CG Code and reviewing the disclosures in the Corporate Governance Report.



CORPORATE GOVERNANCE REPORT

BOARD COMMITTEES

The Company has established the Nomination Committee, the Remuneration Committee and the Audit Committee to oversee particular aspects of the Group's affairs. Each of these committees has adopted specific terms of reference covering its duties, authorities and functions which will be reviewed by the Board from time to time. The terms of reference of these committees have been posted on the Company's website at www.aresiasia.com and www.irasia.com at www.irasia.com/listco/hk/aresasia. All the Board committees adopt as far as practicable, the procedures and arrangement of Board meetings in relation to the conduct of meetings, notice of meetings and recording of minutes. Further details of each of these committees are set out below:

NOMINATION COMMITTEE

The Nomination Committee is composed of three independent non-executive Directors. The Nomination Committee is mainly responsible for reviewing the structure, size and composition of the Board and making recommendations to the Board on the appointment or re-appointment of the Directors and succession planning for the Directors.

During the year ended 31 March 2015, the Nomination Committee held one meeting and the attendance record of the members at the meeting was as follows:

<u>Name of committee member</u>	<u>Number of meeting attended/held</u>
Mr. YEUNG Kin Bond, Sydney (<i>Committee Chairman</i>)	1/1
Mr. LAM Pun Yuen, Frank (resigned on 27 June 2014)	1/1
Mr. NGAN Hing Hon	1/1
Mr. CHANG Tseng Hsi, Jesse (appointed on 27 June 2014)	N/A



CORPORATE GOVERNANCE REPORT

REMUNERATION COMMITTEE

The Remuneration Committee is composed of three independent non-executive Directors. The Remuneration Committee is responsible for reviewing and determining the remuneration, compensation and benefits of Directors and senior management.

During the year ended 31 March 2015, the Remuneration Committee held one meeting and the attendance record of the members at the meeting was as follows:

<u>Name of committee member</u>	<u>Number of meetings attended/held</u>
Mr. CHANG Tseng Hsi, Jesse (<i>Committee Chairman</i>) (appointed on 27 June 2014)	1/1
Mr. LAM Pun Yuen, Frank (resigned on 27 June 2014)	1/1
Mr. YEUNG Kin Bond, Sydney	1/1
Mr. NGAN Hing Hon	1/1

The Remuneration Committee is mainly responsible for making recommendations to the Board on the policy and structure for the remuneration of Directors and senior management and reviewing and approving any remuneration offered by the Group with reference to corporate goals and objectives resolved by the Board from time to time.

Particulars of the Directors' emoluments for the year ended 31 March 2015 are set out in note 8 to the consolidated financial statements.

Pursuant to Code Provision B.1.5, details of the annual remuneration of the members of the senior management by band for the year ended 31 March 2015 were as follows:

	<u>Number of employee(s)</u>
HK\$1,500,001 to HK\$2,000,000	2

Note:

The senior management refers to the same persons referred to in the Company's 2013/14 annual report.



CORPORATE GOVERNANCE REPORT

AUDIT COMMITTEE

The Audit Committee is composed of three independent non-executive Directors. The Audit Committee is mainly responsible for considering the appointment of external auditor and reviewing the interim and annual financial statements as well as the Group's internal control system.

During the year ended 31 March 2015, the Audit Committee held three meetings for the purpose of considering and reviewing the 2013/14 final results and 2014/15 interim results of the Group as well as the internal control system of the Group. The attendance record of the members at the meetings was as follows:

Name of committee member	Number of meetings attended/held
Mr. NGAN Hing Hon (<i>Committee Chairman</i>)	3/3
Mr. LAM Pun Yuen, Frank (resigned on 27 June 2014)	1/1
Mr. YEUNG Kin Bond, Sydney	3/3
Mr. CHANG Tseng Hsi, Jesse (appointed on 27 June 2014)	2/2

ACCOUNTABILITY AND AUDIT

The Board acknowledges its responsibility for preparing all information and representations contained in the annual report for the year under review. The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, inside information announcements and other financial disclosures required under the Listing Rules and other regulatory requirements. The Directors are responsible for overseeing the preparation of financial statements of the Company with a view to ensuring that such financial statements give a true and fair view of the state of affairs of the Company and those relevant statutory requirements and applicable accounting standards are complied with. The management has provided such explanation and information to the Board as necessary to enable the Board to carry out an informed assessment of the financial information and position of the Company put to the Board for approval.

Monthly business and financial reports are prepared by the Group's Finance Department with a view to providing the Board and the management with timely and reliable financial/operational data and information to ensure that they fully understand the financial position and operating conditions of the Group all the time.

The final and interim results of the Group are announced in a timely manner within the limits of three months and two months respectively after the end of the relevant year or period.

Similar to last year, in preparing the accounts for the six months ended 30 September 2014 and for the year ended 31 March 2015, the Directors have adopted suitable accounting policies and applied them consistently, made judgments and estimates that are prudent and reasonable, and ensured the financial statements are prepared on a going concern basis. The statement of the external auditor of the Company about their reporting responsibilities on the consolidated financial statements is set out in the Independent Auditor's Report on pages 30 to 31 of this annual report.



CORPORATE GOVERNANCE REPORT

AUDITOR'S REMUNERATION

The fee paid and payable to KPMG, the independent auditor of the Company, in respect of audit services provided to the Company for the year ended 31 March 2015 amounted to approximately US\$135,000 (2014: US\$138,000). The fee for non-audit services fee paid by the Company to KPMG for the year ended 31 March 2015 amounted to approximately US\$13,000 (2014: Nil).

INTERNAL CONTROL

The Board recognises its responsibility for reviewing the effectiveness of the Group's internal control system through the Audit Committee in order to safeguard the Shareholders' interests.

The Group's internal control system includes a defined management structure and is designed to help the Group achieve business objectives, safeguard assets against unauthorized use, ensure the maintenance of proper accounting records for the provision of reliable financial information, and ensure compliance with relevant legislation and regulations. The internal control system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board, through the Audit Committee, has reviewed the effectiveness of the Group's internal control system, covering all material controls, including financial and operational for the year ended 31 March 2015. Areas for enhancement have been identified and appropriate measures have been/are being put in place to address such areas.

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The Company endeavors to maintain a high level of transparency in communicating with shareholders and investors.

The Board and the Company maintain an on-going dialogue with the Company's shareholders and the investment community mainly through the Company's financial reports, annual general meetings and other general meetings that may be convened, as well as by making available all the disclosures submitted to the Stock Exchange and its corporate communications and other corporate publications on the Company's website.

Shareholders may at any time send their enquiries to the Board in writing through the Secretarial Department of the Company with the contact details set out below:

Address : Level 96, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong

E-mails : cs@aresiasia.com
ir@aresiasia.com



CORPORATE GOVERNANCE REPORT

CONSTITUTIONAL DOCUMENTS

During the year ended 31 March 2015, there had been no change in the Company's constitutional documents.

SHAREHOLDERS' RIGHTS

To safeguard the Company's shareholders' rights and interests, separate resolutions are proposed at general meetings on each substantially separate issue, including the election of individual Directors.

All resolutions put forward at general meetings will be voted by way of a poll pursuant to the Listing Rules and poll results will be posted on the websites of the Stock Exchange and the Company on the same day of the poll.

Procedures for shareholders to convening a special general meeting

Pursuant to Section 74 of the Bermuda Companies Act 1981, shareholder(s) holding at the date of the deposit of the requisition not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company shall have the right to submit a written requisition requiring a special general meeting ("SGM") to be called by the Board. The written requisition (i) must state the purposes of the SGM, and (ii) must be signed by the requisitionists and deposited at the registered office of the Company for attention of the Company Secretary of the Company, and may consist of several documents in like form, each signed by one or more requisitionists. Such requisitions will be verified with the Company's share registrars and upon their confirmation that the requisition is proper and in order, the Company Secretary will ask the Board to convene a SGM by serving sufficient notice to all shareholders. On the contrary, if the requisition has been verified as not in order, the requisitionists will be advised of this outcome and accordingly, the SGM will not be convened as requested.

If the Board does not within 21 days from the date of the deposit of the requisition proceed duly to convene a SGM, the requisitionists or any of them representing more than one half of the total voting rights of all of them may convene a SGM, but any SGM so convened shall not be held after expiration of three months from the said date of deposit of the requisition. A SGM convened by the requisitionists shall be convened in the same manner, as nearly as possible, as that in any SGM to be convened by the Board.



CORPORATE GOVERNANCE REPORT

SHAREHOLDER RIGHTS *(Continued)*

Procedures for shareholders to put forward proposals at general meetings

Pursuant to Sections 79 and 80 of the Bermuda Companies Act 1981, either any number of shareholders representing not less than one-twentieth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company, or not less than 100 shareholders, can request the Company in writing to (a) give to shareholders entitled to receive notice of the next annual general meeting notice of any resolution which may properly be moved and is intended to be moved at that meeting; and (b) circulate to shareholders entitled to have notice of any general meeting sent to them any statement of not more than 1,000 words with respect to the matter referred to in any proposed resolution or the business to be dealt with at that meeting.

The requisition signed by all the requisitionists must be deposited at the registered office of the Company with a sum reasonably sufficient to meet the Company's relevant expenses and not less than six weeks before the meeting in case of a requisition requiring notice of a resolution or not less than one week before the meeting in case of any other requisition.

Procedures for shareholders to propose a person for election as a Director

The Company's procedures for shareholders to propose a person for election as a Director are available on the Company's website at www.aresiasia.com and www.irasia.com at www.irasia.com/listco/hk/aresasia.



INDEPENDENT AUDITOR'S REPORT



INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ARES ASIA LIMITED

(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Ares Asia Limited ("the Company") and its subsidiaries (together "the Group") set out on pages 32 to 91, which comprise the consolidated and company statements of financial position as at 31 March 2015, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the 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.



INDEPENDENT AUDITOR'S REPORT

AUDITOR'S RESPONSIBILITY *(Continued)*

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2015 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

KPMG

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

29 June 2015



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2015

(Expressed in United States dollars)

	Note	2015 \$'000	2014 \$'000
Continuing operation			
Turnover	3	125,065	109,024
Cost of sales		(122,916)	(107,262)
Gross profit		2,149	1,762
Other revenue	4	34	17
Other net loss	4	(26)	(8)
Selling expenses		(473)	(358)
Administrative expenses		(3,173)	(3,034)
Loss from operations		(1,489)	(1,621)
Net unrealised loss on financial asset designated at fair value through profit or loss	15	—	(6,014)
Loss before taxation	5	(1,489)	(7,635)
Income tax	6(a)	(114)	—
Loss from continuing operation		(1,603)	(7,635)
Discontinued operation			
Profit/(loss) from discontinued operation	7	3,181	(529)
Profit/(loss) and total comprehensive income for the year		1,578	(8,164)
Earnings/(loss) per share			
11			
Basic and diluted			
— Continuing operation		(0.47) cent	(2.24) cents
— Discontinued operation		0.93 cent	(0.16) cent
		0.46 cent	(2.40) cents

The notes on pages 37 to 91 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2015

(Expressed in United States dollars)

	Note	2015 \$'000	2014 \$'000
Non-current assets			
Property, plant and equipment	12	116	188
Intangible asset	13	330	357
Prepayments	16	11,013	8,740
		11,459	9,285
Current assets			
Financial asset designated at fair value through profit or loss	15	—	—
Trade and other receivables	16	28,161	10,730
Cash and cash equivalents	18	12,531	9,363
		40,692	20,093
Current liabilities			
Trade and other payables	19	621	6,581
Discounted bills with recourse	20	26,919	—
Current taxation	23	114	—
		27,654	6,581
Net current assets		13,038	13,512
NET ASSETS		24,497	22,797
CAPITAL AND RESERVES			
Share capital	24(b)	441	440
Reserves		24,056	22,357
TOTAL EQUITY		24,497	22,797

Approved and authorised for issue by the board of directors on 29 June 2015.

ZHENG Yong Sheng
Director

CHAN Tsang Mo
Director

The notes on pages 37 to 91 form part of these financial statements.



STATEMENT OF FINANCIAL POSITION

At 31 March 2015

(Expressed in United States dollars)

	Note	2015 \$'000	2014 \$'000
Non-current assets			
Investments in subsidiaries	14	—*	1
Amounts due from subsidiaries	17	24,513	—
		24,513	1
Current assets			
Prepayments and other receivables	16	18	—
Amounts due from subsidiaries	17	—	23,435
Cash and cash equivalents	18	20	65
		38	23,500
Current liability			
Other payables and accrued expenses	19	103	446
Net current (liabilities)/assets		(65)	23,054
NET ASSETS		24,448	23,055
CAPITAL AND RESERVES			
	24(a)		
Share capital		441	440
Reserves		24,007	22,615
TOTAL EQUITY		24,448	23,055

* The balance represents amount less than \$1,000.

Approved and authorised for issue by the board of directors on 29 June 2015.

ZHENG Yong Sheng
Director

CHAN Tsang Mo
Director

The notes on pages 37 to 91 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2015
(Expressed in United States dollars)

	Share capital \$'000	Share premium account \$'000	Contributed surplus \$'000	Share option reserve \$'000	Retained profits \$'000	Total equity \$'000
Balance at 1 April 2013	440	—	15,088	51	15,382	30,961
Change in equity for the year ended 31 March 2014:						
Loss and total comprehensive income for the year	—	—	—	—	(8,164)	(8,164)
Balance at 31 March 2014 and 1 April 2014	440	—	15,088	51	7,218	22,797
Changes in equity for the year ended 31 March 2015:						
Profit and total comprehensive income for the year	—	—	—	—	1,578	1,578
Shares issued under share option scheme (note 24(b)(ii))	1	172	—	(51)	—	122
Balance at 31 March 2015	441	172	15,088	—	8,796	24,497

The notes on pages 37 to 91 form part of these financial statements.



CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2015

(Expressed in United States dollars)

	Note	2015 \$'000	2014 \$'000
Operating activities			
Profit/(loss) before taxation		1,692	(8,212)
Adjustments for:			
Depreciation	5(b)	105	125
Interest income	4	(34)	(17)
Net unrealised loss on financial asset designated at fair value through profit or loss	15	—	6,014
Net loss on disposal of property, plant and equipment	4	25	—
Impairment loss of intangible asset	5(b)	27	—
Gain on disposal of discontinued operation	7	(3,181)	—
Changes in working capital:			
Increase in trade and other receivables		(19,704)	(18,777)
(Decrease)/increase in trade and other payables		(5,951)	5,540
Net cash used in operating activities		(27,021)	(15,327)
Investing activities			
Payment for purchase of property, plant and equipment		(58)	(17)
Proceed from disposal of discontinued operation (net of cash disposed)	7(c)	3,172	—
Payment for purchase of intangible asset		—	(357)
Interest received		34	17
Net cash generated from/(used in) investing activities		3,148	(357)
Financing activities			
Increase in discounted bills with recourse		26,919	—
Proceeds from shares issued under share option scheme		122	—
Net cash generated from financing activities		27,041	—
Net increase/(decrease) in cash and cash equivalents		3,168	(15,684)
Cash and cash equivalents at beginning of the year		9,363	25,047
Cash and cash equivalents at end of the year	18	12,531	9,363

The notes on pages 37 to 91 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

1 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and accounting principles generally accepted in Hong Kong. These financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance, which for this financial year and the comparative period, as permitted by the Listing Rules, continue to be those of the predecessor Companies Ordinance (Cap. 32). These financial statements also comply with the applicable disclosure provisions of the Listing Rules. A summary of the significant accounting policies adopted by the Group is set out below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 1(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 March 2015 comprise the Company and its subsidiaries.

The measurement basis used in the preparation of the financial statements is the historical costs basis except for financial assets designated at fair value through profit or loss which are stated at fair value as explained in the accounting policy set out in note 1(e).

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



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Basis of preparation of the financial statements (continued)

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

Major sources of estimation uncertainty in the application of HKFRSs that have significant effect on the financial statements are discussed in note 2.

(c) Change in accounting policies

The HKICPA has issued a number of amendments to HKFRSs and one new Interpretation that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial statements:

- Amendments to HKFRS 10, HKFRS 12 and HKAS 27, *Investment entities*
- Amendments to HKAS 32, *Offsetting financial assets and financial liabilities*
- Amendments to HKAS 36, *Recoverable amount disclosures for non-financial assets*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impact of the adoption of the amended HKFRSs are discussed below:

Amendments to HKFRS 10, HKFRS 12 and HKAS 27, Investment entities

The amendments provide consolidation relief to those parents which qualify to be an investment entity as defined in the amended HKFRS 10. Investment entities are required to measure their subsidiaries at fair value through profit or loss. These amendments do not have an impact on these financial statements as the Company does not qualify to be an investment entity.

Amendments to HKAS 32, Offsetting financial assets and financial liabilities

The amendments to HKAS 32 clarify the offsetting criteria in HKAS 32. The amendments do not have an impact on these financial statements as they are consistent with the policies already adopted by the Group.



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Change in accounting policies (continued)

Amendments to HKAS 36, Recoverable amount disclosures for non-financial assets

The amendments to HKAS 36 modify the disclosure requirements for impaired non-financial assets. Among them, the amendments expand the disclosures required for an impaired asset or cash-generating unit whose recoverable amount is based on fair value less costs of disposal. These amendments do not have an impact on these financial statements as the Group has no significant impaired asset.

(d) Subsidiaries

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

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

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

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

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 1(i)), unless the investment is classified as held for sale.



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Financial assets designated at fair value through profit or loss

The Group has designated financial assets at fair value through profit or loss in either of the following circumstances:

- The assets are managed, evaluated and reported internally on a fair value basis.
- The designation eliminates or significantly reduces an accounting mismatch which would otherwise arise.
- The asset contains an embedded derivative that significantly modifies the cash flows that would otherwise be required under the contract.

Investments in debt and equity securities under this category are initially stated at fair value, which is their transaction price unless it is determined that the fair value of initial recognition differs from the transaction price and that fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets. These investments are subsequently accounted for at fair value and are not generally allowed to be reclassified into or out of this category while held or issued. Changes in the fair value are included in profit or loss in the period in which they arise. Upon disposal or repurchase, the difference between the net sale proceeds or the net payment and the carrying value is included in profit or loss.

Investments are recognised/derecognised on the date the Group and/or the Company commits to purchase/sell the investments or they expire.

(f) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 1(i)).

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



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Property, plant and equipment (continued)

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

— Leasehold improvements	4 years or over the remaining term of the lease, if shorter
— Furniture, fixtures and equipment	4 years
— Motor vehicles	4 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

(g) Intangible assets

Intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see note 1(i)). Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the asset's estimated useful lives. Both the period and method of amortisation are reviewed annually.

Club membership is not amortised while its useful life is assessed to be indefinite. Any conclusion that the useful life of the club membership is indefinite is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for prospectively from the date of change and in accordance with the policy for amortisation of intangible assets with finite useful lives as set out above.

(h) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Leased assets (continued)

(i) Classification of assets leased to the Group

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

(ii) Operating leases charges

Where the Group has the use of assets under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made.

(i) Impairment of assets

(i) Impairment of receivables

Receivables that are stated at cost or amortised cost are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becomes probable that the debtor will enter bankruptcy or other financial reorganisation; and
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Impairment of assets (continued)

(i) Impairment of receivables (continued)

If any such evidence exists, any impairment loss for trade and other receivables carried at amortised cost 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 (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where these financial assets share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade debtors included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade debtors directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Impairment of assets (continued)

(ii) Impairment of other assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment;
- intangible assets; and
- investments in subsidiaries in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

— Calculation of recoverable amount

The recoverable amount of an asset is the greater of its 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. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

— Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Impairment of assets (continued)

(ii) Impairment of other assets (continued)

— Reversals of impairment losses

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(j) Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the first-in first-out cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(k) Trade and other receivables (other than prepayments for supply contracts)

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for impairment of doubtful debts (see note 1(i)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Prepayments for supply contracts

Prepayments for supply contracts are stated at cost less allowance for impairment losses (see note 1(i)).

(m) Trade and other payables

Trade and other payables are initially recognised at fair value and are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(n) Discounted bills with recourse

Discounted bills with recourse are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, discounted bills with recourse are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the year of the borrowings, together with any interest and fees payable, using the effective interest method.

(o) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

(p) Employee benefits

(i) *Short term employee benefits and contributions to defined contribution retirement plans*

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Employee benefits (continued)

(ii) Share-based payments

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in share option reserve within equity. The fair value is measured at grant date using the Black-Scholes Option Pricing Model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the share option reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the share option reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the share option reserve until either the option is exercised (when it is transferred to the share premium account) or the option expires (when it is released directly to retained profits).

(iii) Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognises restructuring costs involving the payment of termination benefits.

(q) Income tax

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



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Income tax (continued)

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

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

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

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

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



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Income tax (continued)

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

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

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
 - the same taxable entity; or
 - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(r) Provisions and contingent liabilities

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

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



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Sale of goods

Revenue is recognised when the customer has accepted the related risks and rewards of ownership. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

(ii) Interest income

Interest income is recognised as it accrues using the effective interest method.

(t) Translation of foreign currencies

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in United States dollars, which is both the Company's presentation currency and functional currency.

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

The results of entities with functional currency other than United States dollars are translated into United States dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statements of financial position items are translated into United States dollars at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Translation of foreign currencies (continued)

On disposal of an entity with functional currency other than United States dollars, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

(u) Borrowing costs

Borrowing costs are expensed in the period in which they are incurred.

(v) Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations, or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. It also occurs if the operation is abandoned.

Where an operation is classified as discontinued, a single amount is presented on the face of the statement of comprehensive income, which comprises:

- the post-tax profit or loss of the discontinued operation; and
- the post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal groups constituting the discontinued operation.

(w) Related parties

- (a) A person, or a close member of that person's family, is related to the Group if that person:
- (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or the Group's parent.



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(w) Related parties (continued)

- (b) An entity is related to the Group if any of the following conditions applies:
- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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

(x) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

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



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

2 ACCOUNTING ESTIMATES

Key sources of estimation uncertainty

Notes 22 and 25 contain information about the assumptions and their risk factors relating to fair value of share options granted and financial instruments. Other key sources of estimation uncertainty are as follows:

(i) *Useful lives of property, plant and equipment*

The Group determines the estimated useful lives and related depreciation charges for the property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of the assets of similar nature and functions and taking into account anticipated technological changes. The depreciation expense for future periods is adjusted if there are significant changes from previous estimates.

(ii) *Prepayments for long term coal supply contracts*

As disclosed in note 16 to the financial statements, the Group had unutilised prepayment for long-term coal supply contracts amounting to \$11,576,000 as at 31 March 2015 (2014: \$12,923,000). The prepayments are recoverable by deducting a pre-agreed amount from the unit cost of coal purchased by the Group from Indonesia. The recoverability of the prepayments and the amounts to be utilised within one year and after more than one year are dependent on, amongst other things, future conditions of the coal market and the ability of the Group to secure orders from existing and new customers which require significant judgement. If the market conditions do not improve or the Group is unable to secure adequate orders to utilise the prepayments as expected, impairment losses may be required to be recognised in accordance with HKAS 36, *Impairment of assets*.

(iii) *Impairment losses for bad and doubtful debts*

The Group estimates impairment losses for bad and doubtful debts resulting from the inability of the customers to make the required payments. The Group bases the estimates on the ageing of the receivables, customer credit-worthiness, and historical write-off experience. If the financial conditions of customers were to deteriorate, actual write-offs would be higher than estimated.



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

2 ACCOUNTING ESTIMATES (continued)

(iv) Other impairment losses

If circumstances indicate that the carrying value of property, plant and equipment, intangible asset and prepayments may not be recoverable, these assets may be considered impaired, and an impairment loss may be recognised in accordance with HKAS 36, *Impairment of assets*. The carrying amounts of these assets are reviewed periodically in order to assess whether the recoverable amounts have declined below the carrying amounts. These assets are tested for impairment whenever events or changes in circumstances indicate that their recorded carrying amount may not be recoverable. When such a decline has occurred, the carrying amount is reduced to recoverable amount. The recoverable amount is the greater of the fair value less costs of disposal and the value in use. It is difficult to estimate precisely fair values because quoted market prices for the Group's assets are not readily available. In determining the value in use, expected cash flows generated by the asset are discounted to their present value, which requires significant judgment relating to revenue and amount of operating costs. The Group uses all readily available information in determining an amount that is a reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of revenue and amount of operating costs.

(v) Income taxes

Determining income tax provisions involves judgment on the future tax treatment of certain transactions. The Group carefully evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislations.



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

3 TURNOVER AND SEGMENT REPORTING

(a) Turnover

The Group is principally engaged in the coal trading business. Turnover represents the sales value of goods sold less returns, discounts and value added taxes and other sales taxes.

Revenue from customers contributing over 10% of the Group's revenue are as follows:

	Coal trading
	<i>\$'000</i>
<hr/>	
2015	
Customer A	47,764
Customer B	40,081
Customer C	16,799
<hr/>	
2014	
Customer A	42,209
Customer C	53,414
<hr/>	

Details of concentrations of credit risk arising from these customers are set out in note 25(a).

Further details regarding the Group's principal activities are disclosed below.



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

3 TURNOVER AND SEGMENT REPORTING *(continued)*

(b) Segment reporting

The Group commenced the coal trading business in October 2012 and discontinued the footwear business in January 2013.

Since the commencement of the Group's coal trading business, the Group manages its business by business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group had two reportable segments — coal trading and footwear business, which are classified as continuing operation and discontinued operation (see note 7) respectively. No operating segments have been aggregated to form the reporting segments.

Continuing operation:

— Coal trading: Sale of coal

Discontinued operation:

— Footwear business: Manufacturing and sale of footwear products



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

3 TURNOVER AND SEGMENT REPORTING (continued)

(b) Segment reporting (continued)

(i) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible, intangible assets and current assets with the exception of investment in financial asset, intercompany receivables and other corporate assets. Segment liabilities include current taxation, creditors, other payables and accrued expenses attributable to the activities of the individual segments, with the exception of intercompany payables.

Revenue and expenses are allocated to the reportable segments with reference to revenue generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation of assets attributable to those segments.

The measure used for reporting segment profit is "EBIT" i.e. "adjusted earnings before interest and taxes" of individual segment. To arrive at EBIT, the Group's earnings are further adjusted for items not specifically attributed to individual segments, such as directors' and auditors' remuneration and other head office or corporate administration costs.

In addition to receiving segment information concerning segment results, management is provided with segment information concerning revenue, depreciation and impairment losses and additions to non-current segment assets used by the segments in their operations.



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

3 TURNOVER AND SEGMENT REPORTING (continued)

(b) Segment reporting (continued)

(i) Segment results, assets and liabilities (continued)

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 March 2015 and 2014 is set out below.

	2015			2014		
	Continuing operation	Discontinued operation	Total	Continuing operation	Discontinued operation	Total
	Coal trading \$'000	Footwear business \$'000	\$'000	Coal trading \$'000	Footwear business \$'000	\$'000
Revenue						
Reportable segment revenue	125,065	—	125,065	109,024	—	109,024
Results						
Reportable segment results (EBIT)	350	3,181	3,531	328	(577)	(249)
Net unrealised loss on financial asset designated at fair value through profit or loss			—			(6,014)
Unallocated head office and corporate expenses			(1,839)			(1,949)
Consolidated profit/(loss) before taxation			1,692			(8,212)
Additions to non-current segment assets during the year	58	—	58	9,114	—	9,114
Depreciation for the year	105	—	105	125	—	125
Assets						
Segment assets	52,113	—	52,113	29,304	8	29,312
Unallocated head office and corporate assets			38			66
Consolidated total assets			52,151			29,378
Liabilities						
Segment liabilities	27,543	—	27,543	6,097	187	6,284
Unallocated head office and corporate liabilities			111			297
Consolidated total liabilities			27,654			6,581



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

3 TURNOVER AND SEGMENT REPORTING (continued)

(b) Segment reporting (continued)

(ii) Geographic information

For the years ended 31 March 2015 and 2014, all of the Group's revenue from external customers was derived from customers from the People's Republic of China ("PRC") (excluding Hong Kong). The geographic location of customers is based on the location at which the goods are delivered.

As at 31 March 2015 and 2014, all of the Group's property, plant and equipment, intangible asset and non-current portion of prepayments are located in Hong Kong. The geographic location of the specified non-current assets is based on the physical location of the asset, in the case of property, plant and equipment, the location of the operation to which they are allocated, in the case of intangible asset and prepayments.

4 OTHER REVENUE AND NET LOSS

	2015 \$'000	2014 \$'000
Other revenue		
Continuing operation		
— Bank interest income	34	17
Discontinued operation		
— Others	—	1
	34	18



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

4 OTHER REVENUE AND NET LOSS (continued)

	2015 \$'000	2014 \$'000
Other net loss		
Continuing operation		
— Net foreign exchange loss	(1)	(8)
— Net loss on disposal of property, plant and equipment	(25)	—
	(26)	(8)
Discontinued operation		
— Net foreign exchange gain	—	1
	(26)	(7)

5 LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

	2015 \$'000	2014 \$'000
(a) Staff costs		
Continuing operation		
Salaries, wages and other benefits	1,710	2,125
Termination benefits	465	—
Contributions to defined contribution retirement plans	22	21
	2,197	2,146
Discontinued operation		
Salaries, wages and other benefits	—	37
	2,197	2,183



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

5 LOSS BEFORE TAXATION (continued)

Loss before taxation is arrived at after charging: (continued)

	2015 \$'000	2014 \$'000
(b) Other items		
Continuing operation		
Cost of inventories	114,059	107,262
Operating lease charges in respect of properties	313	288
Depreciation	105	125
Auditors' remuneration		
— audit services	135	128
— other services	13	—
Impairment loss of intangible asset	27	—
Finance costs	68	10
Discontinued operation		
Auditors' remuneration — audit services	—	10

6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(a) Income tax in the consolidated statement of comprehensive income represents:

	2015 \$'000	2014 \$'000
Continuing operation		
Hong Kong Profits Tax		
— Provision for the year	114	—
Discontinued operation		
Hong Kong Profits Tax		
— Over-provision in respect of prior years	—	(48)
	114	(48)



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)

(a) Income tax in the consolidated statement of comprehensive income represents: (continued)

The provision for Hong Kong Profits Tax is calculated by applying the estimated annual effective tax rate of 16.5% to the profit before taxation for the year ended 31 March 2015.

No provision for Hong Kong Profits Tax has been made for the year ended 31 March 2014 as the Group's operations in Hong Kong had tax losses brought forward which exceeded the estimated assessable profits for the year.

Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.

(b) Reconciliation between tax expense and accounting profit/(loss) at applicable tax rates:

	2015 \$'000	2014 \$'000
Profit/(loss) before taxation from		
— continuing operation	(1,489)	(7,635)
— discontinued operation	3,181	(577)
	1,692	(8,212)
Notional tax on profit/(loss) before taxation, calculated at the rates applicable to profit/(loss) in the jurisdictions concerned	279	(1,355)
Tax effect of non-taxable income	(530)	(3)
Tax effect of non-deductible expenses	365	1,408
Tax effect of utilisation of prior years' unrecognised tax losses	—	(50)
Over-provision in respect of prior years	—	(48)
Actual tax expense/(credit)	114	(48)



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

7 DISCONTINUED OPERATION

The Group ceased the operation of its footwear business in January 2013. Accordingly, the operating results of the footwear business for the years ended 31 March 2015 and 2014 are presented as discontinued operation in the financial statements. Further, as disclosed in the Company's announcement dated 26 February 2014, the Company entered into a sale and purchase agreement ("the agreement") with Landway Investments Limited ("Landway"), a company wholly-owned by a director of Brave Win Industries Limited ("Brave Win") to dispose of (i) 1 share of Brave Win, representing 0.0000033% of the total issued share capital of Brave Win; (ii) the 1,000 shares of China Compass Investments Limited ("China Compass"), representing the entire issued share capital of China Compass; and (iii) the unsecured and interest free shareholder's loan in the principal amount of \$1,579,000 owed by China Compass to the Company, at a consideration of \$3,200,000 (the "Disposal"). The Disposal was completed on 10 April 2014. The directors have reviewed the representations and warranties provided by the Company to Landway as set out in the agreement and based on the review and professional advice obtained, it is considered that there was no breach of any of the representations and warranties and therefore a gain on disposal of \$3,181,000 was recognised during the current year.

(a) Results of the discontinued operation:

	Period from 1 April 2014 to 10 April 2014 \$'000	2014 \$'000
Other revenue	—	1
Other net income	—	1
Administrative expenses	—	(129)
Restructuring costs	—	(450)
Loss before taxation	—	(577)
Income tax credit	—	48
Loss from operation	—	(529)
Gain on disposal of discontinued operation	3,181	—
Profit/(loss) for the year	3,181	(529)



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

7 DISCONTINUED OPERATION (continued)

(b) Cash flows of the discontinued operation:

	Period from 1 April 2014 to 10 April 2014 \$'000	2014 \$'000
Net cash used in operating activities	—	(261)
Net cash generated from investing activities	3,200	—
Net cash inflow/(outflow) from discontinued operation	3,200	(261)

(c) Effect of disposal on the financial position of the Group:

	\$'000
Net liabilities disposed of:	
Cash and cash equivalents	8
Other payables and accrued expenses	(9)
Net identifiable liabilities	(1)
Transaction costs incurred	20
Gain on disposal of subsidiaries	3,181
	3,200
Satisfied by:	
Cash consideration	3,200
Analysis of the net cash inflow in respect of the disposal of discontinued operation	
Cash consideration	3,200
Cash and cash equivalents disposed of	(8)
Transaction costs paid	(20)
Net cash inflow	3,172



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

8 DIRECTORS' REMUNERATION

Directors' remuneration disclosed with reference to section 161 of the predecessor Hong Kong Companies Ordinance (Cap. 32), is as follows:

	Directors' fees \$'000	Salaries, allowances and benefits in kinds \$'000	Retirement scheme contributions \$'000	2015 Total \$'000
Executive directors				
ZHENG Yong Sheng (appointed on 29 July 2014)	—	221	2	223
CHAN Tsang Mo (appointed on 9 June 2014)	13	—	—	13
RAN Dong (appointed on 9 June 2014)	13	—	—	13
Junaidi YAP (resigned on 18 December 2014)	—	749	1	750
CHUA Chun Kay (resigned on 27 June 2014)	30	—	—	30
Independent non-executive directors				
CHANG Tseng Hsi, Jesse (appointed on 9 June 2014)	19	—	—	19
NGAN Hing Hon	23	—	—	23
YEUNG Kin Bond, Sydney	23	—	—	23
LAM Pun Yuen, Frank (resigned on 27 June 2014)	6	—	—	6
Total	127	970	3	1,100



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

8 DIRECTORS' REMUNERATION (continued)

	Directors' fees \$'000	Salaries, allowances and benefits in kinds \$'000	Retirement scheme contributions \$'000	2014 Total \$'000
Executive directors				
Adwin Haryanto SURYOHADIPROJO (passed away on 13 February 2014)	—	55	—	55
CHUA Chun Kay	120	—	—	120
Junaidi YAP	—	625	2	627
Independent non-executive directors				
LAM Pun Yuen, Frank	15	—	—	15
NGAN Hing Hon	15	—	—	15
YEUNG Kin Bond, Sydney	15	—	—	15
Total	165	680	2	847

During the years ended 31 March 2015 and 2014, there was no amount paid or payable by the Group to the directors or any of the highest paid individuals as set out in note 9 below as an inducement to join or upon joining the Group or as compensation for loss of office, except for the amount of \$465,000 paid to a former director, Mr. Junaidi Yap, for the compensation for loss of office in the current year. There was no arrangement under which a director has waived or agreed to waive any remuneration during the current year and prior year.

9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, two (2014: one) are directors whose emoluments are disclosed in note 8. The aggregate of the emoluments in respect of the other three (2014: four) individuals are as follows:

	2015 \$'000	2014 \$'000
Salaries and other emoluments	546	821
Retirement scheme contributions	6	8
Total	552	829



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

9 INDIVIDUALS WITH HIGHEST EMOLUMENTS (continued)

The emoluments of the three (2014: four) individuals with the highest emoluments are within the following bands:

	2015 <i>Number of individuals</i>	2014 <i>Number of individuals</i>
Nil to HK\$1,000,000	1	—
HK\$1,000,001 to HK\$1,500,000	—	2
HK\$1,500,001 to HK\$2,000,000	2	—
HK\$2,000,001 to HK\$2,500,000	—	2
	3	4

10 PROFIT/(LOSS) ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

The consolidated profit/(loss) attributable to equity shareholders of the Company includes a profit of \$1,271,000 (2014: loss of \$7,371,000) which has been dealt with in the financial statements of the Company.

11 EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the profit attributable to ordinary equity shareholders of the Company of \$1,578,000 (2014: loss of \$8,164,000) and the weighted average of 341,212,824 ordinary shares (2014: 340,616,934 ordinary shares) in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	2015	2014
Issued ordinary shares at beginning of the year	340,616,934	340,616,934
Effect of share options exercised (<i>note 24(b)(ii)</i>)	595,890	—
Weighted average number of ordinary shares at end of the year	341,212,824	340,616,934



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

11 EARNINGS/(LOSS) PER SHARE (continued)

(b) Diluted earnings/(loss) per share

The calculation of diluted earnings/(loss) per share is based on the profit attributable to ordinary equity shareholders of the Company of \$1,578,000 (2014: loss of \$8,164,000) and the weighted average number of 341,669,531 ordinary shares (2014: 340,616,934 ordinary shares), calculated as follows:

Weighted average number of ordinary shares (diluted)

	2015	2014
Weighted average number of ordinary shares at end of the year	341,212,824	340,616,934
Effect of deemed issue of shares under the Company's share option scheme for nil consideration (note 22)	456,707	—
Weighted average number of ordinary shares (diluted) at end of the year	341,669,531	340,616,934



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

12 PROPERTY, PLANT AND EQUIPMENT

The Group

	Leasehold improvements \$'000	Furniture, fixtures and equipment \$'000	Motor vehicles \$'000	Total \$'000
Cost:				
At 1 April 2013	154	160	98	412
Additions	3	14	—	17
At 31 March 2014	157	174	98	429
Accumulated depreciation:				
At 1 April 2013	58	44	14	116
Charge for the year	59	41	25	125
At 31 March 2014	117	85	39	241
Net book value:				
At 31 March 2014	40	89	59	188



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

12 PROPERTY, PLANT AND EQUIPMENT (Continued)

The Group (Continued)

	Leasehold improvements \$'000	Furniture, fixtures and equipment \$'000	Motor vehicles \$'000	Total \$'000
Cost:				
At 1 April 2014	157	174	98	429
Additions	34	24	—	58
Disposals	(159)	(50)	—	(209)
At 31 March 2015	32	148	98	278
Accumulated depreciation:				
At 1 April 2014	117	85	39	241
Charge for the year	39	41	25	105
Written back on disposals	(150)	(34)	—	(184)
At 31 March 2015	6	92	64	162
Net book value:				
At 31 March 2015	26	56	34	116



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

13 INTANGIBLE ASSET

The Group

	Club membership \$'000
Cost:	
At 1 April 2013	—
Additions	357
At 31 March 2014, 1 April 2014 and 31 March 2015	357
Accumulated impairment losses:	
At 1 April 2013, 31 March 2014 and 1 April 2014	—
Charge for the year	27
At 31 March 2015	27
Carrying amount:	
At 31 March 2015	330
At 31 March 2014	357

The club membership is assessed to have indefinite useful lives. The management has assessed the recoverable amount of club membership based on its fair value less costs of disposal. The fair value of the club membership is estimated by reference to market quotations received from independent third parties and the management estimates that the carrying amount exceeded its recoverable amount by approximately \$27,000 as at 31 March 2015. Accordingly, an impairment loss of \$27,000 has been recognised in the consolidated statement of comprehensive income during the year ended 31 March 2015. The club membership was sold subsequently to a third party at a consideration of approximately \$330,000 in April 2015.



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

14 INVESTMENTS IN SUBSIDIARIES

	The Company	
	2015 \$'000	2014 \$'000
Unlisted shares, at cost	—*	1

* The balance represents amount less than \$1,000.

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

Name	Place of incorporation and operations	Particulars of issued and paid up share capital	Proportion of ownership interest		
			Group's effective interest	Held by a subsidiary	Principal activity
Able Point Corporation Limited	Hong Kong	1,000,000 ordinary shares	100%	100%	Investment holding
Ares Repco Limited	Hong Kong	2,000,000 ordinary shares	100%	100%	Coal trading

15 FINANCIAL ASSET DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

	The Group	
	2015 \$'000	2014 \$'000
At fair value:		
Overseas unlisted exchangeable bond	—	—



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

15 FINANCIAL ASSET DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS *(Continued)*

As disclosed in the Company's announcements dated 30 May 2012 and 22 March 2013, Able Point Corporation Limited ("Able Point"), an indirectly wholly-owned subsidiary of the Company, entered into a subscription agreement ("Subscription Agreement") and a supplemental agreement ("Supplemental Agreement") on 30 May 2012 and 22 March 2013 respectively with PT Langit Timur Energy ("LTE"), PT Mandiri Arya Persada ("MAP", a non-wholly owned subsidiary of LTE which holds certain coal concessions in Indonesia) and PT Lintas Sanjaya, the non-controlling shareholder of LTE, to subscribe for a one year zero coupon secured exchangeable bond in a principal amount of \$5,000,000 issued by LTE ("Exchangeable Bond"). The Exchangeable Bond could be extended for one year if mutually agreed by LTE and Able Point.

Subject to certain conditions as stipulated in the Subscription Agreement (as amended and supplemented by the Supplemental Agreement), Able Point can exercise the right to exchange the Exchangeable Bond into shares of MAP (the "Underlying Shares"). The equity interests of the Underlying Shares in MAP have been increased from 5% to 70% of the total issued and paid up capital of MAP on a fully diluted basis as agreed in the Supplemental Agreement.

LTE can redeem the Exchangeable Bond at any time prior to the maturity and the redemption price is fixed at approximately \$6,084,000, representing a redemption premium of 21.6888% throughout the one-year period. In the case of the maturity date being extended for one year, the redemption price will be calculated based on a redemption premium of 41% on an accrual basis on the total outstanding principal amount of the Exchangeable Bond, starting from the first anniversary of the date of the issue of the Exchangeable Bond. Unless previously redeemed or converted, LTE shall redeem the Exchangeable Bond at 100% principal amount plus the redemption premium at maturity.

On 29 May 2013, LTE and Able Point agreed to extend the maturity date of the Exchangeable Bond to 29 May 2014 pursuant to the Subscription Agreement (as amended and supplemented by the Supplemental Agreement).

During the year ended 31 March 2014, it was reported that the exploration results of MAP's coal concessions were not satisfactory. As a consequence, LTE and MAP faced significant financial difficulties and all the exploration activities of the underlying coal concessions were suspended. Given there was no further funding made available to MAP to support further exploration and evaluation activities, it was the intention of MAP to return the coal concessions to the relevant government authorities. As a result, it casted significant doubt on the going concern of LTE and MAP, and the ability of LTE to redeem the Exchangeable Bond when it reached the maturity date. The Group recognised net unrealised loss on financial asset designated at fair value through profit or loss of \$6,014,000 during the year ended 31 March 2014 and the Exchangeable Bond was stated at nil since then.



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

15 FINANCIAL ASSET DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

During the year ended 31 March 2015, the Exchangeable Bond matured and LTE issued a notice to the Group informing its financial inability to redeem the Exchangeable Bond and seeking for the Group's consent to exchange the Exchangeable Bond into the equity interest in MAP. The Group has decided it would not exercise its aforesaid right to exchange given the significant doubt on the going concern of LTE and MAP. As a result, the directors considered the recovery of the Exchangeable Bond to be remote and the Exchangeable Bond was written off as at 31 March 2015.

16 TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Trade debtors and bills receivable	26,919	6,316	—	—
Prepayments and other receivables	12,255	13,154	18	—
	39,174	19,470	18	—
Less: Non-current portion of prepayments	(11,013)	(8,740)	—	—
	28,161	10,730	18	—

During the year ended 31 March 2014, the Group entered into coal sale and purchase agreements with a marketing agent of certain top coal miners in Indonesia. Under the agreements, the Group made prepayments of \$13,000,000 to the marketing agent to secure long-term supply of thermal coal from the relevant coal miners. The prepayments are recoverable by deducting a pre-agreed amount per metric tonne of coal purchased by the Group.

At 31 March 2015, the unutilised prepayment of \$11,576,000 (2014: \$12,923,000) was included in "Prepayments and other receivables". During the year ended 31 March 2015, \$1,347,000 of the prepayments was utilised which was less than the amount previously estimated by the directors. This was due to the oversupply of coal in the PRC where the Group's customers are based which drove domestic coal prices down. This has impacted on the Group's sales revenue as Indonesian coal became less price competitive.



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

16 TRADE AND OTHER RECEIVABLES (Continued)

In assessing the recoverability of the remaining prepayments of \$11,576,000 as at 31 March 2015, the directors have reviewed all relevant information, including trading history pursuant to these long-term coal supply agreements with the marketing agent, expected recovery of the PRC coal price in the second half of 2015, expected future demand of coal in the PRC market and the Group's business plan of developing new markets other than the PRC. Based on the review, the directors consider that the prepayments will be recoverable in full and hence no impairment loss has been made in the financial statements.

The directors also estimate the prepayments are expected to be fully utilised through deductions from cost of future coal purchases. The prepayments expected to be utilised within one year amounted to \$563,000 (2014: \$4,183,000) while the balance of the prepayments expected to be utilised after more than one year amounted to \$11,013,000 (2014: \$8,740,000).

Included in "Trade and other receivables" are trade debtors with the following ageing analysis, based on the invoice date (or date of revenue recognition, if earlier), as of the end of the reporting period:

	2015	2014
	\$'000	\$'000
Within 1 month	—	6,316
More than 1 month but within 3 months	8,741	—
More than 3 months but within 6 months	18,178	—
	26,919	6,316

The credit terms offered to customers of coal trading business are negotiated on a case-by-case basis. Irrevocable letters of credit, up to a tenor of 90 days after the receipt of required documents by nominated banks, are usually required not later than 14 days prior to the expected date of vessel's arrival at loading port as stipulated in the sales agreements. Further details on the Group's credit policy are set out in note 25(a).



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

16 TRADE AND OTHER RECEIVABLES (Continued)

The ageing analysis of trade debtors and bills receivable based on the past due status as of the end of the reporting period is as follows:

	2015	2014
	\$'000	\$'000
Neither past due nor impaired	26,919	6,316

Based on past experience, management believes that no impairment allowance is necessary in respect of trade debtors and bills receivable as at 31 March 2015 as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The outstanding trade debtors as at 31 March 2015 and 31 March 2014 were covered by letter of credit which has been accepted by the nominated bank subsequent to the end of the reporting period. No impairment loss was recognised by the Group at 31 March 2015 and 31 March 2014.

17 AMOUNTS DUE FROM SUBSIDIARIES

As at 31 March 2015, the amounts due from subsidiaries are unsecured, interest-free and not expected to be recoverable within one year.

As at 31 March 2014, the amounts due from subsidiaries are unsecured, interest-free and repayable on demand.

18 CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Deposits with banks	8,218	—	—	—
Cash at bank and in hand	4,313	9,363	20	65
	12,531	9,363	20	65



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

19 TRADE AND OTHER PAYABLES

	The Group		The Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Trade creditors	—	5,935	—	—
Other payables and accrued expenses	621	646	103	446
	621	6,581	103	446

All of the trade and other payables are expected to be settled or recognised as income within one year or are repayable on demand.

As of the end of the reporting period, the ageing analysis of trade creditors, based on the invoice date, is as follows:

	2015 \$'000	2014 \$'000
Within 1 month	—	5,935

20 DISCOUNTED BILLS WITH RECOURSE

Bills discounted with banks at an effective interest rate ranging from 1.48% to 1.76% per annum have maturity profiles of no more than 90 days.

21 EMPLOYEE RETIREMENT BENEFITS

Defined contribution retirement plans

Pursuant to the relevant labour rules and regulations in the PRC, the Group participates in a defined contribution retirement benefit scheme (the "Scheme") organised by the PRC municipal government in the Guangdong Province whereby the Group is required to make contributions to the Scheme at certain percentage of the eligible employees' relevant salaries. The local government authority is responsible for the entire pension obligations payable to retired employees.



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

21 EMPLOYEE RETIREMENT BENEFITS (Continued)

Defined contribution retirement plans (Continued)

The Group also operates a Mandatory Provident Fund Scheme (the "MPF scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK\$30,000 (HK\$25,000 prior to June 2014). Contributions to the plan vest immediately.

The Group has no other material obligation for the payment of pension benefits associated with the Scheme and the MPF scheme beyond the annual contributions described above.

22 EQUITY SETTLED SHARE-BASED TRANSACTIONS

Share option scheme

At a special general meeting of the Company held on 21 September 2012, the shareholders of the Company approved the adoption of a share option scheme (the "2012 Scheme"), pursuant to which the Company's directors may grant options to employees of the Group, including the Company's directors, and any other persons who the Company's directors consider to have contributed to the Group. The 2012 Scheme was adopted on 21 September 2012 and, unless otherwise cancelled or amended, will remain in force for ten years from that date.

The number of share options which may be granted under the 2012 Scheme shall not exceed 10% of the issued share capital of the Company as at the date of shareholders' approval. The maximum number of unexercised share options under the 2012 Scheme and any other share option schemes shall not exceed 30% of the issued share capital of the Company at any time. The maximum number of options issued to each participant under the 2012 Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of options in excess of the limit is subject to the shareholders' approval in general meeting with such participant and his associates abstaining from voting.

The exercise price must be at least the higher of: (a) the closing price of the Company's shares as stated in the daily quotation sheet of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on the date of grant, which must be a business day; (b) the average closing price of the Company's shares as stated in the daily quotation sheets of the Stock Exchange for five business days immediately preceding the date of grant; and (c) the nominal value of the Company's shares.

A nominal consideration of HK\$1 is payable by the grantee upon acceptance of an option.



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

22 EQUITY SETTLED SHARE-BASED TRANSACTIONS (Continued)

Share option scheme (Continued)

An option may be exercised in accordance with the terms of the 2012 Scheme at any time during a period to be determined and notified by the Company's directors to each grantee of the option, which period may commence on a day after the date upon which the option is granted but shall and in any event be not later than ten years from the date of grant of the option. The Company's directors may at their sole discretion determine the minimum period for which the option has to be held or other restrictions before the exercise of the option.

During the year ended 31 March 2015 and 2014, no share options were granted under the 2012 Scheme. 1,500,000 (2014: Nil) share options under the 2012 Scheme were exercised during the year ended 31 March 2015.

- (i) The terms and conditions of the grants that existed during the years are as follows, whereby all options are settled by physical delivery of shares:

	Number of instruments	Vesting conditions	Contractual life of options
Options granted to director:			
— on 25 October 2012	1,500,000	Vested immediately	3 years

- (ii) The number and weighted average exercise prices of share options are as follows:

	2015		2014	
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
Outstanding at beginning of the year	HK\$0.63	1,500,000	HK\$0.63	1,500,000
Exercised during the year	HK\$0.63	(1,500,000)	—	—
Outstanding at end of the year	—	—	HK\$0.63	1,500,000
Exercisable at end of the year	—	—	HK\$0.63	1,500,000

The options outstanding at 31 March 2014 had an exercise price of HK\$0.63 and a remaining contractual life of 1.6 years.



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

22 EQUITY SETTLED SHARE-BASED TRANSACTIONS (Continued)

Share option scheme (Continued)

(iii) Fair value of share options and assumptions

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on Black-Scholes Option Pricing Model. The contractual life of the share option is used as an input into this model.

25 October 2012

Fair value of share options and assumptions

Fair value on the grant date	HK\$0.27
Closing share price on the grant date	HK\$0.63
Exercise price	HK\$0.63
Expected volatility (expressed as weighted average volatility used in the modelling under Black-Scholes Option Pricing Model)	64.46%
Option life (expressed as weighted average life used in the modelling under Black-Scholes Option Pricing Model)	3 years
Expected dividend yield	0%
Risk-free interest rate (based on Exchange Fund Notes)	0.23%

The expected volatility is based on the historical volatility (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility based on public available information. Expected dividends are based on historical dividends. Changes in the subjective input assumptions could materially affect the fair value estimate.

There were no service conditions or market conditions associated with the share options granted.

23 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Current taxation in the consolidated statement of financial position represents:

	The Group	
	2015	2014
	\$'000	\$'000
Provision for Hong Kong Profits Tax for the year	114	—



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

24 CAPITAL AND RESERVES

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

The Company

	Share capital \$'000	Share premium account \$'000	Contributed surplus \$'000	Share option reserve \$'000	Retained profits \$'000	Total \$'000
Balance at 1 April 2013	440	—	15,088	51	14,847	30,426
Change in equity for the year ended 31 March 2014:						
Loss and total comprehensive income for the year	—	—	—	—	(7,371)	(7,371)
Balance at 31 March 2014 and 1 April 2014	440	—	15,088	51	7,476	23,055
Changes in equity for the year ended 31 March 2015:						
Profit and total comprehensive income for the year	—	—	—	—	1,271	1,271
Shares issued under share option scheme	1	172	—	(51)	—	122
Balance at 31 March 2015	441	172	15,088	—	8,747	24,448



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

24 CAPITAL AND RESERVES (Continued)

(b) Share capital

(i) Authorised and issued share capital

	2015		2014	
	Number of shares	Amount \$'000	Number of shares	Amount \$'000
Authorised:				
Ordinary shares of HK\$0.01 each	36,000,000,000	46,452	36,000,000,000	46,452
Ordinary shares, issued and fully paid:				
At beginning of the year	340,616,934	440	340,616,934	440
Shares issued under share option scheme	1,500,000	1	—	—
At end of the year	342,116,934	441	340,616,934	440

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(ii) Shares issued under share option scheme

During the year ended 31 March 2015, options were exercised to subscribe for 1,500,000 ordinary shares in the Company at a consideration of \$122,000 of which \$1,000 was credited to share capital and the balance of \$121,000 was credited to the share premium account. \$51,000 has been transferred from the share option reserve to the share premium account in accordance with the policy set out in note 1(p)(ii).

(iii) Terms of unexpired and unexercised share options at the end of the reporting period

Exercise period	Exercise price	2015 Number	2014 Number
25 October 2012 to 23 October 2015	HK\$0.63	—	1,500,000



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

24 CAPITAL AND RESERVES (Continued)

(c) Nature and purpose of reserves

(i) Share premium account

The application of the share premium account is governed by Section 40 of the Companies Act 1981 of Bermuda.

(ii) Contributed surplus

Contributed surplus arose from the Group reorganisation in prior years.

(iii) Share option reserve

The share option reserve comprises the grant date fair value of unexercised share options granted to employees of the Group that was recognised in accordance with the accounting policy adopted for share-based payments in note 1(p)(ii).

(d) Distributability of reserves

In addition to retained profits, under the Companies Act 1981 of Bermuda, the contributed surplus account of the Company is also available for distribution. However, the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus if:

- (i) it is, or would after the payment be, unable to pay its liabilities as they become due; or
- (ii) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium account.

At 31 March 2015, the aggregate amount of reserves available for distribution to equity shareholders of the Company amounted to \$23,835,000 (2014: \$22,564,000).

(e) Dividends

The directors do not recommend the payment of any dividend for the year ended 31 March 2015 (2014: Nil).



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

24 CAPITAL AND RESERVES (Continued)

(f) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group defines "capital" as including all components of equity. On this basis the amount of capital employed at 31 March 2015 was \$24,497,000 (2014: \$22,797,000).

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. The Group reviews the capital structure on a regular basis and considers the cost of capital and the associated risks. Based on recommendations of the board of directors, the Group will balance its overall capital structure through adjusting the amount of dividends paid to shareholders, new share issues or new debt financing. No changes were made in the objectives, policies or processes during the years ended 31 March 2015 and 2014.

Neither the Company nor any of its subsidiaries is subject to externally imposed capital requirements.

25 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate, and currency risks arises in the normal course of the Group's business.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

The Group's credit risk is primarily attributable to trade and other receivables. Management has a credit policy in place and the exposure to this credit risk is monitored on an ongoing basis.

In respect of trade and other receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. The Group also manages the credit risk by arranging the trade debtors to be covered by letters of credit from reputable banks. Credit terms offered by the Group to its customers are set out in note 16 to the financial statements.



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

25 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(a) Credit risk *(Continued)*

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate. The Group considers the exposure to credit risk with respect to trade debtors and bills receivable as at 31 March 2015 and 2014 were not significant as all of them were covered by letters of credit from reputable banks. It is considered the possibility of default is remote.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position after deducting any impairment allowance (if any). The Group does not provide any guarantees which would expose the Group to credit risk. The Company provided corporate guarantees to a subsidiary in respect of banking facilities of \$37,000,000 (2014: \$82,000,000) granted to the subsidiary during the year ended 31 March 2015, among which \$26,919,000 (2014: Nil) was drawn down by the subsidiary at 31 March 2015.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in note 16.

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the Company's board when the borrowing exceeds certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term. At 31 March 2015, the Group has unutilised banking facilities of \$10,081,000 (2014: \$107,129,000).

All financial liabilities are carried at amounts not materially different from their contractual undiscounted cash flow as all the financial liabilities are with maturities within one year or repayable on demand at the end of the reporting period.

(c) Interest rate risk

The Group has no significant exposure to interest rate risk.



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

25 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(d) Currency risk

The Group is exposed to currency risk primarily through sales and purchases which give rise to receivables, payables and cash balances that are denominated in a foreign currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily Hong Kong dollars ("HKD") and Renminbi ("RMB"). The Group considers the risk of movements in exchange rates between the HKD and the United States dollars ("USD") to be insignificant as the HKD is pegged to the USD.

(i) Exposure to currency risk

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in USD, translated using the spot rate at the year end date.

The Group

	Exposure to foreign currencies (expressed in USD)			
	2015		2014	
	HKD \$'000	RMB \$'000	HKD \$'000	RMB \$'000
Trade and other receivables	96	—	98	—
Cash and cash equivalents	237	14	471	14
Trade and other payables	(275)	—	(488)	—
	58	14	81	14

The Company

	Exposure to foreign currencies (expressed in USD)			
	2015		2014	
	HKD \$'000	RMB \$'000	HKD \$'000	RMB \$'000
Prepayments and other receivables	18	—	—	—
Cash and cash equivalents	20	—	65	—
Trade and other payables	(92)	—	(415)	—
	(54)	—	(350)	—



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

25 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(d) Currency risk (Continued)

(ii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's profit/loss after tax and retained profits that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variable remained constant. In this respect, it is assumed that the pegged rate between the HKD and the USD would be materially unaffected by any changes in movement in value of the USD against other currencies.

	2015		2014	
	Increase/ (decrease) in foreign exchange rate	Increase/ (decrease) in profit after tax and increase/ (decrease) in retained profits \$'000	Increase/ (decrease) in foreign exchange rate	Decrease/ (increase) in loss after tax and increase/ (decrease) in retained profits \$'000
Renminbi	5% (5)%	1 (1)	5% (5)%	1 (1)

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' profit/loss after tax and retained profits measured in the respective functional currencies, translated into USD at the exchange rate ruling at the end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency. The analysis is performed on the same basis for 2014.



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

25 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(e) Fair value measurement

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

Fair value hierarchy

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

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs

The Group has a corporate finance team assessing the valuations for the financial asset designated at fair value through profit or loss which is categorised into Level 3 of the fair value hierarchy. Consultation with an independent valuer is carried out when appropriate in respect of the valuation assessment. The Group prepares analysis of changes in fair value measurement at each interim and annual reporting date.

The Group's financial asset designated at fair value through profit or loss stated at nil at 31 March 2014 falls into Level 3 of the fair value hierarchy. Such financial asset has been written off at 31 March 2015.

During the years ended 31 March 2015 and 2014, there were no transfers between Level 1 and Level 2, or transfer into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

(ii) *Fair values of financial assets and liabilities carried at other than fair value*

The carrying amounts of the Group's and the Company's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 March 2015 and 2014 because of the immediate or short term maturity of the financial instruments.



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

26 OPERATING LEASE COMMITMENT

At 31 March 2015, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	The Group	
	2015	2014
	\$'000	\$'000
Within 1 year	374	181
After 1 year but within 5 years	582	—
	956	181

The Group is the lessee in respect of its office premise held under operating lease from a fellow subsidiary. The lease runs for an initial period of three years with options to renew the lease when all terms are renegotiated. The lease does not include contingent rentals.

27 MATERIAL RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed in elsewhere in the consolidated financial statements, the Group enter into the following related party transactions.

(a) Key management personnel remuneration

Remuneration for key management personnel, including amounts paid to the Company's directors disclosed in note 8 and certain of the highest paid employees as disclosed in note 9, is as follows:

	2015	2014
	\$'000	\$'000
Salaries and other short-term employee benefits	1,582	1,666
Retirement scheme contributions	7	10
	1,589	1,676

Total remuneration is disclosed in "staff costs" (see note 5(a)).



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

27 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(b) Transaction with fellow subsidiary

	2015 \$'000	2014 \$'000
Rental expenses, building management fee and utility charges (note 27(c))	176	—

(c) Applicability of the Listing Rules relating to connected transaction

The related party transaction in respect of (b) above constitutes continuing connected transaction as defined in Chapter 14A of the Listing Rules. The disclosures required by Chapter 14A of the Listing Rules are provided in section headed "Connected transaction and continuing connected transaction" of the Reports of the directors.

28 IMMEDIATE AND ULTIMATE CONTROLLING PARTY

At 31 March 2015, the directors consider the immediate parent and ultimate controlling party of the Group to be Reignwood International Holdings Company Limited, which is incorporated in the British Virgin Islands and Mr. Chanchai Ruayrungruang respectively. The entity does not produce financial statements available for public use.



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

29 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2015

Up to the date of issue of these financial statements, the HKICPA has issued a few amendments and a new standard which are not yet effective for the year ended 31 March 2015 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
<i>Annual improvements to HKFRSs 2010-2012 cycle</i>	1 July 2014
<i>Annual improvements to HKFRSs 2011-2013 cycle</i>	1 July 2014
<i>Annual improvements to HKFRSs 2012-2014 cycle</i>	1 January 2016
<i>Amendments to HKAS 16 and HKAS 38, Clarification of acceptable methods of depreciation and amortisation</i>	1 January 2016
<i>HKFRS 15, Revenue from contracts with customers</i>	1 January 2017
<i>HKFRS 9, Financial instruments</i>	1 January 2018

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application but is not yet in a position to state whether these amendments and new standards would have a significant impact on the consolidated financial statements.

As permitted by the Listing Rules, the requirements of Part 9, "Accounts and Audit", of the new Hong Kong Companies Ordinance (Cap. 622) will come into operation in the Company's financial year ending 31 March 2016. The Group is in the process of making an assessment of the expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9. So far it has concluded that the impact is unlikely to be significant and will primarily only affect the presentation and disclosure of information in the consolidated financial statements.



FIVE YEARS FINANCIAL SUMMARY

(Expressed in United States dollars)

RESULTS

	Year ended 31 March				
	2015 \$'000	2014 \$'000	2013 \$'000	2012 \$'000	2011 \$'000
Turnover					
Continuing operation	125,065	109,024	44,639	—	—
Discontinued operation	—	—	13,112	27,967	29,099
	125,065	109,024	57,751	27,967	29,099
Profit/(loss) before taxation from continuing and discontinued operations	1,692	(8,212)	(4,256)	(1,543)	845
Income tax (expense)/credit from continuing and discontinued operations	(114)	48	—	—	(48)
Profit/(loss) for the year attributable to shareholders from continuing and discontinued operations	1,578	(8,164)	(4,256)	(1,543)	797

ASSETS AND LIABILITIES

	As at 31 March				
	2015 \$'000	2014 \$'000	2013 \$'000	2012 \$'000	2011 \$'000
Total assets	52,151	29,378	32,050	39,192	41,241
Total liabilities	(27,654)	(6,581)	(1,089)	(4,026)	(4,532)
	24,497	22,797	30,961	35,166	36,709

