



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

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

ANNUAL REPORT **2017**

* For identification purpose only



CONTENTS

02	Corporate information
03	Chairman's statement
06	Management discussion and analysis
25	Report of the directors
36	Corporate governance report
48	Independent auditor's report
	Audited financial statements
	Consolidated:
53	Statement of profit or loss and other comprehensive income
54	Statement of financial position
55	Statement of changes in equity
57	Statement of cash flows
59	Notes to the consolidated financial statements
142	Financial summary

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Li Hok Yin (*Co-chairman*)
Mr. Christiaan Rudolph de Wet de Bruin (*Co-chairman*)
Mr. Neil Andrew Herrick (*Chief Executive Officer*)
Ms. Cheung Pak Sum
Mr. Igor Levental
Mr. Phen Chun Shing Vincent
(re-designated on 11 May 2017)

Independent Non-Executive Directors

Mr. Chui Man Lung, Everett
Mr. Li Kam Chung
Mr. Walter Thomas Segsworth
(resigned on 21 July 2016)
Mr. Tsui Pang (appointed on 21 July 2016)

COMPANY SECRETARY

Ms. Wong Pui Yee

AUTHORISED REPRESENTATIVES

Mr. Li Hok Yin
Ms. Cheung Pak Sum

PRINCIPAL BANKERS

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

AUDITORS

Deloitte Touche Tohmatsu

LEGAL ADVISERS ON HONG KONG LAW

TC & Co., Solicitors

LEGAL ADVISERS ON BERMUDA LAW

Appleby

PRINCIPAL SHARE REGISTRARS AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited
26 Burnaby Street
Hamilton HM 11, Bermuda

HONG KONG BRANCH SHARE REGISTRARS AND TRANSFER OFFICE

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Unit 1901, 19/F, Nina Tower
8 Yeung Uk Road, Tsuen Wan
New Territories, Hong Kong

REGISTERED OFFICE

Canon's Court
22 Victoria Street
Hamilton, HM12, Bermuda

COMPANY WEBSITE

www.taunggold.com

CHAIRMAN'S STATEMENT

Dear Shareholders and employees,

On behalf of the Board of Directors, we are pleased to present the annual report of Taung Gold International Limited (the "Company" or "Taung Gold") and its subsidiaries (collectively the "Group") for the year ended 31 March 2016 (the "Year"). The year under review saw the publication of the results of the bankable feasibility study ("BFS") for our Evander Project and the pre-feasibility study ("PFS") for our Jeanette Project and, whilst the global geo-political and socio-economic environment is persistently uncertain, we continue to hold a positive outlook for gold and our two South African projects. The Board of Directors will therefore continue to pursue the generation of shareholder value through the demonstration and realization of the inherent value of the Group's assets in South Africa and Indonesia.

ANNUAL REVIEW

During the year under review the Company continued to progress the work at its two South African projects and finalise the establishment of its presence in another well-known gold mining jurisdiction, North Sulawesi, Indonesia.

The endowment of gold in the total Mineral Resource under the Company's stewardship, at just under 23 million ounces, remains one of the largest amongst gold mine developers globally. The completion of the BFS and PFS for Evander and Jeanette respectively, clearly demonstrates the inherent value to be unlocked from these two world-class projects. As the more advanced of the two South African Projects, Evander is close to going into the financing and construction phase and the Company continues to work with MCC International Incorporation Ltd. ("MCCI"), a subsidiary of Metallurgical Corporation of China ("MCC"), and China ENFI Engineering Corporation Ltd. ("ENFI") with a view to finalizing a Design & Build Contract prior to financing and construction of what will be the first new gold mine in South Africa in recent times.

EVANDER PROJECT

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

CHAIRMAN'S STATEMENT

JEANETTE PROJECT

The Jeanette Project shares similar attributes to the Evander Project, in that it is also a high grade deposit, has existing infrastructure and is located in a very well established gold mining area, close to nearby services and utilities. The nature of the Basal Reef in the project area means that the orebody is amenable to mechanized mining methods and the results of the study revealed a mine design that is highly mechanized and which is capable of delivering a higher grade ore when compared to more conventional mining methods. The Jeanette Project enjoys a much larger resource and reserve than Evander and, given the higher grade nature of the delivered product, will also enjoy very competitive operating unit costs, coupled with attractive capital efficiency.

MINEX PROJECT

Minex Resources Pte. Ltd. ("Minex") became a wholly-owned subsidiary of the Company on 24 August 2015 upon fulfillment of the conditions precedent for completion in the Acquisition Agreement. On 3 January 2017, Minex and the Sellers entered into a supplemental agreement to the acquisition agreement dated 6 July 2015 ("Acquisition Agreement"), to amend the arrangements made in the Acquisition Agreement. The license held by PTRTJ has expired in early 2017, a formal tender process was conducted by the relevant government authority to award a new mining license covering the same area as the original license held by PT RTJ (the "New Mining License"). The New Mining License was successfully tendered for by PT Bulawan Boltim Primas ("PTBBP"). The Sellers have since made arrangements for Minex to acquire 75% of the issued share capital of PTBBP on the same terms as it would have acquired PTRTJ under the Acquisition Agreement. A formal tender process was also conducted by the same authority for an area known locally as Kutai, in between those held by PTBTPR and PTBBP and PT Kotabunan Emas Prima ("PTKEP") successfully tendered for this area. The Sellers have also made arrangements for Minex to acquire 75% of the issued share capital of PTKEP. PTBTPR and PTBBP are the holders of concessions that contain several deposits with significant potential to hold gold mineralization.

The results of the Metallurgical Testing for ore from the Garini site were published on 19 December 2016. The completion of preliminary diagnostic leach testwork and subsequent acid leach testwork demonstrated that recoveries of approximately 90% were achievable and SGS South Africa were tasked to complete a further metallurgical evaluation and to develop a basic flow sheet for a suitable metallurgical process. The results of this work are expected soon.

CHAIRMAN'S STATEMENT

ECONOMIC ENVIRONMENT AND OUTLOOK

The world's economy remains in a period of sustained slow growth and the uncertainty created by global socio-political events such as Brexit and some national election results continue to weigh on economic forecasting. It is reasonably expected that this situation will continue for some time to come and, in addition, resultant uncertainty regarding interest rates in advanced economies has dampened expectations for growth.

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

The fundamentals of supply and demand therefore bode well for the price of gold and the metal appears to have found a new floor price at around the \$1,200/oz level.

The Group therefore continues to believe that its projects, with their significant endowments of gold, present an attractive proposition to investors, especially after the announcement of the results of the two feasibility studies.

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

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

On behalf of the Board

Li Hok Yin
Co-chairman

Christiaan Rudolph de Wet de Bruin
Co-chairman

Hong Kong, 30 June 2017

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

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

During the financial year 2016/2017, the Group recorded a profit attributable to owners of the Company of approximately HK\$128,217,000 or earnings of HK\$0.82 cents per share basic, compared with a profit attributable to owners of the Company for the year 2015/2016 of approximately HK\$382,210,000 or earnings of HK\$2.98 cents per share basic.

DIVIDEND

The Directors do not recommend the payment of any dividend in respect of the year ended 31 March 2017 (2016: Nil).

BUSINESS REVIEW

For the year ended 31 March 2017, the Group had no turnover (2016: Nil). The Group recorded a net profit attributable to equity holders of approximately HK\$128,217,000 compared with a net profit attributable to equity holders of approximately HK\$382,210,000 for the last financial year. The other comprehensive income of approximately HK\$75,231,000 (2016 expense: HK\$150,418,000) mainly arose from the exchange difference on the translation of South African operations.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2017, the Group had no outstanding bank borrowings (2016: Nil) and no banking facilities (2016: Nil). The Group's gearing ratio as at 31 March 2017 was zero (2016: zero), calculated based on the Group's total zero borrowings (2016: zero) over the Group's total assets of approximately HK\$5,386,307,000 (2016: HK\$4,778,006,000).

As at 31 March 2017, the balance of cash and cash equivalents of the Group was approximately HK\$383,894,000 (2016: HK\$210,263,000) and were mainly denominated in Hong Kong Dollars and South African Rand. The Group continues to adopt a policy of dealing principally with clients with whom the Group has enjoyed a long working relationship so as to minimize risks to its business.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCING

On 21 November 2016, the Company announced that an aggregate of 2,974,920,000 Shares of HK\$0.01 each in the capital of the Company were placed to not fewer than six placees, at the placing price of HK\$0.0883 per placing share, upon completion of the placing agreement dated 9 November 2016 entered into between the Company and Pinestone Securities Limited as the placing agent. The net proceeds from the aforesaid placing amounted to approximately HK\$258.72 million which were used for (i) approximately HK\$200 million for future potential acquisitions, targeting overseas gold and mineral mining asset(s), which is in preliminary negotiation stage; and (ii) approximately HK\$58.72 million for the general working capital of the Group to meet any future business development requirements and obligations.

FOREIGN EXCHANGE EXPOSURE

During the year ended 31 March 2017, the Group operated mainly in the PRC and the Republic of South Africa, and the majority of the Group's transactions and balances were denominated in Hong Kong Dollars, Renminbi, United States Dollars and South African Rand. However, as the directors consider that the currency risk is not significant, the Group does not have a policy of hedging foreign currency.

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

REVIEW OF BUSINESS OPERATIONS

During the period under review the Group did not carry out any field exploration activities and its attention was focused on advancing and completing the study work for the Evander and Jeanette projects. The Company published the bankable feasibility study ("BFS") for the Evander Project on 12 September 2016 and the pre-feasibility study ("PFS") for the Jeanette Project on 9 March 2017. The metallurgical testwork for the Minex Project was completed and the results of the Metallurgical Testing were announced by the Company on 19 December 2016. As at 31 March 2017 the Company had not conducted any mining or production activities.

The Evander Project

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

Notes:

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

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

* 100% attributable ounces

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

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

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

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

* 100% attributable ounces

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

The Evander Bankable Feasibility Study

The BFS for the project targeted a Measured and Indicated Resource of 19.85 million tons of Kimberley Reef at an average gold grade of 8.47g/t (measured over a mining width of 112cm), containing 5.41 million ounces of gold. On 16 May 2016, the Company declared a maiden Mineral Reserve (Probable Reserve) from the Evander Project's Kimberley Reef horizon of 4.29 million ounces of gold, from 19.64 million tons of ore at an average head grade of 6.80 g/t. On 12 September 2016, the Company announced the BFS for the Evander Project and highlights from the results are as follow:

Evander Project BFS Highlights

Annual Gold Recovered at Full Production	309,000 oz
Gold Recovered over Life of Project	4,113,000 oz
Recovered Grade over Life of Project	6.51 g/t
Initial Construction Capital Cost Estimate	US\$579.3m
Total Capital Cost over Life of Project	US\$714.7m
Capital Efficiency	US\$2,696/oz
After-tax Net Present Value ("NPV") at 5% Discount Rate	US\$724.8m
After-tax Internal Rate of Return ("IRR")	17.6%
Life of Mine	20 years
Payback	3.6 years
Cash Operating Costs	US\$486/oz
All in Sustaining Costs ("AISC")	US\$583/oz
All in Costs ("AIC")	US\$724/oz

Notes:

1. Financials calculated using a gold price of \$1,290/oz and an exchange rate of US\$1.00 = ZAR14.00.
2. Capital Efficiency is calculated as total capital cost divided by average annual gold production over the production life of mine.
3. Payback calculated from date of first production.
4. US\$/oz cost definitions as per World Gold Council Guidance Note on AISC and AIC costs – 27 June 2013.

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

As previously reported, the Company entered into a framework agreement with MCC International Incorporation Ltd. ("MCCI"), a subsidiary of MCC, on 23 October 2014 with the objective of entering into an engineering, procurement and construction contract for the Project. The Company continues to engage with MCCI with the intention of entering into contractual arrangements to commence and complete of the construction phase of the project.

MANAGEMENT DISCUSSION AND ANALYSIS

Evander Project Summary

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

The Project is comprised of the following:

- Existing vertical shaft infrastructure that will be rehabilitated and extended to access the substantial high grade Mineral Resource and Reserve;
- Construction of a metallurgical processing plant that will treat all underground ore and produce gold doré bars for refining into 99.99% purity bullion at the Rand Refinery Limited;
- Establishment and construction of the associated infrastructure required to support operations and enable disposal of waste materials in accordance with internationally accepted standards;
- At full production, the Project is estimated to produce an average of 309,000 ounces per annum at a recovered grade of 6.75 g/t with Cash Costs of US\$486/oz; and
- In its year of peak production, the Project is estimated to produce approximately 338,000 ounces of gold at a recovered grade of 7.41 g/t with cash costs of US\$402/oz.

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

- Re-establishment of the existing surface area and provision of required infrastructure and services including electrical power, water and water disposal;
- Dewatering and re-commissioning of the existing main shaft and re-commissioning of the ventilation shaft;
- Deepening of the existing main and ventilation shafts to their final depths; and
- Development of the Kimberley Reef and the generation of ore reserves.

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

MANAGEMENT DISCUSSION AND ANALYSIS

TGS has entered into Option Agreements with the holders of surface and mineral rights whereby TGS secured the right to acquire such surface and mineral rights for the purpose of establishing a TSF site. On 31 March 2017 TGS exercised the option to acquire 100% of the shares in Holfontein Investments (Pty) Limited, the holder of the Mining Right for coal in the area of the proposed TSF site and the completion of the necessary transfers will complete before the end of July 2017. On 5 June 2017, TGS also exercised its option to acquire the respective surface rights from Orambamba 48 (Pty) Limited and the process to transfer such surface rights is underway and is expected to complete by the end of March 2018.

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

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

Expenditure on the Evander Project for the year ended 31 March 2017 was as follows:

	ZAR million
Consultants & Service providers	4.23
Staffing	8.94
Business Development	0.63
Overheads	3.58
Total	17.38

MANAGEMENT DISCUSSION AND ANALYSIS

The Jeanette Project

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

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

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

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

Summary of the Company's Measured and Indicated Mineral Resources

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

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

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

The Jeanette Project

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

Prospecting rights for the Jeanette Project

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

MANAGEMENT DISCUSSION AND ANALYSIS

TGFS submitted a Section 102 application on 4 March 2014 to consolidate the above permits into a single prospecting right using the Jeanette prospecting right (MPTRO 144/2013) as the basis for such consolidation. As the holder of the various Prospecting Rights that make up the Jeanette Project, TGFS had an exclusive right to apply for the Mining Right over the Jeanette project area. On 19 June 2015, TGFS applied for a mining right over the consolidated area. The application was formally accepted by the Department of Mineral Resources (“DMR”). As part of the application for a Mining Right, a Mining Work Program (“MWP”), Social and Labour Plan (“SLP”) and an Environmental Impact Assessment together with an Environmental Management Program (“EMP”) were submitted for approval. The Environmental Authorisation for the Jeanette Project was approved on 20 December 2016 and it is expected that the Ministerial consent for the grant of the Mining Right will take place during 2017. An application for an Integrated Water Use License (“WUL”) will only be submitted on completion of the Bankable Feasibility Study for the Project.

Jeanette Project Description

The PFS for the Jeanette Project targeted a Measured and Indicated Resource of 13.1 million tons of Basal Reef at an average gold grade of 22.41 g/t (measure over a reef channel width of 38cm), containing 9.4 million ounces of gold. On 23 May 2016, the Company declared a maiden Mineral Reserve (Probable Reserve) at its Jeanette Project of 7.12 million ounces of gold, from 19.21 million tons of ore at an average head grade of 11.52 g/t. The modifying factors used to determine the Probable Reserve were based on mining methods that have been designed to eliminate the technical risks associated with the Khaki Shale proximally above the Basal Reef and which have been designed and reviewed by independent industry experts to a PFS level. The drilling and three-dimensional seismic reflection survey work carried out during 2011 and 2012 resulted in a revised geological model for the Basal Reef and, in particular, revealed that the target area is shallower dipping and therefore amenable to mechanized mining methods. The application of mechanized mining methods in the mine design and scheduling has therefore resulted in significant reductions in the various dilution factors, when compared to traditional non-mechanized mining methods and, this is reflected in the Probable Reserve grade. These mining methods will be subject to additional and more detailed design at the BFS level of project study.

The granting of the Mining Right for the Jeanette Project will precede a decision to commence the BFS for the project.

MANAGEMENT DISCUSSION AND ANALYSIS

On 9 March 2017, the Company announced an update on positive PFS results for the Jeanette Project and the highlights from these results are as follow:

Jeanette Project PFS Highlights

Gold Recovered over Life of Project	7.243Moz
Initial Construction Capital Cost Estimate	US\$759.0m
Peak Funding	US\$723.8m
Total Capital Cost over Life of Project	US\$1,090.4m
Capital Efficiency	US\$3,312/oz
After-tax NPV at 5% Discount rate	US\$1,550.5m
After-Tax IRR	20.3%
Life of Mine	24 years
Payback	6.9 years
Cash Operating Costs	US\$343/oz
Profit Margin	57.97%
All in Sustaining Costs	US\$392/oz
All in Costs	US\$542/oz

Notes:

1. Financials calculated using a gold price of \$1,290/oz and an exchange rate of US\$1.00 = ZAR14.00.
2. Capital Efficiency is calculated as total capital cost divided by average annual gold production over the production life of mine.
3. Payback calculated from date of first production.

Minxcon Projects (Proprietary) Limited (“Minxcon”), an independent South African-based consultancy, was the lead independent consultant for the PFS. All estimates in this announcement have been extracted from the PFS Report which has an effective date of 29 February 2016. The engineering, design, scheduling and capital and operating cost estimating work for the Project was carried out in South Africa by various independent professional consultants under the leadership of Minxcon. TGL has also completed an internal review of the Project.

MANAGEMENT DISCUSSION AND ANALYSIS

Jeanette Project Summary

The Jeanette Project is located close to the town of Welkom, 270km south-west of Johannesburg, in the Free State Province of South Africa. The Project was acquired from ARMGold/Harmony Freegold Joint Venture Company (Pty) Limited, in December 2009. The Prospecting Right over the project area was registered in the name of TGFS in the Mineral and Petroleum Titles Registration Office in November 2013. The Project is located in an established gold producing region in close proximity to road, power and water & sanitation infrastructure and, which is well served with other necessary services. The Project is comprised of the following:

- Existing vertical shaft infrastructure that will be rehabilitated and extended to access the Mineral Resource and Reserve;
- Construction of a metallurgical processing plant that will treat all underground ore and produce gold doré bars for refining into 99.99% purity bullion at the Rand Refinery Limited;
- Establishment and construction of the associated infrastructure required to support operations and enable disposal of waste materials in accordance with internationally accepted standards; and
- At full production, the Project is estimated to produce an average of 418,000 ounces per annum at a recovered grade of 11.24 g/t with cash costs of US\$325/oz.

In its year of peak production, the Project is estimated to produce approximately 448,000 ounces of gold at a recovered grade of 11.07 g/t with cash costs of US\$343/oz.

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

MANAGEMENT DISCUSSION AND ANALYSIS

Expenditure on the Jeanette Project for the year ended 31 March 2017 was as follows:

	ZAR million
Consultants & Service Providers	4.77
Staffing	3.21
Overheads	1.02
Total	9.00

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

Minex Resources Pte. Ltd. (“Minex”) became a wholly-owned subsidiary of the Company on 24 August 2015 upon fulfillment of the conditions precedent for completion in the acquisition agreement dated 6 July 2015 (the “Acquisition Agreement”). Upon completion of the Acquisition Agreement, PT Bolmong Timur Primanusa Resources (“PTBTPR”) became a non-wholly owned subsidiary of the Company. Minex holds a 95% interest in PTBTPR. In addition, Minex held a conditional share purchase agreement (“CSPA”) for purchase of 75% of the issued and outstanding share capital in PT Rihendy Tri Jaya (“PTRTJ”).

The collection of samples for metallurgical testing (the “Metallurgical Testing”) from the Garini deposit held by PTBTPR was undertaken in September 2015 and then delivered to PT. SGS Indonesia Assay Laboratories in Jakarta (“SGS Indonesia”) for initial assay work. The prepared samples were then sent to SGS South Africa (Pty) Limited (“SGS South Africa”), in Johannesburg, for further testing under the supervision of the Company’s management and independent metallurgical consultant. The results of the Metallurgical Testing were published on 19 December 2016. The completion of preliminary diagnostic leach testwork and subsequent acid leach testwork demonstrated that recoveries of approximately 90% were achievable and SGS South Africa were tasked to complete a further metallurgical evaluation and to develop a basic flow sheet for a suitable metallurgical process. The results of this work are expected during July 2017.

On 3 January 2017, Minex and the Sellers entered into a supplemental agreement to Acquisition Agreement (“Supplemental Agreement”), to amend the arrangements made in the Acquisition Agreement. The license held by PTRTJ has expired in early 2017, a formal tender process was conducted by the relevant government authority to award a new mining license covering the same area as the original license held by PT RTJ (the “New Mining License”). The New Mining License was successfully tendered for by PT Bulawan Boltim Primas (“PTBBP”). The Sellers have since made arrangements for Minex to acquire 75% of the issued share capital of PTBBP on the same terms as it would have acquired PTRTJ under the Acquisition Agreement. A formal tender process was also conducted by the same authority for an area known locally as Kutai, in between those held by PTBTPR and PTBBP and PT Kotabunan Emas Prima (“PTKEP”) successfully tendered for this area. The Sellers have also made arrangements for Minex to acquire 75% of the issued share capital of PTKEP. PTBTPR and PTBBP are the holders of concessions that contain several deposits with significant potential to hold gold mineralization. The completion of the Supplemental Agreement was effective on 28 June 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

The Minex Project

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

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

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

The Evander Project

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

During the period under review the Company completed an Employer Requirements Document for the Evander Project based on the International Federation of Consulting Engineers ("FIDIC") Yellow Book approach and discussions with MCCI are now focused on the commercial terms for a Design & Build Contract for the project.

The application under Section 102 of the Mineral and Petroleum Resources Development Act ("MPRDA") to amend the Mining Right was delayed as a result of additional environmental investigations and is now anticipated to be submitted by the end of September 2017 and, after discussions with the DMR, will be accompanied by the EIA, SLP and MWP. Accordingly, a separate application for the Integrated Water Use License ("IWUL") is also expected to be submitted by the end of September 2017.

An EIA for the dewatering phase of the project has been approved and an application for a WUL for the dewatering phase of the project was submitted to the relevant authority on 19 September 2016 and approval is expected before the end of September 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

The Jeanette Project

The internal review of the Jeanette Project PFS was completed during the period under review and the results of the PFS were announced on 9 March 2017. The Company is progressing its Mining Right application with the relevant regulatory authorities and has made significant progress towards securing the required Ministerial consent and other approvals. The Company reasonably expects this process to conclude during 2017. Upon conclusion of the granting of the Mining Right, the Company will consider commencing a BFS for the Project. Further announcements in this regard will be made in due course.

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

- An Environmental Authorization (“EA”) Scoping Report was submitted to the DMR and accepted on 8 September 2015. The final EA was submitted to the DMR on 7 June 2016 and the EA was approved on 20 December 2016.
- The SLP consultation process was completed and the SLP document was submitted to the DMR and implementation commenced during June 2016.
- The MWP was submitted to the DMR in June 2016 is anticipated to be approved with the Mining Right in due course.

An application for a water use license (“WUL”) for the Jeanette Project will only be prepared for submission upon completion of the BFS.

The Minex Project

The completion of the basic flow sheet for the metallurgical process at PT BTPR will inform the feasibility for economic extraction of gold from the Garini deposit and it is anticipated that feasibility work will be completed by the end of 2017.

The Company is considering the way forward with regards to the construction phase of the Evander Project and continues to review its financial position given the uncertainty and volatility in global financial markets. However, gold continues to present safe haven characteristics and the prevailing global economic and socio-political circumstances appear to bode well for continued longer term improvement in the price of gold.

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements of the Company and the Group for the year ended 31 March 2017.

PRINCIPAL ACTIVITIES

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

RESULTS AND DIVIDENDS

The Group's results for the year ended 31 March 2016 are set out in the consolidated statement of profit or loss and other comprehensive income on page 53.

The directors do not recommend the payment of any dividend in respect of the year ended 31 March 2017.

FIVE YEARS SUMMARY

A summary of the Group's results for each of the five years ended 31 March 2017 and the Group's assets and liabilities as at 31 March 2013, 2014, 2015, 2016 and 2017 is set out on page 142 of this annual report.

CAPITAL STRUCTURE

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in note 11 to the consolidated financial statements.

SHARE CAPITAL, UNLISTED WARRANTS AND SHARE OPTIONS

Details of the Company's share capital, unlisted warrants and share options are set out in notes 24 and 26 to the consolidated financial statements respectively.

PRE-EMPTIVE RIGHTS

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

RESERVES

Details of movements in the reserves of the Group during the year are set out from page 55 to page 56 in the consolidated financial statements and in the consolidated statement of changes in equity, respectively.

REPORT OF THE DIRECTORS

DISTRIBUTABLE RESERVES

At 31 March 2017, the Company had no reserves available for cash distribution and/or distribution in specie to shareholders of Company. In accordance with the Companies Act 1981 of Bermuda (as amended), the contributed surplus may only be distributed in certain circumstances which the Company is presently unable to meet. In addition, the Company's share premium account with a balance of approximately HK\$5,307,443,000 as at 31 March 2017 may be distributed in the form of fully paid bonus shares.

EMPLOYEES

As at 31 March 2017, the Group employed approximately 50 staff in both Hong Kong and South Africa. The Group remunerates its employees based on their performance, working experience and the prevailing market conditions. Employee benefits include mandatory provident fund (pension) and share options scheme, etc.

DIRECTORS

The directors of the Company during the year were:

Executive Directors:

Mr. Li Hok Yin
Mr. Christiaan Rudolph de wet de Bruin
Mr. Neil Andrew Herrick
Ms. Cheung Pak Sum
Mr. Igor Levental
Mr. Phen Chun Shing Vincent (re-designated on 11 May 2017)

Independent Non-Executive Directors:

Mr. Chui Man Lung, Everett
Mr. Li Kam Chung
Mr. Walter Thomas Segsworth (resigned on 21 July 2016)
Mr. Tsui Pang (appointed on 21 July 2016)

CHANGE OF DIRECTORS

21 July 2016, Mr. Walter Thomas Segsworth resigned as Independent Non-Executive Director ("INED") of the Company with immediate effect. Meanwhile, Mr. Tsui Pang was appointed as the Company's INED. Mr. Phen Chun Shing Vincent has been re-designated as a Executive Director of the Company with effect from 11 May 2017.

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

REPORT OF THE DIRECTORS

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Li Hok Yin, aged 40, is the Co-chairman and an Executive Director of the Company. He was previously the Investment Manager of Cheever Capital Management (Asia) Ltd. from September 2007 to December 2009. He was the Territory Manager of Ecolab Ltd, a company listed on the New York Stock Exchange, from March 2004 to July 2007. He holds a Bachelor of Engineering degree from The Chinese University of Hong Kong. Mr. Li was appointed as an Executive Director of the Company on 8 January 2010.

Mr. Christiaan Rudolph de Wet de Bruin, aged 64, is the Co-chairman and an Executive Director of the Company. Mr. de Bruin is also a director of Taung Gold (Proprietary) Limited ("TGL"), a non wholly-owned subsidiary of the Company as well as of Taung Gold Exploration (Pty) Limited, Taung Gold Exploration (West) (Pty) Ltd, Taung Gold (Free State) (Pty) Ltd, Taung Gold (North West) (Pty) Ltd, Taung Gold (Secunda) (Pty) Ltd, Sephaku Gold Exploration (Pty) Ltd, and Ulinet (Pty) Ltd, all of which are wholly owned subsidiaries of TGL. He is also a co-founder of TGL, Platmin Ltd and Sephaku Holdings Ltd. Mr. de Bruin received a Bachelor of Commerce degree (Cum Laude) from the University of the Free State in 1975 and a Bachelor of Law degree (Cum Laude) from the Rand Afrikaans University in 1977 and practised as an advocate at the Pretoria Bar from 1979 to 1989, specialising in commercial law and mineral law. Mr. de Bruin left the Bar in 1989 and focused on finding, acquiring and developing mineral exploration and mining projects in various African countries. He was involved in aspects of law relating to minerals, companies, stock exchange and international finance. He also acted as a consultant to a number of South African companies, becoming involved in their management, including the management of their systems, human resources, customers and financing activities. Between 1999 and 2005, Mr. de Bruin was a co-founder member of the Platmin Group of companies, which developed the Pilanesberg Platinum Mine. His role was to engineer the acquisition of mineral projects including supervising the execution of over 300 mineral rights agreements and the conversion of the Platmin Group's old order rights into new order rights and the acquisition of new mining rights. Mr. de Bruin was also involved with the applications for new mining rights and the management of the operational aspects, including logistics, human resources and administration during his time with the Platmin Group. He was a non-executive director of Gentor Resources Inc., a company involved with copper exploration activities in the Sultanate of Oman and Turkey, and listed on the Toronto Venture Exchange (TSX-V). Mr. de Bruin was also a non-executive director of Sephaku Holdings Limited, a company listed on the Johannesburg Stock Exchange. The Sephaku group's portfolio currently comprises valuable holdings in a range of operating assets which provide raw materials, supplies and/or services in the cement and limestone exploration sector. Mr. de Bruin was appointed as Co-chairman and Executive Director of the Company on 26 April 2013.

Ms. Cheung Pak Sum, aged 41, was appointed as an Executive Director of the Company on 20 April 2010. She is the Head of Human Resources and Administration of the Company. She is well experienced in the areas of Human Resources and Administration. She was the senior administration officer of Pineview Industries Limited, a company listed on The Stock Exchange of Hong Kong Limited, from May 2006 to May 2008.

REPORT OF THE DIRECTORS

Mr. Igor Levental, aged 62, is an Executive Director of the Company. He is the director of Gabriel Resources Ltd., which is engaged in the development of major precious metals deposits in Romania; he is also a director of NOVAGOLD Resources Inc., a TSX and NYSE Market-listed company involved in the advancement of a major gold development project in Alaska and a copper-gold development project in British Columbia; he is also a director of NovaCopper Inc., a TSX and NYSE Market-listed company involved in the exploration and development of major copper-dominant deposits in Alaska. With more than 30 years of experience across a board-cross section of the international mining industry, Mr. Levental has held senior positions within major mining companies including Homestake Mining Company, a major international gold mining company with interests in the United States, Canada, Australia and South America, as well as International Corona Corporation, a gold producer. In 2007, he joined Electrum (USA) Ltd. as executive vice president and in March 2010 became president of the Electrum Group of Companies (one of the companies within the Group currently the substantial shareholder of the Company) He is a registered professional engineer in Canada. He graduated from the University of Alberta with a Bachelor of Science degree in Chemical Engineering in 1978 and received his MBA degree from the University of Alberta in 1982. He was appointed as an Executive Director of the Company on 19 August 2013.

Mr. Phen Chun Shing Vincent, aged 41, was an executive director of China Merchants Capital Management (International) Limited from 2012 to 2015, which is engaged in private equity investment and credit financing. Mr. Phen has over 15 years of experience in direct investment and corporate banking. He was a non executive director of Comtec Solar Systems Group Limited (a company listed on The Stock Exchange, Stock code: 712) from 2010 to 2012. Mr. Phen was a past Director of CMS Capital (HK) Co., Ltd., formerly known as CMTF Asset Management Limited, and has served in such position until 2012. He worked in CLSA Capital Partners from 2007 to 2009. Prior to that, Mr. Phen worked in international corporate banking division of various financial institutions for approximately 7 years. Mr. Phen holds a bachelor degree in business administration and marketing from the University of North Texas. Mr. Phen was appointed as a Non-executive Director of the Company on 27 July 2015.

Independent Non-Executive Directors

Mr. Chui Man Lung, Everett, aged 53, is an Independent Non-Executive Director of the Company. Mr. Chui is a Fellow Member of both the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. He is a Member of the Institute of Chartered Accountants in England and Wales. He is currently the director and shareholder of Cen-1 Partners Limited, an independent consultancy company specializing in financial engineering and corporate structuring. Mr. Chui was appointed as an independent non-executive director of Sinocom Software Group Limited, a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") with effect on 10 September 2013. Mr. Chui was the financial controller and company secretary of Yau Lee Holdings Limited, a listed company on the Stock Exchange, from February 1995 to May 2008. He is well experienced in the areas of finance, audit and accounting. He holds a Bachelor of Social Sciences in Business Economics & Accounting awarded by the University of Southampton in the United Kingdom. Mr. Chui was appointed as an Independent Non- Executive Director of the Company on 20 April 2010.

REPORT OF THE DIRECTORS

Mr. Li Kam Chung, aged 65, is an Independent Non-Executive Director of the Company. Mr. Li has over 10 years experience in trading businesses between Mainland China and Hong Kong. Mr. Li was appointed as independent non-executive director of Taung Gold Limited, a non wholly-owned subsidiary of the Company in the Republic's of South Africa, on 26 April 2013. Mr. Li was appointed as independent non-executive director of Zhido International (Holdings) Limited (a company listed on The Stock Exchange of Hong Kong Limited, Stock Code: 1220) since 2012. Mr. Li was the chairman of Joint Village Office For Villages In Shuen Wan Tai Po N.T. and a member of Tai Po District Council Environment, Housing and Works Committee. Mr. Li was appointed as an Independent Non- Executive Director of the Company on 1 April 2009.

Mr. Tsui Pang ("Mr. Tsui"), aged 34, is currently a general manager of Chang Yang (Hubei) Mining Limited, which is engaged in exploration and the mining of barium sulphate at barite ores in Yichang City, Hubei Province in China. Before joining the Company, Mr. Tsui worked in Yuet Sing Group from 2004 to 2011 in different positions to participate in mine planning and feasibility study of mines in Enshi City, Hubei Province in China. Mr. Tsui holds a bachelor degree in Arts & Design in Education from the Hong Kong Polytechnic University.

Chief Executive Officer

Mr. Neil Andrew Herrick, aged 53, is the Chief Executive Officer of the Company. He is also a director and the Chief Executive Officer of TGL as well as director of Taung Gold Secunda (Pty) Ltd (previously Pluriclox (Pty) Ltd), which is a wholly-owned subsidiary of TGL. Mr. Herrick was an Executive Director of the Company from 2013 to 2015 and currently is an alternate director of Mr. Christiaan Rudolph de Wet de Bruin, the Co-Chairman and Executive Director of the Company. He has over 20 years of experience in the gold mining industry, having joined the Gold Division of Anglo American in 1988 and became a section manager at AngloGold Limited from 1994 to 1997 with responsibility for an underground section of a mine and a shaft system. He became production manager at AngloGold Limited from 1997 to 1999 and was responsible for an entire shaft complex. From 1999 to 2002 he was the general manager of the North West Operations of Durban Roodepoort Deep Limited. In 2002, he joined Gold Fields Limited as senior manager and was responsible for the completion of two pre-feasibility studies for the exploitation of below infrastructure resources at Kloof mine and later as Senior Manager in charge of Kloof mine's underground operations. From 2006 to 2007, he was a mine manager at Anglo Platinum Limited, after which he joined Norilsk Nickel Africa (Pty) Limited as a mining executive. He is registered as a professional engineer with the Engineering Council of South Africa, and is a past president and council member of the Association of Mine Managers of South Africa. He is a former Chairman of the Mines Professional Associations Committee of Management. He graduated from the University of Newcastle upon Tyne in 1987 with a Bachelor of Engineering degree (Honours) in Mining Engineering. He was appointed as the Chief Executive Officer of the Company on 26 April 2013, and has been the chief executive officer of TGL since July 2010.

DIRECTORS' SERVICE CONTRACTS

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

REPORT OF THE DIRECTORS

DIRECTORS' INTERESTS IN CONTRACTS

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

DIRECTORS' INTERESTS IN SHARE CAPITAL

At as 31 March 2017, the interests and short positions of the directors in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to (the Model Code for Securities Transactions by Directors of Listed Issues,) were as follows:

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

Name of Directors	Number of Ordinary Shares		Number of underlying shares held under share options	Total	Percentage of the issued share capital of the Company
	Personal interests	Corporate interests			
Christiaan Rudolph de Wet de Bruin (Note)	381,924,902	–	19,215,637	401,140,539	2.20%
Cheung Pak Sum	–	–	19,215,637	19,215,637	0.11%
Chui Man Lung, Everett	–	–	19,215,637	19,215,637	0.11%
Neil Andrew Herrick (Note)	43,127,449	–	19,215,637	62,343,086	0.42%
Igor Levental (Note)	–	–	19,215,637	19,215,637	0.11%
Li Hok Yin	17,380,622	–	19,215,637	36,596,259	0.20%
Li Kam Chung	–	–	19,215,637	19,215,637	0.11%
Walter Thomas Segsworth (resigned on 21 July 2016)	1,000,000	–	–	1,000,000	0.01%

Save as disclosed herein, neither the directors nor any of their associates had any interests or short positions in shares, underlying shares or debentures of the Company or any of its associated corporations as at 31 March 2017 as defined in Section 352 of the SFO.

Note: Respective New TG Optionholder Agreement and New SA Put Option Agreements were entered into between the Company, TGL and Mr. Christiaan Rudolph de Wet de Bruin, Mr. Neil Andrew Herrick and Mr. Igor Levental regarding grant of New TG Optionholder Put Options and New SA Put Options on 5 September 2014. The grant of the above put options was approved by the Company's shareholders at the special general meeting dated 21 November 2014. Please refer to circular of the Company dated 4 November 2014 for information. The New TG Optionholder Agreements and New SA Put Option Agreements were expired on 7 September 2016.

REPORT OF THE DIRECTORS

(b) Interest in a subsidiary of the Company

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

Save as disclosed herein, neither the directors nor any of their associates had any interests or short positions in shares, underlying shares or debentures of the Company or any of its associated corporations as at 31 March 2017 as defined in Section 352 of the SFO.

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

SHARE OPTION

The Company

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

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

REPORT OF THE DIRECTORS

Details of the Share Options granted under the Share Option Scheme (excluding the share options granted under share options scheme of Taung Gold Limited) as at 31 March 2017 are as follows:

	Number of Share Options				Grant date	Vesting period	Validity period
	As at 1 April 2016	Granted	Lapsed	As at 31 March 2017			
Li Hok Yin	-	19,215,637	-	19,215,637			
Christiaan Rudolph de Wet de Bruin	-	19,215,637	-	19,215,637			
Cheung Pak Sum	-	19,215,637	-	19,215,637			
Igor Levental	-	19,215,637	-	19,215,637			
Chui Man Lung, Everett	-	19,215,637	-	19,215,637			
Li Kam Chung	-	19,215,637	-	19,215,637	16 July 2015	15 July 2016	16 July 2016 to 15 July 2020
Walter Thomas Segsworth (resigned on 21 July 2016)	-	19,215,637	19,215,637	-			
Neil Andrew Herrick	-	19,215,637	-	19,215,637			
Consultant	-	44,252,463	-	44,252,463			
Continuous contract employee	-	74,753,570	-	74,753,570			
Total	-	272,731,129	19,215,637	253,515,492			

As at 31 March 2017, there were Share Options relating to 253,515,492 Shares granted by the Company representing 1.4% of the issued Shares as at the date of this Report pursuant to the Share Option Scheme which were valid and outstanding.

REPORT OF THE DIRECTORS

Taung Gold (Proprietary) Limited

During 2010, Taung Gold (Proprietary) Limited ("TGL"), a non-wholly owned subsidiary of the Company, (prior to the completion date of the acquisition thereof in 2011), approved an option scheme to enable employees to acquire shares in TGL to provide them with an incentives to advance TGL's interests, to promote an identity of interest with shareholders and to retain the skills and expertise of employees. The total number of shares issued in terms of the scheme did not exceed 10% of the issued share capital of TGL. The option issued the option scheme either exercised or expired during the previous financial year.

The put options granted to the TGL Optionholders expired on 7 September 2014, in relation to the sale to the Company of up to 18,916,168 shares of TGL for an aggregate consideration of up to 1,009,616,519 shares of the Company. On 5 September 2014, the Company entered into new agreements with the relevant parties for granting the TGL Optionholders new rights to sell a maximum number of 23,645,210 shares of TGL to the Company before 7 September 2016, for a maximum consideration of up to 1,518,258,797 shares of the Company, including up to 229,461,591 shares of the Company to be issued when First Refusal Rights are exercised by the Company at the maximum share exchange ratio on the put options which were granted by the TGL Optionholders and South African Shareholders pursuant to the new agreements entered into with the Company and relevant parties on 5 September 2014. Details of granting the above put options to TGL Optionholders and those to South African Shareholders are set out in the circular of the Company dated 4 November 2014. Shareholders of the Company approved the grant of above put options at the special general meeting of the Company on 21 November 2014 by passing ordinary resolutions. All the new put options granted to the TGL Optionholders and South African Shareholders were either exercised, or expired and no put options were outstanding as at 31 March 2017.

REPORT OF THE DIRECTORS

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARE CAPITAL

As at 31 March 2017, the following Shareholders had, or were deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

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

Name of shareholders	Number of ordinary shares held	Underlying shares of equity derivatives	Total interest	Percentage of issued ordinary shares as at the date of this report
Electrum Strategic Exploration Limited (Note 1)	2,295,047,831	-	2,295,047,831	12.64%
Mandra Materials Limited (Note 2)	1,835,354,722	-	1,835,354,722	10.11%
Mandra Esop Limited (Note 2)	28,218,369	-	28,218,369	0.16%
Woo Foong Hong Limited (Note 2)	426,530,727	-	426,530,727	2.35%
Gold Commercial Services Limited (Note 3)	1,335,913,509	-	1,335,913,509	7.36%

Notes:

- (1) The entire share capital of Electrum Strategic Exploration Limited is wholly-owned by GRAT Holdings LLC. Hence, GRAT Holdings LLC is deemed to be interested in the Shares held by Electrum Strategic Exploration Limited for the purpose of SFO.
- (2) Mandra Materials Limited, Mandra ESOP Limited and Woo Foong Hong Limited are 50% owned by Mr. Zhang Songyi. Hence, Mr. Zhang Songyi is deemed to be interested in the Shares held by Mandra Materials Limited, Mandra ESOP Limited and Woo Foong Hong Limited for the purpose of SFO.
- (3) On 8 September 2011, the Company issued 1,130,141,116 shares of the Company to GoldCom for the purpose of acquiring 21,174,316 shares of TGL from South African resident shareholders of TGL. On 21 November 2014, the Shareholders passed a special resolution to grant each of the TG Optionholders the right to sell a maximum number of 23,645,210 TG Shares to the Company or GoldCom for a maximum of 1,262,020,649 New Put Option Consideration Share (Please refer to the Company's circular dated 2 November 2014). The abovementioned rights were expired on 7 September 2016.

REPORT OF THE DIRECTORS

(2) Short positions in shares and underlying shares

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

Save as disclosed herein, as at 31 March 2017, no person, other than the directors of the Company, whose interests are set out in the section "Directors' interests in share capital" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

PUBLIC FLOAT

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

ANNUAL CONFIRMATION OF INDEPENDENCE

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

INDEPENDENT AUDITORS

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

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

On behalf of the Board

Li Hok Yin
Co-chairman

Christiaan Rudolph de Wet de Bruin
Co-chairman

Hong Kong, 30 June 2017

CORPORATE GOVERNANCE REPORT

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

CORPORATE GOVERNANCE PRACTICES

The Board considers that good corporate governance of the Company can protect and safeguard the interests of the shareholders and to enhance the performance of the Company. The Board is committed to maintaining and ensuring high standards of corporate governance. Throughout the year ended 31 March 2017, the Company has applied the principles and complied with all Code Provisions of the Corporate Governance Code as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

CHAIRMAN AND CHIEF EXECUTIVE

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

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

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

Throughout the year ended 31 March 2017, the Company complied with rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules relating to the appointment of at least three Independent Non-executive Directors, at least one Independent Non-executive Director with appropriate professional qualifications, or accounting or related financial management expertise, and a sufficient number of Independent Non-executive Directors representing at least one-third of the board, respectively.

CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS

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

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

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

CORPORATE GOVERNANCE REPORT

Composition of the Board

The Board currently comprises eight members as follows:

Executive Directors:

Mr. Li Hok Yin (*Co-chairman*)
Mr. Christiaan Rudolph de Wet de Bruin (*Co-chairman*)
Mr. Neil Andrew Herrick (*Chief Executive Officer*)
Ms. Cheung Pak Sum
Mr. Igor Levental
Mr. Phen Chin Shing Vincent (re-designated on 11 May 2017)

Independent Non-Executive Directors:

Mr. Chui Man Lung, Everett
Mr. Li Kam Chung
Mr. Walter Thomas Segsworth (resigned on 21 July 2016)
Mr. Tsui Pang (appointed on 21 July 2016)

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

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

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

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

Saved as disclosed above, throughout the year ended 31 March 2017, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive directors with at least one independent non-executive director possessing appropriate professional qualifications, or accounting or related financial management expertise.

CORPORATE GOVERNANCE REPORT

The Board held 6 meetings during the financial year ended 31 March 2017. Details of attendance of individual director at board meetings are set out as below:

Name of Directors	Number of meetings held during his/her tenure	Number of meetings attended
<i>Executive Directors</i>		
Mr. Li Hok Yin	6	6
Mr. Christiaan Rudolph de Wet de Bruin	6	6
Mr. Neil Andrew Herrick	6	6
Ms. Cheung Pak Sum	6	6
Mr. Igor Levental	6	6
Mr. Phen Chun Shing Vincent (re-designated on 11 May 2017)	6	6
<i>Independent Non-executive Directors</i>		
Mr. Chui Man Lung, Everett	6	5
Mr. Li Kam Chung	6	6
Mr. Walter Thomas Segsworth (resigned on 21 July 2016)	2	2
Mr. Tsui Pang (appointed on 21 July 2016)	4	4

The Board and the management

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

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

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

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

CORPORATE GOVERNANCE REPORT

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

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

DIRECTOR INSURANCE POLICY

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

BOARD COMMITTEES

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

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

AUDIT COMMITTEE

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

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

CORPORATE GOVERNANCE REPORT

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

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

During the year, the AC has reviewed the annual results of the Company for the year ended 31 March 2017 and was content that the accounting policies of the Group are in accordance with the generally accepted accounting practices in Hong Kong.

During the financial year ended 31 March 2017, 4 AC meetings were held and the individual attendance of each member is set out below:

Name of Audit Committee members	Number of meetings held during his/her tenure	Number of meetings attended
Mr. Chui Man Lung, Everett	4	3
Mr. Li Kam Chung	4	4
Mr. Walter Thomas Segsworth (resigned on 21 July 2016)	1	1
Mr. Tsui Pang (appointed on 21 July 2016)	3	3

NOMINATION COMMITTEE

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

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

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

CORPORATE GOVERNANCE REPORT

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

During the financial year ended 31 March 2017, 1 NC meeting was held and the individual attendance of each member is set out below:

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

Board diversity Policy

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

Remuneration Committee

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

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

CORPORATE GOVERNANCE REPORT

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

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

Name of Remuneration Committee members	Number of meetings held during his/her tenure	Number of meeting attended
Mr. Li Kam Chung	1	1
Mr. Chui Man Lung, Everett	1	1
Mr. Li Hok Yin	1	1
Mr. Walter Thomas Segsworth (resigned on 21 July 2016)	1	1
Mr. Tsui Pang (appointed on 21 July 2016)	0	0

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

1 RC meeting has been held during the financial year ended 31 March 2017 to review the remuneration packages of directors and senior management as the Board considered that the existing remuneration packages to each director and senior management are reasonable and appropriate with reference to the financial performance of the Company, employment and market conditions as a whole.

ACCOUNTABILITY AND AUDIT

The directors are responsible for the preparation of financial statements for each financial period which give a true and fair view of the state of affairs of the Group and of the results and cash flow for that period. In preparing the financial statements for the year ended 31 March 2017, the directors have selected suitable accounting policies and applied them consistently, adopted appropriate Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards, made adjustments and estimates that are prudent and reasonable, and have prepared the financial statements on the going concern basis. The directors are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company.

CORPORATE GOVERNANCE REPORT

INTERNAL CONTROLS & RISK MANAGEMENT

In order to comply with the applicable code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules, the Board has overall responsibility for the internal control system of the Company and for reviewing its effectiveness.

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

The Group has established an internal audit charter, conducted an annual risk assessment and devised a continuous three-year audit plan under a risk-based approach. An annual review was performed according to the audit plan with a view to assisting the Board and the Audit Committee to evaluate the effectiveness of the Group's risk management and internal control mechanism. The review also covered the compliance of code provisions as set out in the Appendix 14 to the Hong Kong Listing Rules, material controls, including financial, operational and compliance controls at entity and operational levels.

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

The Board has reviewed the effectiveness of the risk management and internal control system of the Group annually, including financial, operational and compliance controls. Based on the monitoring of the Group on an ongoing basis, the results of the risk assessments and the outcome of the annual audit review, the Board and the Audit Committee are of the opinion that the Group has maintain adequate and effective risk management and internal control system to protect and safeguard the interest of shareholders and assets of the Company during the year ended 31 March 2017.

CORPORATE GOVERNANCE REPORT

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as the standard for securities transactions by the Directors. The Company has made specific enquiries of all the Directors and all the Directors confirmed that they have complied with the required standards set out in the Model Code during the year ended 31 March 2017.

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

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

DIRECTORS' TRAINING

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

Name of Director	Training on corporate governance regulatory development during the relevant period
<i>Executive Directors</i>	
Mr. Li Hok Yin	3
Mr. Christiaan Rudolph de Wet de Bruin	3
Mr. Neil Andrew Herrick	3
Ms. Cheung Pak Sum	3
Mr. Igor Levental	3
Mr. Phen Chun Shing Vincent (re-designated on 11 May 2017)	3
<i>Independent Non-executive Directors</i>	
Mr. Chui Man Lung, Everett	3
Mr. Li Kam Chung	3
Mr. Walter Thomas Segsworth (resigned on 21 July 2016)	3
Mr. Tsui Pang (appointed on 21 July 2016)	3.5

CORPORATE GOVERNANCE REPORT

SERVICE CONTRACTS OF DIRECTORS

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

AUDITOR'S REMUNERATION

The financial statements of the Company for the year have been audited by Deloitte Touche Tohmatsu ("Deloitte"). During the year, remuneration of approximately HK\$2,700,000 was charged by Deloitte for provision of audit services. No non-audit service fees were incurred for tax related services or other review services for the year ended 31 March 2017.

COMPANY SECRETARY

Ms. Wong Pui Yee has been appointed as the Company Secretary with effect from 1 October 2015. She is responsible to the Board for ensuring proper Board procedures and discharging the Board's obligations pursuant to the Listing Rules and other applicable laws and regulations. The company secretary has provided this training records to the Company of no less than 15 hours of relevant professional training during the year.

COMMUNICATION WITH SHAREHOLDERS

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

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

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

CORPORATE GOVERNANCE REPORT

Shareholders' enquiries

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

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

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

Procedures to put forward proposals in general meeting

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

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

Procedures to convene special general meeting ("SGM")

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

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

INDEPENDENT AUDITOR'S REPORT

Deloitte.

德勤

TO THE MEMBERS OF TAUNG GOLD INTERNATIONAL LIMITED

(incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Taung Gold International Limited (the "Company") and its subsidiaries (collectively referred to as "the Group") set out on pages 53 to 141, which comprise the consolidated statement of financial position as at 31 March 2017, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

BASIS FOR OPINION

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



Making another century of impact
德勤百年慶 開創新紀元

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS

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

Key audit matter	How our audit addressed the key audit matter
<p><i>Impairment assessment of exploration assets</i></p> <p>We identified the impairment assessment of exploration assets in South Africa as a key audit matter due to the significance of this balance to the consolidated statement of financial position and significant judgement and estimation uncertainty associated with determining their recoverable amounts.</p> <p>As disclosed in note 12 to the consolidated financial statements, the Group has exploration assets in South Africa of HK\$4,494,090,000 as at 31 March 2017. Reversal of impairment loss on these exploration assets of HK\$400,457,000 was recognised in the consolidated statement of profit or loss and other comprehensive income for the year.</p> <p>For the annual impairment testing of the Group's exploration assets in South Africa, the recoverable amount of the cash-generating units ("CGU") was determined based on the higher of fair value less costs of disposal and value in use which is estimated using the discounted cash flow method taking into account a suitable discount rate. The recoverable amounts of the Group's exploration assets in South Africa as at 31 March 2017 have been arrived at on the basis of a valuation carried out by an independent qualified professional valuer not connected to the Group (the "Valuer"). The valuation is dependent on certain significant inputs that involve judgment and estimation made by the management of the Group together with the Valuer, including, among other factors, inflation rate, future gold price, exchange rate of United States Dollars ("USD") against South Africa Rand ("ZAR") and the discount rate.</p>	<p>Our procedures in relation to the valuation of exploration assets included:</p> <ul style="list-style-type: none">• obtaining an understanding of the management's basis and assessment in relation to impairment assessment of valuation process;• engaging our internal valuation expert to evaluate the appropriateness of the valuation methodology and model used by the Valuer to determine the recoverable amount of the CGU;• evaluating the reasonableness of key assumptions (including the future gold price, exchange rate of USD against ZAR and the discount rate) used in the valuation model by assessing the publicly available information, historical performance and expected future performance of the CGU;• checking the input data to supporting documents;• evaluating the sensitivity analysis in respect of key assumptions, including discount rates adopted; and• considering the sufficiency of the disclosures in respect of impairment testing included in the consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

OTHER INFORMATION

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

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

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

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

INDEPENDENT AUDITOR'S REPORT

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

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

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

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

30 June 2017

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2017

	NOTES	2017 HK\$'000	2016 HK\$'000
Other income	6	48,135	40,153
Other gains and losses	6	(196,233)	–
Fair value change on gross obligation under put options	23(a)	(25,934)	129,336
Administrative and operating expenses		(48,521)	(47,126)
Reversal of impairment loss on exploration assets	12	400,457	399,760
Share of results of associates	13	(8)	(16,496)
Profit before taxation		177,896	505,627
Income tax expense	8	–	–
Profit for the year	9	177,896	505,627
Other comprehensive income (expense)			
Item that may be subsequently reclassified to profit or loss:			
Exchange difference on translation of foreign operations		75,231	(150,418)
Total comprehensive income for the year		253,127	355,209
Profit for the year attributable to:			
Owners of the Company		128,217	382,210
Non-controlling interests		49,679	123,417
		177,896	505,627
Total comprehensive income attributable to:			
Owners of the Company		182,234	275,668
Non-controlling interests		70,893	79,541
		253,127	355,209
Earnings per share			
Basic (HK cents)	10	0.82	2.98
Diluted (HK cents)	10	0.82	1.77

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2017

	NOTES	2017 HK\$'000	2016 HK\$'000
Non-current assets			
Property, plant and equipment	11	3,545	2,662
Exploration assets	12	4,523,585	4,039,548
Prepayment for acquisition of exploration assets	17	154,029	122,992
Interests in associates	13	2,010	2,018
Amount due from an associate	13	–	30,751
Available-for-sale investment	19	49,336	49,717
Loans to shareholders of a subsidiary	14	193,967	270,891
Deposits for rehabilitation	15	674	675
Deposits for acquisition of investments	16	60,000	–
Pledged bank deposits	20	2,413	2,064
		4,989,559	4,521,318
Current assets			
Other receivables, prepayment and deposits	18	12,854	16,425
Deposits for acquisition of investments	16	–	30,000
Bank balances and cash	21	383,894	210,263
		396,748	256,688
Current liabilities			
Other payables and accruals	22	23,658	9,613
Derivative financial instrument - put options	23	–	–
Gross obligation under put options	23(a)	–	93,355
		23,658	102,968
Net current assets		373,090	153,720
Total assets less current liabilities		5,362,649	4,675,038
Capital and reserves			
Share capital	24	181,515	147,912
Reserves		4,700,170	3,783,437
Equity attributable to owners of the Company		4,881,685	3,931,349
Non-controlling interests	37	480,964	743,689
Total equity		5,362,649	4,675,038

The consolidated financial statements on pages 53 to 141 were approved and authorised for issue by the Board of Directors on 30 June 2017 and are signed on its behalf by:

Li Hok Yin
DIRECTOR

Cheung Pak Sum
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2017

	Attributable to owners of the Company										
	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000 (Note (a))	Other reserve HK\$'000 (Note (c))	Contributed surplus HK\$'000 (Note (b))	Foreign currency translation reserve HK\$'000	Share option reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 April 2015	124,429	4,794,395	(829)	(626,167)	147,828	(313,827)	-	(1,379,625)	2,746,204	1,188,996	3,935,200
Profit for the year	-	-	-	-	-	-	-	382,210	382,210	123,417	505,627
Exchange difference arising on translation to presentation currency	-	-	-	-	-	(106,542)	-	-	(106,542)	(43,876)	(150,418)
Total comprehensive (expense) income for the year	-	-	-	-	-	(106,542)	-	382,210	275,668	79,541	355,209
Issue of new shares under placement (note 24)	14,247	138,189	-	-	-	-	-	-	152,436	-	152,436
Transaction costs attributable to issue of new shares (note 24)	-	(469)	-	-	-	-	-	-	(469)	-	(469)
Recognition of equity-settled share-based payments	-	-	-	-	-	-	11,975	-	11,975	-	11,975
Acquisition of subsidiaries (note 25)	-	-	-	-	-	-	-	-	-	1,316	1,316
Issue of new shares for potential acquisition in a subsidiary (note 17)	2,311	22,877	-	-	-	-	-	-	25,188	-	25,188
Effect of exercise and execution of put options by option holders of a subsidiary (note 23)	6,925	89,114	-	344,244	-	-	-	-	440,283	(344,244)	96,039
Effect of exercise of put options for the potential additional acquisition in a subsidiary (note 23)	-	-	-	34,827	-	-	-	(17,308)	17,519	(13,359)	4,160
Change in shareholding in a subsidiary without losing control upon exercise of TGL share options (note 34)	-	-	-	96,222	-	-	-	-	96,222	(50,133)	46,089
Transfer to accumulated losses upon expiration of share options of a subsidiary (note 26(b))	-	-	-	-	-	-	-	118,428	118,428	(118,428)	-
Lapse of put options to option holders of a subsidiary (note 23)	-	-	-	109,841	-	-	-	(61,946)	47,895	-	47,895
At 31 March 2016	147,912	5,044,106	(829)	(41,033)	147,828	(420,369)	11,975	(958,241)	3,931,349	743,689	4,675,038
Profit for the year	-	-	-	-	-	-	-	128,217	128,217	49,679	177,896
Exchange difference arising on translation to presentation currency	-	-	-	-	-	54,017	-	-	54,017	21,214	75,231
Total comprehensive income for the year	-	-	-	-	-	54,017	-	128,217	182,234	70,893	253,127
Issue of new shares under placement (note 24)	29,749	232,936	-	-	-	-	-	-	262,685	-	262,685
Transaction costs attributable to issue of new shares (note 24)	-	(3,961)	-	-	-	-	-	-	(3,961)	-	(3,961)
Issue of new shares for potential acquisition in a subsidiary (note 17)	3,019	28,018	-	-	-	-	-	-	31,037	-	31,037
Recognition of equity-settled share-based payments	-	-	-	-	-	-	5,551	-	5,551	-	5,551
Forfeiture of share options	-	-	-	-	-	-	(872)	872	-	-	-
Effect of execution of put options by option holders of a subsidiary (note 23)	835	6,344	-	-	-	-	-	-	7,179	-	7,179
Effect of exercise of put options for the potential additional acquisition in a subsidiary (note 23)	-	-	-	498,397	-	-	-	(34,402)	463,995	(351,885)	112,110
Change in shareholding in a subsidiary without losing control (note 34)	-	-	-	1,616	-	-	-	-	1,616	18,267	19,883
At 31 March 2017	181,515	5,307,443	(829)	458,980	147,828	(366,352)	16,654	(863,554)	4,881,685	480,964	5,362,649

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2017

Notes:

- (a) Capital reserve included the difference of HK\$800,000 between the nominal value of the share capital of the Company issued on acquisition of assets through acquisition of subsidiaries and the fair value of the consideration shares issued. Pursuant to a sale and purchase agreement dated 20 June 2008 and a supplemental agreement dated 31 July 2008, the Company issued 10,000,000 consideration shares of HK\$1 each to the vendor as part of the purchase consideration for the acquisition of 70% equity interests in Union Sense Development Limited. The acquisition was completed on 1 December 2008. The fair value of the 10,000,000 consideration shares issued was HK\$9,200,000 which was determined by reference to the published share price at the date of exchange.
- (b) Contributed surplus represented amounts of HK\$51,562,000 and HK\$96,266,000 arising from (i) the difference between the nominal value of the aggregate share capital of the subsidiaries acquired pursuant to the group reorganisation completed on 2 October 1995 over the nominal value of the share capital of the Company issued in exchange thereof; and (ii) the capital reorganisation during the year ended 31 March 2010 (the "Capital Reorganisation") respectively. Pursuant to the Capital Reorganisation, (i) the issued share capital of the Company was reduced by cancelling the paid-up capital to the extent of HK\$0.90 on each issued share such that the par value of each issued share was reduced from HK\$1.00 to HK\$0.10, thereby giving rise to a credit of HK\$104,094,000 (the "Capital Reduction"); (ii) the share subdivision involved the sub-division of each authorised but unissued share into ten new shares ("Share Subdivision"); and (iii) upon the Capital Reduction and the Share Subdivision becoming effective, the entire amount standing to the credit of the share premium account of the Company was reduced to nil (the "Share Premium Reduction"). The total credit amount arising from both the Capital Reduction and the Share Premium Reduction was transferred to the contributed surplus account of the Company which would be utilised in accordance with the by-laws of the Company and all applicable laws including, without limitation, to set-off against the accumulated losses of the Company. The special resolution in relation to the Capital Reorganisation was duly passed by the shareholders at the special general meeting held on 12 November 2009 and became effective on the same date.
- (c) Other reserve represented:
- (i) 1,130,141,116 of the Company's shares issued to Gold Commercial Services Limited ("Goldcom") as fully paid at HK\$0.46 per share, being the market price of the Company's share on date of issue, amounting to approximately HK\$519,865,000. Goldcom is a third party whose shareholder and sole director is one of the non-controlling shareholders of Taung Gold (Pty) Limited ("TGL"), who are residents of South Africa ("South African Shareholders"). Goldcom acts as an agent to facilitate the South African Shareholders selling their shares in TGL to the Group. Details of the arrangement for the Group to acquire shares of TGL from the South African Shareholders are set out in note 23(b)(i). During the year ended 31 March 2017, 20,299,911 (2016: 874,495) of the put options granted on 5 September 2014 by the Company to South African Shareholders were exercised and the other reserve in relation to the decrease in non-controlling interests of approximately HK\$351,885,000 (2016: HK\$13,359,000) due to exercise of put options for the potential additional acquisition of a subsidiary and the fair value of the corresponding shares of the Company issued to Goldcom of approximately HK\$146,512,000 (2016: HK\$21,468,000) was derecognised, with reference to the market prices of the share of the Company of HK\$0.46 per share at the issue date;
- (ii) The gross obligation under put options resulted from the put options granted on 8 September 2011 by the Company to holders of share options of TGL. Upon the issuance of the put options, the Group has a commitment to settle the contractual obligation by cash proceeds from sales (at the times of exercise of the put options) of a maximum of 1,009,616,519 of the shares of the Company. The fair value of the gross obligation under put options upon issuance with reference to the market price of the share of the Company HK\$0.46 per share was approximately HK\$464,424,000;
- (iii) During the year ended 31 March 2015, the put options granted on 8 September 2011 by the Company to holders of share options of TGL lapsed on 5 September 2014 and the other reserve in relation to the fair value of the gross obligation under put options of approximately HK\$228,173,000 was derecognised, with reference to the market price of the share of the Company of HK\$0.226 per share at the date of lapse of put options. The difference between the fair value of the gross obligation under put options upon issuance and the fair value at the date of lapse of put options amounting to approximately HK\$236,251,000 was transferred to accumulated losses;
- (iv) The gross obligation under put options resulted from the put options granted on 5 September 2014 by the Company to holders of share options of TGL. Upon the issuance of the put options, the Group has a commitment to settle the contractual obligation by cash proceeds from sales (at the times of exercise of the put options) of a maximum of 1,262,020,649 of the shares of the Company. The fair value of the gross obligation under put options upon issuance with reference to the market price of the share of the Company of HK\$0.226 per share was approximately HK\$285,216,000;
- (v) During the year ended 31 March 2016, 14,539,084 of the put options granted on 5 September 2014 by the Company to holders of share options of TGL were exercised and the other reserve in relation to decrease in non-controlling interests of approximately HK\$344,244,000 due to exercise of put options by holders of share options of TGL was derecognised;
- (vi) The amounts resulted from the deemed disposal of partial interests in TGL during the year ended 31 March 2012;
- (vii) The amounts of approximately HK\$96,222,000 resulted from the change on shareholding of TGL without losing control during the year ended 31 March 2016, details of which are set out in note 34;
- (viii) During the year ended 31 March 2016, 9,106,126 put options granted on 5 September 2014 by the Company to holders of share options of TGL were lapsed upon the expiration of share options and total fair value of gross obligation under put options upon issuance was derecognised, with reference to the market price of the share of the Company of HK\$0.226 per share at the issue date. The difference between the fair value of the gross obligation under put options upon issuance of approximately HK\$109,841,000 and the fair value of the gross obligation under put options at the date of lapse of put options of approximately HK\$47,895,000 amounting to approximately HK\$61,946,000 was transferred to accumulated losses; and
- (ix) During the year ended 31 March 2017, 5,058,327 shares in TGL were issued to the Qualified Black Economic Empowerment ("BEE") Companies, being the non-controlling shareholders of TGL, in order to comply with the legal requirement for operation in South Africa. Details of this transaction and the legal requirement are set out in note 34.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2017

	NOTES	2017 HK\$'000	2016 HK\$'000
OPERATING ACTIVITIES			
Profit before taxation		177,896	505,627
Adjustments for:			
Interest income		(48,092)	(39,902)
Fair value change on gross obligation under put options		25,934	(129,336)
Share of results of associates		8	16,496
Reversal of impairment loss on exploration assets	12	(400,457)	(399,760)
Depreciation of property, plant and equipment		801	850
Recognition of share-based payments		5,551	11,975
Impairment loss on loan to a shareholder of a subsidiary		156,181	–
Adjustment to carrying amount of the loan to a shareholder of a subsidiary		7,856	–
Gain on disposal of property, plant and equipment		(92)	–
Impairment loss on amount due from an associate		32,289	–
Operating cash flows before movements in working capital		(42,125)	(34,050)
Decrease (increase) in other receivables and other deposits		4,953	(2,420)
Increase in other payables and accruals		13,337	3,848
Cash used in operations		(23,835)	(32,622)
Taxation paid		–	–
NET CASH USED IN OPERATING ACTIVITIES		(23,835)	(32,622)
INVESTING ACTIVITIES			
Interest received		6,167	5,194
Purchase of property, plant and equipment		(493)	(184)
Proceeds from disposal of property, plant and equipment		105	1
Exploration costs incurred	12	(44,868)	(18,463)
Refund of deposit for rehabilitation		74	–
Net cash outflow on acquisition of subsidiaries	25	–	(26,309)
Prepayment for acquisition of exploration assets	17	–	(97,804)
Deposits paid for acquisition of investments		(60,000)	–
Refund of deposits for acquisition of subsidiaries		30,000	103,000
Proceeds on issue of shares of a subsidiary		–	46,089
Repayment from shareholders of a subsidiary		–	836
NET CASH (USED IN) FROM INVESTING ACTIVITIES		(69,015)	12,360

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2017

	<i>NOTES</i>	2017 HK\$'000	2016 HK\$'000
FINANCING ACTIVITIES			
Proceeds from placement of new shares		262,685	152,436
Transaction costs attributable to issue of new shares		(3,961)	(469)
<hr/>			
NET CASH FROM FINANCING ACTIVITIES		258,724	151,967
<hr/>			
NET INCREASE IN CASH AND CASH EQUIVALENTS		165,874	131,705
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		7,757	(17,053)
<hr/>			
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		210,263	95,611
<hr/>			
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by Bank balances and cash		383,894	210,263

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

1. GENERAL

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

The Company acts as an investment holding company. The principal activities of its subsidiaries are set out in note 35.

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

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

Amendments to HKFRSs that are mandatorily effective for the current year

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) *(Continued)*

Amendments to HKAS 1 Disclosure initiative

The Group has applied the amendments to HKAS 1 “Disclosure initiative” for the first time in the current year. The amendments to HKAS 1 clarify that an entity need not provide a specific disclosure required by a HKFRS if the information resulting from that disclosure is not material, and give guidance on the bases of aggregating and disaggregating information for disclosure purposes. However, the amendments reiterate that an entity should consider providing additional disclosures when compliance with the specific requirements in HKFRS is insufficient to enable users of financial statements to understand the impact of particular transactions, events and conditions on the entity’s financial position and financial performance.

As regards the structure of the financial statements, the amendments provide examples of systematic ordering or grouping of the notes.

The Group has applied these amendments retrospectively. The grouping and ordering of certain notes have been revised to give prominence to the areas of the Group’s activities that management of the Company considers to be most relevant to an understanding of the Group’s financial performance and financial position. Specifically, information to capital risk management, financial instruments and fair value measurements of financial instruments were reordered to notes 27, 28 and 29 respectively while information in relation to segment was reordered to note 5. Other than the above presentation and disclosure changes, the application of the amendments to HKAS 1 has not resulted in any impact on the financial performance or financial position of the Group in these consolidated financial statements.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

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

New and amendments to HKFRSs issued but not yet effective

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

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

¹ Effective for annual periods beginning on or after 1 January 2017.

² Effective for annual periods beginning on or after 1 January 2018.

³ Effective for annual periods beginning on or after 1 January 2019.

⁴ Effective for annual periods beginning on or after a date to be determined.

⁵ Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

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

HKFRS 9 Financial instruments

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

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

- all recognised financial assets that are within the scope of HKFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at fair value through other comprehensive income ("FVTOCI"). All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held-for-trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- in relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

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

HKFRS 16 Leases

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

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

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

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

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 March 2017, the Group has non-cancellable operating lease commitments of HK\$1,732,000 as disclosed in note 32. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. In addition, the application of new requirements may result changes in measurement, presentation and disclosure as indicated above. However, it is not practicable to provide a reasonable estimate of the financial effect until the directors of the Company complete a detailed review.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

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

Amendments to HKAS 7 Disclosure initiative

The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities including both changes arising from cash flows and non-cash changes. Specifically, the amendments require the following changes in liabilities arising from financing activities to be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

The amendments apply prospectively for annual periods beginning on or after 1 January 2017 with earlier application permitted. The application of the amendments will result in additional disclosures on the Group's financing activities, specifically reconciliation between the opening and closing balances in the consolidated statement of financial position for liabilities arising from financing activities will be provided on application.

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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

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

The principal accounting policies are set out below.

Basis of consolidation

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of consolidation *(Continued)*

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

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

Changes in the Group's ownership interests in existing subsidiaries

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

Acquisition of a subsidiary not constituting a business

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

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation is initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments in associates

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment

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

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

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

Exploration assets

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of exploration assets

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leasing

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

The Group as lessee

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

Foreign currencies

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

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

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

Retirement benefit costs

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

Short-term employee benefits

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation

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

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

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

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

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

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

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

Current and deferred tax is recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of tangible assets other than exploration assets

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Provision for rehabilitation

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

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

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

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

Financial instruments

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets

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

Effective interest method

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

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

Available-for-sale financial assets

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

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

Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period (see the accounting policy in respect of impairment loss on financial assets below).

Loans and receivables

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

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Impairment of financial assets

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

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

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

Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments and observable changes in national or local economic conditions that correlate with default on receivables.

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments

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

Equity instruments

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

Effective interest method

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

Interest expense is recognised on an effective interest basis.

Financial liabilities at FVTPL

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

A financial liability is classified as held for trading if:

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments *(Continued)*

Financial liabilities at FVTPL (Continued)

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

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

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

Financial liabilities at amortised cost

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

Derivative financial instruments

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

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

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

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

Derecognition

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial guarantee contracts

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

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

- (i) the amount of obligation under the contract, as determined in accordance with HKAS 37 "Provisions, contingent liabilities and contingent assets"; and
- (ii) the amount initially recognised less, where appropriate, cumulative amortisation recognised over the guarantee period.

Equity-settled share-based payment transactions

Share options granted to employees

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 26.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share options reserve)/recognised as an expense in full at the grant date when the share options granted vest immediately, with a corresponding increase in equity under the heading of share option reserve.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial guarantee contracts *(Continued)*

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

Share options granted to consultants

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

Share options granted by a subsidiary of the Company

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

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

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

Impairment loss recognised in respect of exploration assets

Exploration assets are assessed for impairment annually. Determining whether exploration assets are impaired requires an estimation of the value in use of the cash-generating units to which these assets have been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash generating units ("CGU") and a suitable discount rate in order to calculate the present value. Assumptions adopted in the estimation of future cash flows by the management of the Group are based on estimation, amongst others, on the total proved and probable reserves of the gold mines, market price of gold, production and sales volume per annum and operating and capital costs. Where the actual future cash flows are less than expected, a material impairment loss may arise. The recoverable amounts of the Group's exploration assets in South Africa and in Indonesia have been arrived at on the basis of valuation carried out by an independent qualified professional valuer not connected to the Group. In view of the incline in the gold price which impact is partially offset by the depreciation of USD against ZAR, during the current year, the recoverable amount of the CGU of Jeanette Project in South Africa was higher than its carrying amount as at 31 March 2017. Accordingly, a reversal of impairment losses on exploration assets of approximately HK\$400,457,000 is recognised in the profit or loss during the year ended 31 March 2017.

In view of the incline in gold price and appreciation of USD against ZAR, during the year ended 31 March 2016, the recoverable amount of the CGU of the Jeanette Project was higher than its carrying amount as at 31 March 2016. Accordingly, a reversal of impairment loss amounting to approximately HK\$399,760,000 was recognised in profit and loss during the year ended 31 March 2016.

For the exploration assets relating to the Minex Project, the mining business licence is valid for six years since the issue date and was expired in January 2016. Despite the Group held a renewed mining business licence granted by local government, namely the Regent of Bolaang Mongondow Timur, issued in December 2014 for a period of 20 years until 2034, such renewed mining business licence was not issued by authorised government agency in Indonesia pursuant to the Regional Government Law. At the end of the reporting period, the management of the Group was in the process of renewing the mining business licence pursuant to the Regional Government Law. On 28 April 2017, the Group obtained the approval letter of the work plan and cost budget in year 2017 from Ministry of Energy and Mineral Resources of the Republic of Indonesia in respect of the Minex Project. The management of the Group expects the renewal of the mining business licence pursuant to the Regional Government Law will be completed in July 2017.

As at 31 March 2017, the carrying amount of the Group's exploration assets was approximately HK\$4,523,585,000 (2016: HK\$4,039,548,000), of which an amount of approximately HK\$4,494,090,000 (2016: HK\$4,009,874,000) relating to exploration assets in South Africa and an amount of approximately HK\$29,495,000 (2016: HK\$29,674,000) relating to exploration assets in Indonesia. Details of the calculation for recoverable amount of exploration assets are disclosed in note 12.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

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

Estimation of useful life of exploration assets

The management of the Group considers the estimated useful lives of 25 to 30 years for its rights to explore gold mines in South Africa. However, the Group holds prospecting rights for one of its significant gold mine projects in South Africa, Jeanette Project, for 5 years commencing from 29 June 2010. The Group completed the consolidation of all the prospecting rights into a single prospecting right and the pre-feasibility study. During the year ended 31 March 2017, the Group was in the process of applying for a mining right of Jeanette Project for 30 years. On 20 December 2016, the Group obtained the integrated environmental authorisation issued by Mineral Regulation Branch of Department of Mineral Resources of South Africa and with such authorisation the Group is allowed to conduct mining activities that might have impact to the environment. On 25 June 2017, the renewal and application process for the mining right has been completed and the mining right granted is valid for 30 years commencing from 25 June 2017 until 25 June 2047. Up to the date these consolidated financial statements have been authorised for issue, the Group is in the process of submitting required documents to enable the execution of the mining right and the Group is allowed to commence the mining activities in respect of Jeanette Project after the mining right has been executed.

Impairment loss on loans to shareholders of a subsidiary

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows not only from the repayment of loans from shareholders of a subsidiary, but also taking into account the proceeds from realisation of the collaterals charged by the shareholders of a subsidiary when default on repayment. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. Where the actual future cash flows are less than expected, a material impairment loss may arise. During the year ended 31 March 2017, an impairment loss on the loans to shareholders of a subsidiary of approximately HK\$156,181,000 (2016: nil) was recognised to the profit or loss and included in "other gains and loss" line item in the consolidated statement of profit or loss and other comprehensive income. As at 31 March 2017, the carrying amount of loans to shareholders of a subsidiary was approximately HK\$193,967,000 (2016: HK\$270,891,000). Details of the loans to shareholders of a subsidiary are set out in note 14.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

5. SEGMENT INFORMATION

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

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

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

Segment revenues and results

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

For the year ended 31 March 2017

	Gold exploration and development in South Africa HK\$'000	Gold exploration and development in Indonesia HK\$'000	Trading of minerals HK\$'000	Total HK\$'000
REVENUE				
External sales	–	–	–	–
Segment profit (loss)	265,332	(1,212)	–	264,120
Unallocated other income				1,583
Unallocated corporate expenses				(29,576)
Impairment loss on amount due from an associate				(32,289)
Fair value change on gross obligation under put options				(25,934)
Share of results of associates				(8)
Profit before taxation				177,896

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

5. SEGMENT INFORMATION *(Continued)*

Segment revenues and results *(Continued)*

For the year ended 31 March 2016

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

The accounting policies of the operating and reportable segments are the same as the Group's accounting policies described in note 3. Segment profit (loss) during the years ended 31 March 2017 and 31 March 2016 represents profit (loss) from each segment without allocation of certain other income, central administration and operating expenses, impairment loss on amount due from an associate, fair value change on gross obligation under put options and share of results of associates. This is the measure reported to the CODM for the purposes of resources allocation and performance assessment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

5. SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities

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

At 31 March 2017

	Gold exploration and development in South Africa HK\$'000	Gold exploration and development in Indonesia HK\$'000	Trading of minerals HK\$'000	Total HK\$'000
ASSETS				
Segment assets	4,753,650	183,526	111	4,937,287
Property, plant and equipment				1,426
Interests in associates				2,010
Deposits for acquisition of investments				60,000
Other receivables, prepayment and deposits				392
Available-for-sale investment				49,336
Bank balances and cash				335,856
Consolidated assets				5,386,307
LIABILITIES				
Segment liabilities	18,290	306	-	18,596
Other payables and accruals				5,062
Consolidated liabilities				23,658

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

5. SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities *(Continued)*

At 31 March 2016

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

5. SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities *(Continued)*

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

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

Other segment information

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

For the year ended 31 March 2017

	Gold exploration and development in South Africa HK\$'000	Gold exploration and development in Indonesia HK\$'000	Trading of minerals HK\$'000	Unallocated HK\$'000	Total HK\$'000
Additions to property, plant and equipment	1,170	-	-	368	1,538
Additions to exploration assets	44,728	140	-	-	44,868
Depreciation of property, plant and equipment	226	-	-	575	801
Adjustment to carrying amount of the loan to a shareholder of a subsidiary	7,856	-	-	-	7,856
Impairment loss on loan to a shareholder of a subsidiary	156,181	-	-	-	156,181
Impairment loss on amount due from an associate	32,289	-	-	-	32,289
Reversal of impairment loss on exploration assets	(400,457)	-	-	-	(400,457)
Interest income on loan to a shareholder of a subsidiary	(39,138)	-	-	-	(39,138)
Imputed interest income on loan to a shareholder of a subsidiary	(1,249)	-	-	-	(1,249)
Interest income on bank deposits	(6,167)	-	-	-	(6,167)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

5. SEGMENT INFORMATION *(Continued)*

Other segment information *(Continued)*

For the year ended 31 March 2016

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

Geographical information

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

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

	Non-current assets	
	31 March 2017 HK\$'000	31 March 2016 HK\$'000
Hong Kong (country of domicile)	63,435	3,651
South Africa	4,496,210	4,010,903
Indonesia	183,524	152,666
	4,743,169	4,167,220

Note: Non-current assets excluded deposits for rehabilitation, available-for-sale investment, loans to shareholders of a subsidiary and pledged bank deposits (2016: excluded deposits for rehabilitation, amount due from an associate, current portion of deposit for acquisition of investments, available-for-sale investment, loan to shareholders of a subsidiary and pledged bank deposit).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

6. OTHER INCOME AND OTHER GAINS AND LOSSES

	2017 HK\$'000	2016 HK\$'000
Other income		
Interest income on loan to a shareholder of a subsidiary (<i>note 14</i>)	39,138	33,244
Interest income on amount due from an associate	1,538	1,464
Interest income on bank deposits	6,167	5,194
Imputed interest income on loan to a shareholder of a subsidiary (<i>note 14</i>)	1,249	–
Others	43	251
	48,135	40,153

	2017 HK\$'000	2016 HK\$'000
Other gains and losses		
Gain on disposal of property, plant and equipment	92	–
Adjustment to carrying amount of loan to a shareholder of a subsidiary	(7,856)	–
Impairment loss on loan to a shareholder of a subsidiary	(156,181)	–
Impairment loss on amount due from an associate	(32,289)	–
Others	1	–
	(196,233)	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

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

Directors' and chief executive's emoluments

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

	2017					2016				
	Salaries' allowances and other fees	Salaries' benefits	Equity-settled share-based payments	Contributions to retirement benefits scheme	Total	Salaries' allowances and other fees	Salaries' benefits	Equity-settled share-based payments	Contributions to retirement benefits scheme	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Executive directors										
Mr. Li Hok Yin	-	595	436	18	1,049	-	595	872	18	1,485
Mr. Christiaan Rudolph de Wet de Bruin (Note 1)	-	1,770	436	-	2,206	-	1,663	872	-	2,535
Mr. Neil Andrew Herrick (Note 1) (appointed on 21 July 2016)	-	2,004	436	-	2,440	-	1,850	872	-	2,722
Ms. Cheung Pak Sum	-	602	436	18	1,056	-	623	872	18	1,513
Mr. Igor Levental	250	-	436	-	686	250	-	872	-	1,122
Mr. Phen Chun Shing Vincent (Note 2)	250	-	-	-	250	170	-	-	-	170
Independent non-executive directors										
Mr. Li Kam Chung	250	-	436	-	686	250	-	872	-	1,122
Mr. Chui Man Lung, Everett	250	-	436	-	686	250	-	872	-	1,122
Mr. Walter Thomas Segsworth (Note 3) (resigned on 21 July 2016)	77	-	-	-	77	250	-	872	-	1,122
Mr. Tsui Pang (appointed on 21 July 2016)	173	-	-	-	173	-	-	-	-	-
Total	1,250	4,971	3,052	36	9,309	1,170	4,731	6,976	36	12,913

Notes:

- Mr. Neil Andrew Herrick resigned as an executive director and was appointed as an alternate director to Mr. Christiaan Rudolph de Wet de Bruin on 27 July 2015. Then, Mr. Neil Andrew Herrick was appointed as an executive director again on 21 July 2016. Mr. Neil Andrew Herrick is also the chief executive officer of the Company and his emoluments disclosed above include those for services rendered by him as the chief executive.
- Mr. Phen Chun Shing Vincent was redesignated as an executive director on 11 May 2017.
- Mr. Walter Thomas Segsworth resigned as an independent non-executive director on 21 July 2016. The share options granted to him was forfeited on 21 August 2016.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

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

Directors' and chief executive's emoluments *(Continued)*

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

During the year ended 31 March 2016, certain directors of the Company were granted share options, in respect of their services rendered to the Group under the share option scheme of the Company. Details of the share option scheme are set out in note 26(a). The amount of the benefits in relation to share options has been determined by the estimated fair value of the share options using the binomial option pricing model.

Employees' emoluments

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

	2017 HK\$'000	2016 HK\$'000
Salaries and allowances	4,120	1,406
Equity-settled share-based payment	347	214
	4,467	1,620

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

	2017 Number of employees	2016 Number of employees
HK\$1,000,001 to HK\$1,500,000	2	–
HK\$1,500,001 to HK\$2,000,000	1	1
	3	1

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

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

Employees' emoluments *(Continued)*

During the year ended 31 March 2016, the highest paid employee as set out above was granted share options, in respect of their services rendered to the Group under the share option scheme of the Company. Details of the share option scheme are set out in note 26(a). The amount of the benefits in relation to share options has been determined by the estimated fair value of the share options using the binomial option pricing model.

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

8. INCOME TAX EXPENSE

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

8. INCOME TAX EXPENSE (Continued)

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

	2017 HK\$'000	2016 HK\$'000
Profit before taxation	177,896	505,627
Tax at South African profits tax rate of 28%	49,811	141,576
Tax effect of expenses not deductible for tax purpose	56,942	3,175
Tax effect of income not taxable for tax purpose	(124,187)	(158,079)
Tax effect of tax losses not recognised	7,425	4,821
Tax effect of share of results of associates	2	2,722
Effect of difference tax rates of subsidiaries operating in other jurisdictions	10,007	5,785
Income tax expense for the year	-	-

At the end of the reporting period, the Group had estimated unused tax losses of HK\$215,594,000 (2016: HK\$189,076,000) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. All tax losses as at 31 March 2017 may be carried forward indefinitely.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

9. PROFIT FOR THE YEAR

	2017 HK\$'000	2016 HK\$'000
Profit for the year has been arrived at after charging (crediting):		
Auditor's remuneration	3,245	2,851
Depreciation of property, plant and equipment	801	850
Minimum operating lease payments in respect of rented premises	1,888	1,855
Staff costs (including directors' emoluments as disclosed in note 7)		
– Salaries and other benefits	29,521	26,875
– Equity-settled share-based payment	5,058	10,116
– Contributions to retirement benefits schemes	149	140
	34,728	37,131
Less: Amount capitalised in exploration assets	(6,681)	(6,017)
	28,047	31,114

10. EARNINGS PER SHARE

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

	2017 HK\$'000	2016 HK\$'000
Profit		
Profit for the purposes of calculating basic earnings per share	128,217	382,210
Effect of dilutive potential ordinary shares:		
– Adjustment in relation to share options issued by a subsidiary of the Company and put options granted by the Company	–	(127,165)
Profit for the purposes of calculating diluted earnings per share	128,217	255,045

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

10. EARNINGS PER SHARE (Continued)

	2017 '000	2016 '000
Number of shares		
Weighted average number of ordinary shares for the purposes of calculating basic earnings per share	15,583,851	12,832,439
Effect of dilutive potential ordinary share:		
– Put options for share option holders of a subsidiary of the Company	–	465,431
– Put options for the potential additional acquisition in a subsidiary	–	1,118,674
Weighted average number of ordinary shares for the purposes of calculating diluted earnings per share	15,583,851	14,416,544

The computation of diluted earnings per share for current year did not account for the impact of adjustment in relation to put options granted by the Company on the profit or loss and the effect of put options on the weighted average number of ordinary shares as they would result in increase in earnings per share.

The computation of diluted earnings per share for both years did not assume the exercise of the Company's outstanding share options because the exercise price of those share options was higher than the average market price for the Company's shares for both years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

11. PROPERTY, PLANT AND EQUIPMENT

	Plant and machinery	Furniture and equipment	Motor vehicles	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
COST				
At 1 April 2015	878	4,796	3,128	8,802
Additions	–	184	–	184
Disposals	–	(4)	–	(4)
Exchange realignment	(164)	(511)	(106)	(781)
At 31 March 2016	714	4,465	3,022	8,201
Additions	1,045	143	350	1,538
Disposals	–	(1)	(110)	(111)
Exchange realignment	129	270	47	446
At 31 March 2017	1,888	4,877	3,309	10,074
DEPRECIATION				
At 1 April 2015	–	4,283	936	5,219
Provided for the year	–	307	543	850
Eliminated on disposals	–	(3)	–	(3)
Exchange realignment	–	(429)	(98)	(527)
At 31 March 2016	–	4,158	1,381	5,539
Provided for the year	–	228	573	801
Eliminated on disposals	–	–	(98)	(98)
Exchange realignment	–	241	46	287
At 31 March 2017	–	4,627	1,902	6,529
CARRYING VALUES				
At 31 March 2017	1,888	250	1,407	3,545
At 31 March 2016	714	307	1,641	2,662

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

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

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

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

12. EXPLORATION ASSETS

	HK\$'000
At 1 April 2015	3,664,236
Acquired from acquisition of subsidiaries <i>(note 25)</i>	28,286
Additions	18,463
Reversal of impairment loss recognised in the profit or loss	399,760
Exchange realignment	(71,197)
At 31 March 2016	4,039,548
Additions	44,868
Reversal of impairment loss recognised in the profit or loss	400,457
Exchange realignment	38,712
At 31 March 2017	4,523,585

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

12. EXPLORATION ASSETS *(Continued)*

The exploration assets principally represented the mining right and prospecting right for the gold mining projects in South Africa, namely the Evander Project and the Jeanette Project. A mining right for Evander Project is valid for 26 years commencing from 18 July 2012 until 28 April 2038, while prospecting right for Jeanette Project is valid for 5 years commencing from 29 June 2010. The Group completed the consolidation of all the prospecting rights into a single prospecting right for both projects in South Africa. During the year ended 31 March 2017, the Group completed the bankable feasibility study and pre-feasibility study for the Evander Project and Jeanette project respectively and the details are set out in the Company's announcement dated 12 September 2016 and 9 March 2017 respectively. During the year ended 31 March 2017, the Group was in the process of applying for the mining rights of Jeanette Project for 30 years and the application was accepted by Department of Mineral Resources of South Africa and other relevant government departments in South Africa. On 20 December 2016, the Group obtained the integrated environmental authorisation issued by Mineral Regulation Branch of Department of Mineral Resources of South Africa and having this authorisation the Group is allowed to conduct business activities that might have impact to the environment. On 25 June 2017, the renewal and application process for the mining right has been completed and the mining right granted is valid for 30 years commencing from 25 June 2017 until 25 June 2047. Up to the date these consolidated financial statements have been authorised for issue, the Group is in the process of submitting required documents to enable the execution of the mining right and the Group is allowed to commence the mining activities in respect of Jeanette Project after the mining right has been executed.

In the preparation of the consolidated financial statements for the years ended 31 March 2017 and 31 March 2016, the directors of the Company have assessed the recoverable amount of the exploration assets relating to the Jeanette Project as at 31 March 2017 and 31 March 2016 based on estimations of its value in use. The management of the Group applied discounted cashflow approach to assess the recoverable amount of the CGU to which the exploration assets relating to the Jeanette Project are allocated. The discounted cashflow approach is based on an effective discount rate of 15.44% (2016: 15.70%) and cash flow projection prepared from financial forecasts covering a mine life period until the mine resources run out based on probable reserves. The amount of reserve used in the projection is 20.09 mt (2016: 20.09 mt) and it is assumed the mineral reserve is mined over 24 (2016: 24) years at a rate of up to 0.84 mt (2016: 0.84 mt) per annum. The discount rate was estimated using the capital asset pricing model with the risk free rate at 9.7% (2016: 9.2%), the market risk premium at 3.52% (2016: 3%), beta at 0.78 (2016: 1.1). Other key assumptions for the fair value calculation related to the estimation of cash inflows/outflows which include total operating costs of USD343 (2016: USD305) per ounce, capital expenditure of ZAR15,264,000,000 (2016: ZAR15,264,000,000), expected future inflation rates affecting operating and capital costs of 5.5% (2016: 6.0%), USD/ZAR exchange rate of 13.41 (2016: 14.84), gold prices of USD1,273 (2016: USD1,234) per ounce and production rate of 11.47g (2016: 11.47g) per ton.

Based on value in use estimation as at 31 March 2017, the recoverable amount of the CGU to which the exploration assets relating to the Jeanette Project are allocated exceeds its carrying amount due to incline in gold price. A reversal of impairment loss of approximately HK\$400,457,000 (2016: HK\$399,760,000) was recognised in the profit or loss during the year ended 31 March 2017 accordingly.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

12. EXPLORATION ASSETS *(Continued)*

As at 31 March 2017 and 31 March 2016, the directors of the Company were of the opinion that there was no impairment loss for the mining right of the Evander Project.

During the year ended 31 March 2016, the Group acquired a subsidiary in Indonesia, which held a mining business licence for gold mining project in Indonesia, namely, the Minex Project. The mining business licence had been valid for six years since the issue date and was expired in January 2016. Despite the Group held a renewed mining business licence granted by local government, namely the Regent of Bolaang Mongondow Timur, issued in December 2014 for a period of 20 years until 2034, such renewed mining business licence was not issued by authorised government agency in Indonesia pursuant to the Regional Government Law. On 28 April 2017, the Group obtained the approval letter of the work plan and cost budget in year 2017 from Ministry of Energy and Mineral Resources of the Republic of Indonesia in respect of the Minex Project. The management of the Group expects the renewal of the mining business licence pursuant to the Regional Government Law will be completed in July 2017.

As at 31 March 2017 and 31 March 2016, the directors of the Company, after considering the valuation in respect of the mine carried out by an independent qualified professional valuer and the progress for the renewal of the mining business licence, were of the opinion that there was no impairment loss for the mining business licence of the Minex Project.

As at 31 March 2017, the carrying amount of the Group's exploration assets was approximately HK\$4,523,585,000 (2016: HK\$4,039,548,000), of which an amount of approximately HK\$4,494,090,000 (2016: HK\$4,009,874,000) relating to exploration assets in South Africa and an amount of approximately HK\$29,495,000 (2016: HK\$29,674,000) relating to exploration assets in Indonesia.

During the years ended 31 March 2017 and 31 March 2016, no revenue was generated from the exploration assets and expenses relating to the exploration assets in gold exploration and development operation in South Africa and Indonesia were approximately HK\$9,107,000 (2016: HK\$12,331,000) and HK\$140,000 (2016: HK\$115,000), respectively.

13. INTERESTS IN ASSOCIATES AND AMOUNT DUE FROM AN ASSOCIATE

	2017 HK\$'000	2016 HK\$'000
Cost of investments in associates - unlisted	27,905	27,905
Share of post-acquisition loss and other comprehensive expense	(25,895)	(25,887)
	2,010	2,018
Amount due from an associate	–	30,751

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

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

Amount due from an associate

Amount due from an associate relates to amount due from Goldster Global Limited (“Goldster”). The Group advanced an amount of approximately HK\$29,287,000 to Goldster in previous year with a maturity date on 31 March 2020. The interest payment should be made annually on 31 March of each year until the maturity date. This amount due from Goldster is unsecured and carries a fixed interest rate of 5% per annum. If Goldster fails to repay the amount on the maturity date, the fixed interest rate will be raised to 10% per annum until full repayment. During the year ended 31 March 2017, interest income amounting to approximately HK\$1,538,000 (2016: HK\$1,464,000) was recognised in the profit or loss. As at 31 March 2017, the directors of the Company re-assessed the recoverability of the amount due from Goldster of approximately HK\$32,289,000 (2016: HK\$30,751,000) after Goldster default on repayment of accrued interest of approximately HK\$3,002,000 when it was due. Given Goldster did not respond to the demand letter sent by the Company for the outstanding interest receivable of approximately HK\$1,464,000 brought forward from year ended 31 March 2016 and the default on second installation of interest income of approximately HK\$1,538,000, the directors of the Company considered the entire amount of amount due from Goldster as at 31 March 2017 cannot be recovered. Accordingly, an impairment loss on the amount due from an associate of approximately HK\$32,289,000 was recognised to the profit or loss during the year ended 31 March 2017.

Interests in associates

As at 31 March 2017 and 31 March 2016, the Group had interests in the following associates:

Name of entity	Form of entity	Country/ place of incorporation	Country/ place of operation	Class of shares held	Proportion of nominal value of registered capital held by the Group		Proportion of voting power held		Principal activities
					2017	2016	2017	2016	
Goldster Global Limited ("Goldster")	Incorporated	British Virgin Islands ("BVI")	Hong Kong	Ordinary	45%	45%	45%	45%	Investment holding
Oneshine Investments ("Oneshine")	Incorporated	BVI	Hong Kong	Ordinary	44%	44%	44%	44%	Investment holding

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

14. LOANS TO SHAREHOLDERS OF A SUBSIDIARY

	2017 HK\$'000	2016 HK\$'000
Sephaku Gold Holdings (Proprietary) Limited ("SepGold")	159,943	253,576
Other various shareholders of TGL	19,255	17,315
Taung Gold EPP RF (Proprietary) Limited ("TG EPP")	14,769	–
	193,967	270,891

SepGold is a historically disadvantaged South African company in terms of broad-based black economic empowerment requirements in South Africa. Sepgold is a Qualified BEE Company in South Africa. The loan to SepGold is secured by the pledge of 39,402,071 shares of TGL, representing 15% (2016: 16%) of the issued share capital of TGL. 50% of any dividend declared by TGL in any financial year due to SepGold shall be applied towards the repayment of the loan. The loan carried interest at the prime rate quoted by ABSA Bank Limited in South Africa plus 4% per annum. The principal amount of the loan to SepGold was ZAR433,066,688 and an amount of ZAR17,425,499 was repaid in previous years. The loan to SepGold has no fixed repayment term. During the year ended 31 March 2016, interest income amounting to approximately HK\$33,244,000 was recognised in the profit or loss. As at 31 March 2016, the carrying amount of the loan to SepGold was approximately ZAR487,834,000 (equivalent to approximately HK\$253,576,000) which included interest receivable of approximately ZAR72,447,000 (equivalent to approximately HK\$37,658,000). The directors of the Company did not expect the loan to SepGold would be repaid within twelve months from the end of the reporting period and the amount was classified as a non-current asset as at 31 March 2016.

During the year ended 31 March 2017, interest income amounting to approximately HK\$39,138,000 was recognised to the profit or loss. In March 2017, the Group and SepGold started negotiation on the loan repayment schedule and arrangement including (i) waiver of the interest accrued on the loan of approximately ZAR143,169,000 (equivalent to approximately HK\$82,866,000), (ii) deletion in its entirety of a clause of the loan agreement which the Group and SepGold entered into on 22 July 2011 about payment of any interest in relation to the loan and (iii) extension of the repayment date of the loan to 31 December 2020. As at 31 March 2017, the directors of the Company re-assessed the recoverability of interest receivable of approximately HK\$82,866,000 and the principal amount of the loan of approximately HK\$240,426,000 and revised their estimates on the expected timing of loan repayment by taking into account of the amounts and timing of the expected dividends from TGL after commencement of its Evander and Jeanette Projects.

As a result, an impairment of approximately HK\$156,181,000 which reduced the carrying amount of the principal of the loan as well as its interest receivable to reflect the revised estimated cash flows at effective interest rate of 11.5% per annum was recognised to the profit or loss during the year ended 31 March 2017.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

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

Shortly after the end of the reporting period, the Group and SepGold entered into a supplemental agreement to the loan agreement on 24 April 2017 in relation to the matters mentioned above. Details about the supplemental agreement to the loan agreement entered into between the Group and SepGold on 24 April 2017 are set out in the Company's announcement dated 24 April 2017.

In the opinion of the directors of the Company, the principal amount of the loan to SepGold is considered to be recoverable by taking into account the estimated future cash flows from the repayment by SepGold as well as the proceeds from realisation the collaterals charged by SepGold upon default on repayment.

Aggregated loans to various other shareholders of TGL, amounting to HK\$19,255,000 (2016: HK\$17,315,000), are interest-free and repayable on demand. The loans are secured by the pledge of 2,048,446 (2016: 2,048,446) shares of TGL, representing 0.8% (2016: 0.8%) of the issued share capital of TGL and 31,434,149 of the Company's shares, representing 0.2% (2016: 0.2%) of the issued share capital of the Company.

On 22 April 2016, the Group and TG EPP, which is the Qualified BEE Company, entered into a loan agreement. Pursuant to the loan agreement, the Group made an interest-free loan of approximately ZAR36,926,000 (equivalent to approximately HK\$21,376,000) with a maturity date on 31 December 2021 to TG EPP for the purpose of enabling TG EPP to acquire a particular percentage of TGL's issued share capital when the shareholding owned by the Qualified BEE Company in TGL dropped below 26%. The difference between the principal amount of the loan to TG EPP of approximately HK\$21,376,000 and the present value of the loan as at the date of payment of approximately HK\$13,520,000, which was determined based on the maturity date on 31 December 2021 and the effective interest rate of 11.5% per annum, amounting to approximately HK\$7,856,000, was recognised to the profit or loss as adjustment to the carrying amount of the loan. During the year ended 31 March 2017, imputed interest income of approximately HK\$1,249,000 was recognised to the profit or loss. Details of the acquisition of shareholding in TGL by TG EPP are set out in note 34. The loan is secured by the pledge of 5,058,327 shares in TGL, representing 2% of the issued share capital of TGL.

As at 31 March 2017 and 31 March 2016, the fair value of the pledged shares was higher than the carrying amounts of the loans.

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

Name	Balance at 31 March 2017 HK\$'000	Balance at 1 April 2016 HK\$'000	Maximum amount outstanding during the year HK\$'000
Mr. C.R. de Wet de Bruin	2,568	2,306	2,568
African Precious Minerals Limited	4,102	3,714	4,102
Mr. L. Mohuba	75	67	75
Ms. S.H. Rosser	494	444	494

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

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

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

15. DEPOSITS FOR REHABILITATION

Pursuant to section 41 of the Minerals and Petroleum Development Act of South Africa, an applicant for a prospecting right, mining right or mining permit must make the prescribed financial provision for the rehabilitation or management of negative environmental impacts. As at 31 March 2017, the Group had deposits of approximately ZAR1,164,000 (equivalent to approximately HK\$674,000) (2016: ZAR1,298,000 (equivalent to approximately HK\$675,000)) to the Department of Mineral Resources of South Africa. During the year ended 31 March 2017, the Group received a refund of the deposit of approximately ZAR134,000 (equivalent to approximately HK\$74,000). In addition, as at 31 March 2017, the Group also provided financial guarantees of ZAR19,768,000 (equivalent to approximately HK\$11,442,000) (2016: ZAR2,923,000 (equivalent to approximately HK\$1,519,000)) to the Department of Mineral Resources of South Africa.

16. DEPOSITS FOR ACQUISITION OF INVESTMENTS

(a) Acquisition of Glory Fortress Aluminium Limited (“Glory Fortress”)

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

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

(b) Acquisition of Sunlit Global Holdings Limited (“Sunlit Global”)

On 28 December 2016, the Group entered into a sale and purchase agreement with an individual third party. Pursuant to the agreement of the Group conditionally agreed to acquire the entire issued equity interest in Sunlit Global at a total cash consideration of HK\$146,000,000. A deposit of HK\$60,000,000 was paid by the Group as at 31 March 2017.

Sunlit Global is a private limited Company incorporated in BVI and it holds 20% equity interest in another company which holds 70% equity interest in a Pakistan company. This Pakistan company holds an exploration licence for copper, gold and associated minerals mines in Pakistan. The acquisition of Sunlit Global was not completed as at 31 March 2017 as the due diligence on Sunlit Global and its subsidiaries and other conditions precedent were not completed. Up to the date these consolidated financial statements have been authorised for issue, the acquisition is still in the process.

17. PREPAYMENT FOR ACQUISITION OF EXPLORATION ASSETS

On 6 July 2015, the Group entered into a sale and purchase agreement with two independent third parties, companies incorporated in BVI (the “Sellers”), pursuant to which the Group agreed to acquire 100% equity interest in Minex Resources Pte. Limited (“Minex”) for a total consideration of USD28,000,000 (equivalent to HK\$217,000,000), of which an amount of USD3,395,000 (equivalent to approximately HK\$26,312,000) is in relation to the acquisition of Minex and the remaining amount of USD24,605,000 (equivalent to approximately HK\$190,688,000) is in relation to the acquisition of PT Rihendy Tri Jaya (“PTRTJ”). The management of the Group based on valuation reports prepared by an independent valuer to allocate the consideration for acquisition of Minex and PTRTJ. Details for acquisition of Minex are set out in note 25.

According to the sale and purchase agreement, USD12,000,000 of the total consideration would be settled by cash, USD4,000,000 of the total consideration would be settled by cash or consideration shares, USD12,000,000 of the total consideration would be settled by consideration shares.

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

As at 31 March 2016, cash consideration of USD12,605,000 (equivalent to approximately HK\$97,804,000) and consideration shares of USD3,250,000 (equivalent to approximately HK\$25,188,000) had been paid and issued respectively in relation to the acquisition of PTRTJ and recognised as the prepayment for acquisition of exploration assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

17. PREPAYMENT FOR ACQUISITION OF EXPLORATION ASSETS *(Continued)*

As set out in the announcement issued by the Company on 6 July 2015, a conditional share purchase agreement (“CSPA”) was entered into between Minex, as a subsidiary of the Group, and two Indonesian citizens on 1 July 2015 for the purchase of a 75% equity interest in PTRTJ by Minex, a company incorporated in the Republic of Indonesia, which holds a concession located in North Sulawesi, Indonesia that together with the concession held under Minex contain several deposits with significant potential to host an economic gold resource. The CSPA is conditional upon (1) completion of metallurgical testing, which is the test work conducted by an independent laboratory engaged by the Company to determine the optimal method of processing and treating ore to produce an economically viable and saleable good bearing concentrate and (2) the conversion of PTRTJ into a Penanaman Modal Asing - Foreign Investment Company and the subsequent transfer 75% of the shares in PTRTJ to Minex (collectively known as “PTRTJ PMA Conversion”). Pursuant to the sale and purchase agreement, upon completion of conditions (1) and (2) USD8,000,000 of the total consideration should be settled in consideration shares with USD4,000,000 for each of the condition.

As at 31 March 2016, the conditions (1) and (2) mentioned above had not been completed.

On 3 January 2017, the Company and the Sellers entered into a supplemental agreement to the sale and purchase agreement and pursuant to which certain terms in the sale and purchase agreement were amended. The Sellers have made arrangements for Minex (1) to acquire 75% of the issued share capital of PT Bulamou Boltium Primas (“PTBBP”) on the same terms as the Company would have acquired PTRTJ under the sale and purchase agreement because PTBBP successfully tendered a new mining business licence covering the same area as the original licence held by PTRTJ after the one held by PTRTJ expired in early year 2017; and (2) to acquire 75% of the issued share capital of PT Kotabunan Emas Prima (“PTKEP”) which successfully tendered for the mining business licence adjacent to the areas covered by the mining business licence held by PTBBP. The original consideration of USD4,000,000 for settlement in consideration shares upon completion of condition (2) mentioned above as set out in the sale and purchase agreement was revised as consideration for settlement in cash and as consideration for acquiring PTBBP and PTKEP. The amount will be paid upon completion on the acquisition of PTBBP and PTKEP.

During the year ended 31 March 2017, the condition (1) was completed and 301,918,288 consideration shares at market price of HK\$0.1028 per share representing USD4,000,000 (equivalent to approximately HK\$31,037,000) was issued. On 27 April 2017, condition (2) has been completed. On 28 June 2017, the remaining consideration of USD4,000,000 has been settled in cash and the acquisition of PTBBP and PTKEP has been completed accordingly.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

18. OTHER RECEIVABLES, PREPAYMENT AND DEPOSITS

	2017	2016
	HK\$'000	HK\$'000
Rental and other deposits	4,348	9,142
VAT recoverable	2,483	1,284
Other receivables and prepayment	6,023	5,999
	12,854	16,425

19. AVAILABLE-FOR-SALE INVESTMENT

Available-for-sale investment comprises:

	2017	2016
	HK\$'000	HK\$'000
Unlisted equity securities	49,336	49,717

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

20. PLEDGED BANK DEPOSITS

As at 31 March 2017, the pledged bank deposits of ZAR4,170,000 (equivalent to approximately HK\$2,413,000) (2016: ZAR3,971,000 (equivalent to approximately HK\$2,064,000)) are mainly for financial guarantees provided to the Department of Mineral Resources in South Africa (see note 15). The pledged bank deposits carry variable interest rates ranging from 4.5% to 5% (2016: 4.5% to 5%) per annum.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

21. BANK BALANCES AND CASH

Bank balances comprise bank deposits held by the Group with an original maturity of three months or less. The bank balances carry effective interest rates ranging from 0.1% to 7.0% (2016: 0.1% to 7.3%) per annum.

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

	2017 HK\$'000	2016 HK\$'000
RMB	706	786
HK\$	335,188	136,927
	335,894	137,713

As at 31 March 2017, bank balances and cash of HK\$706,000 (2016: HK\$786,000) were denominated in RMB which is not freely convertible into other currencies.

22. OTHER PAYABLES AND ACCRUALS

	2017 HK\$'000	2016 HK\$'000
VAT payables	683	1,015
Other payables	15,730	1,489
Other accruals	7,245	7,109
	23,658	9,613

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

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

(a) Gross obligation under put options

The Group granted put options to acquire TGL's shares from the South African Shareholders and the holders of TGL Share Options (as defined in note 26(b)). Details of the put options granted by the Company are set out in note 23(b).

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

As disclosed in note 23(b), put options granted by the Company to South African Shareholders and holders of TGL Share Options ("TG Optionholders" as defined in note 26(b)) on 8 September 2011 were lapsed on 5 September 2014 and fair value of gross obligation under put options of approximately HK\$483,585,000 was derecognised. At the same date, put options were granted by the Company to South African Shareholders and TG Optionholders, fair values of gross obligation under put options of HK\$540,628,000 was recognised. The fair values of the gross obligation under put options at the date of lapse and date of grant were made reference to the quoted market price of the Company of HK\$0.226 per share available on the Stock Exchange.

During the year ended 31 March 2016, 874,495 of put options granted by the Company to South African Shareholders on 5 September 2014 were exercised and fair value of gross obligation under put options of approximately HK\$4,160,000 was derecognised. Furthermore, 14,539,084 put options granted by the Company to TG Optionholders on 5 September 2014 were exercised, of which 12,975,312 put options were executed and settled by issue of 692,533,968 shares of the Company and fair value of gross obligation under put options of approximately HK\$96,039,000 was derecognised.

During the year ended 31 March 2017, the remaining 20,299,911 put options granted by the Company to South African Shareholders on 5 September 2014 were exercised and fair value of gross obligation under put options of approximately HK\$112,110,000 was derecognised. Furthermore, the remaining 1,563,772 put options granted by the Company to TG Optionholders on 5 September 2014 were executed and settled by issue of 83,463,524 shares of the Company and fair value of gross obligation under put options of approximately HK\$7,179,000 was derecognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

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

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

Following the expiration of the remaining TGL Share Options as disclosed in note 26(b), 6,400,965 and 2,705,161 of the corresponding put options granted by the Company were lapsed on 31 August 2015 and 31 October 2015 respectively and total fair value of gross obligation under put options of approximately HK\$47,895,000 was derecognised. The fair values of the gross obligation under put options at the date of exercise and date of lapse were made reference to the respective quoted market prices of the Company available on the Stock Exchange. As at 31 March 2016, all the remaining put options granted by the Company to TG Optionholders were exercised and lapsed and no related put options were outstanding.

As at 31 March 2016, 1,166,934,842 shares of the Company in relation to the put options granted by the Company had not been issued and the fair value of the gross obligation under put options with reference to the share price of the Company of HK\$0.080 per share was approximately HK\$93,355,000. During the year ended 31 March 2016, net decrease in fair value of the gross obligation under put options of approximately HK\$129,336,000 was recognised in the profit or loss.

As at 31 March 2017, all the remaining put options granted by the Company to South African Shareholders were exercised and no related put options were outstanding. During the year ended 31 March 2017, net decrease in fair value of the gross obligation under put options of approximately HK\$25,934,000 was recognised in the profit or loss.

(b) Derivative financial instruments – put options

Put options for the acquisition of additional interest in TGL

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

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

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

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

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

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

Pursuant to the put option agreements dated 8 September 2011, the South African Shareholders might sell their TGL shares to the Company through Goldcom who would sell on-market a number of the shares of the Company representing the number of shares of TGL being sold by the South African Shareholders multiplied by the share exchange ratio of about 53.37 shares of the Company for every 1 TGL share. Goldcom would deliver the cash proceeds from such on-market sale to the South African Shareholders and would transfer the shares of TGL to the Company. The principal amount outstanding under the loan note would be reduced by the market value of the corresponding number of the shares of the Company upon the transfer of shares of TGL to the Company. Such right to sell shares of TGL to the Company through Goldcom might be exercised by the South African Shareholders at any time within three years from 8 September 2011.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

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

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

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

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

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

On 5 September 2014, the Company, Goldcom and TGL entered into the new put option agreements (the “New Put Option Agreements”) with each of the South African Shareholders and pursuant to the New Put Option Agreements, the Company granted the South African Shareholders the right to sell their shares in TGL to the Company through Goldcom who would sell on-market a number of the shares of the Company representing the number of shares of TGL being sold by the South African shareholders multiplied by the share exchange ratio of about 53.37 shares of the Company for every 1 TGL share. Goldcom would deliver the cash proceeds from such on-market sale to the South African Shareholders and would transfer the shares of TGL to the Company. The principal amount outstanding under the loan note would be reduced by the market value of the corresponding number of the shares of the Company upon the transfer of shares of TGL to the Company. Such right to sell shares of TGL to the Company through Goldcom might be exercised by the South African Shareholders at any time before 7 September 2016.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

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

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

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

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

During the year ended 31 March 2017, 20,299,911 (2016: 874,495) of the put options granted by the Company were exercised by the South African Shareholders. According to the share exchange ratio of about 53.37 shares of the Company for every 1 TGL share, the principal amount under the loan note was reduced by approximately HK\$498,397,000 (2016: HK\$21,468,000), based on the market value of 1,083,471,318 (2016: 46,669,798) shares of the Company at market price of HK\$0.46 per share at the issue date and derecognised in other reserve.

(ii) *Put options granted by the Company to the holders of TGL Share Options (as defined in note 26(b)) (“TG Optionholders”)*

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

When the TG Optionholders were South African Shareholders, they might sell their TGL shares obtained from exercise of the TGL Share Options to the Company through Goldcom who would sell on-market a number of the shares of the Company representing the number of shares of TGL being sold by the South African Shareholders multiplied by the share exchange ratio of about 53.37 shares of the Company for every 1 TGL share. Goldcom would deliver the cash proceeds from such on-market sale to the South African Shareholders and would transfer the shares of TGL to the Company. When the TG Optionholders were not residents of South Africa, they might sell their TGL shares obtaining from exercise of the TGL Share Options to the Company and the Company would issue a corresponding number of the shares of the Company to the TG Optionholders using an exchange ratio of about 53.37 shares of the Company for every 1 TGL share.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

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

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

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

- (ii) *Put options granted by the Company to the holders of TGL Share Options (as defined in note 26(b)) (“TG Optionholders”) (Continued)*

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

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

The put options agreement was expired on 7 September 2014.

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

When the TG Optionholders are South African Shareholders, they might sell their shares in TGL obtained from exercise of the TGL Share Options to the Company through Goldcom who would sell on-market a number of the shares of the Company representing the number of shares of TGL being sold by the South African Shareholders multiplied by the share exchange ratio of about 53.37 shares of the Company for every 1 TGL share. Goldcom would deliver the cash proceeds from such on-market sale to the South African Shareholders and would transfer the shares of TGL to the Company. When the TGL Optionholders were not residents of South Africa, they might sell their shares of TGL obtaining from exercise of the TGL Share Options to the Company and the Company would issue a corresponding number of the shares of the Company to the TG Optionholders using an exchange ratio of about 53.37 shares of the Company for every 1 TGL share.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

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

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

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

(ii) *Put options granted by the Company to the holders of TGL Share Options (as defined in note 26(b)) (“TG Optionholders”)* *(Continued)*

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

During the year ended 31 March 2016, 14,539,084 of the TGL Share Options granted by the Company were exercised by the TG Optionholders and 14,539,084 of put options granted by the Company were exercised of which 12,975,312 of the put options granted by the Company were executed to exchange for the shares of the Company during the year ended 31 March 2016. According to the share exchange ratio of about 53.37 shares of the Company for every 1 TGL share, 692,533,968 ordinary shares of the Company of HK\$0.01 each were issued at respective market prices of the share of the Company at the issue dates.

During the year ended 31 March 2016, total 9,106,126 put options granted by the Company were lapsed due to the expiration of TGL Share Options as disclosed in note 26(b). As at 31 March 2016, no put options granted by the Company to TG Optionholders under the New Optionholder Agreements were outstanding.

During the year ended 31 March 2017, remaining 1,563,772 of put options were executed to exchange for the shares of the Company according to the share exchange ratio of about 53.37 shares of the Company for every 1 TGL share, 83,463,524 ordinary shares of the Company of HK\$0.01 each were issued at respective market prices of the share of the Company at the issue dates.

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

During the year ended 31 March 2016, all the outstanding put options granted by the Company to the TG Optionholders were exercised.

During the year ended 31 March 2017, all the outstanding put options granted by the Company to South African Shareholders were exercised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

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

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

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

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

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

Notes:

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

The movements of gross obligation under put options and derivative financial instruments for the years ended 31 March 2016 and 31 March 2017 are set out below.

	Gross obligation under put options HK\$'000	Derivative financial instruments - put options HK\$'000
At 1 April 2015	370,785	–
Exercise and execution of put options granted by the Company during the year	(100,199)	–
Lapse of put options during the year	(47,895)	–
Gain arising on changes in fair value	(129,336)	–
At 31 March 2016	93,355	–
Exercise and execution of put options granted by the Company during the year	(119,289)	–
Loss arising on changes in fair value	25,934	–
At 31 March 2017	–	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

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

(c) Derivative financial instruments – call options

Call options for the acquisition of additional interest in TGL

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

Pursuant to the New Put Option Agreements dated 5 September 2014, the Company might acquire the shares of TGL from the South African Shareholders through Goldcom in respect of the shares of the Company representing the number of shares of TGL being sold by the South African Shareholders multiplied by the share exchange ratio of about 53.37 shares of the Company for every 1 TGL share. Goldcom would deliver the cash proceeds from such on-market sale to the South African Shareholders and would transfer the shares of TGL to the Company. The principal amount outstanding under the loan note would be reduced by the market value of the corresponding number of the shares of the Company upon the transfer of shares of TGL to the Company. Such right to acquire shares of TGL from the South African Shareholders through Goldcom might be exercised by the Company at any time before 7 September 2016.

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

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

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

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

During the year ended 31 March 2017, 20,299,911 (2016: 874,495) of put options granted by the Company to South African Shareholders on 5 September 2014 were exercised. Following the exercise of the put options, 20,299,911 (2016: 874,495) of the call options granted by South African Shareholders to the Company were lapsed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

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

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

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

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

As at 31 March 2016, the outstanding call options granted by South African Shareholders to the Company were classified as derivative financing instruments and stated at fair value.

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

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

When the TG Optionholders are South African Shareholders, the Company might acquire the shares of TGL from the South African Shareholders through Goldcom who would sell on-market a number of the shares of the Company representing the number of shares of TGL being sold by the South African Shareholders multiplied by the share exchange ratio of about 53.37 shares of the Company for every 1 TGL share. Goldcom would deliver the cash proceeds from such on-market sale to the South African Shareholders and would transfer the shares of TGL to the Company. When the TG Optionholders are not residents of South Africa, the Company might acquire the shares of TGL obtaining from exercise of the call options granted by TGL to the Company and the Company would issue a corresponding number of the shares of the Company to the TG Optionholders using an exchange ratio of about 53.37 shares of the Company for every 1 TGL share.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

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

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

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

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

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

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

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

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

As disclosed in note 26(b), during the year ended 31 March 2016, 14,539,084 of TGL Shares Options granted to the share option holders of TGL were exercised and 9,106,126 of the remaining TGL Share Options were lapsed upon expiration. Upon the exercise and expiration of TGL Share Options, all call options granted by the TG Optionholders to the Company were lapsed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

24. SHARE CAPITAL

	Number of shares	Share capital HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
At 1 April 2015, 31 March 2016 and 31 March 2017	30,000,000,000	300,000
Issue and fully paid:		
At 1 April 2015	12,442,915,688	124,429
Issue of new shares under placement (<i>Note (a)</i>)	1,424,640,000	14,247
Issue of new shares for potential acquisition on a subsidiary (<i>Note (b)</i>)	231,080,513	2,311
Execute of put options by TG Optionholders (<i>Note (c)</i>)	692,533,968	6,925
At 31 March 2016	14,791,170,169	147,912
Issue of new shares under placement (<i>Note (d)</i>)	2,974,920,000	29,749
Issue of new shares for potential acquisition on a subsidiary (<i>Note (b)</i>)	301,918,288	3,019
Execute of put options by TG Optionholders (<i>Note (c)</i>)	83,463,524	835
At 31 March 2017	18,151,471,981	181,515

Notes:

- (a) As disclosed in the announcements of the Company dated 15 and 24 July 2015, 1,424,640,000 ordinary shares of HK\$0.01 each were issued at HK\$0.107 per share through placement to various placees, who and whose ultimate beneficial owners are independent and not connected with the Group, with gross proceeds of approximately HK\$152,436,000 and transaction costs of approximately HK\$469,000 are recognised in equity. These placing shares were issued under the general mandate granted to the directors by the Company's shareholders at the Company's annual general meeting held on 4 September 2014.
- (b) As consideration for the prepayment for acquisition of exploration assets, the Company issued 301,918,288 (2016: 231,080,513) ordinary shares to Sellers during the year ended 31 March 2017. Details of the acquisition are set out in note 17.
- (c) 1,563,772 (2016: 12,975,312) put options granted by the Company were executed by TG Optionholders upon exercise of nil (2016: 14,539,084) put options during the year ended 31 March 2017 to exchange for 83,463,524 (2016: 692,533,968) ordinary shares of the Company. Details of exercise of put options granted by the Company are set out in note 23(b).
- (d) As disclosed in the announcements of the Company dated 9, 10 and 21 November 2016, 2,974,920,000 ordinary shares of HK\$0.01 each were issued at HK\$0.0883 per share through placement to various placees, who and whose ultimate beneficial owners are independent and not connected with the Group, with gross proceeds of approximately HK\$262,685,000 and transaction costs of approximately HK\$3,961,000 are recognised in equity. These placing shares were issued under the general mandate granted to the directors of by the Company's shareholders at the Company's annual general meeting held on 31 August 2016.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

25. ACQUISITION OF SUBSIDIARIES

Acquisition of assets through purchase of a subsidiary, Minex

For the year ended 31 March 2016

As disclosed in note 17, the Group entered into a sale and purchase agreement with Sellers, pursuant to which the Group agreed to acquire 100% equity interest in Minex for a total consideration of USD28,000,000 (equivalent to approximately HK\$217,000,000), of which consideration of approximately HK\$26,312,000 is in relation to the acquisition of Minex and the remaining consideration of approximately HK\$190,688,000 is in relation to the acquisition of PTRTJ. The principal activity of Minex is investment holding. The principal assets of Minex and its non-wholly owned subsidiary, PT Bolmong Timur Primanusa Resources ("PTBTPR"), is a gold concession that includes the Garini deposit under Mining Business License Operation Production in North Sulawesi, Indonesia.

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

The net assets acquired in the transaction are as follows:

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

26. EQUITY-SETTLED SHARE-BASED PAYMENT TRANSACTIONS

(a) Share option scheme of the Company

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

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

(a) Share option scheme of the Company *(Continued)*

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

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

(a) Share option scheme of the Company *(Continued)*

Details and movements of options are as follows:

Date of grant	Exercisable period		Exercise price		
16 July 2015	16 July 2016 - 15 July 2020		HK\$0.149		
Grantees	Outstanding at 1 April 2015	Granted during the year	Outstanding at 1 April 2016	Forfeited during the year	Outstanding at 31 March 2017
Directors	-	153,725,096	153,725,096	(19,215,637)	134,509,459
Employees	-	74,753,570	74,753,570	-	74,753,570
Consultant	-	44,252,463	44,252,463	-	44,252,463
	-	272,731,129	272,731,129	(19,215,637)	253,515,492
Number of options exercisable at the reporting date	-	-	-	-	253,515,492
Weighted average exercise price	-	HK\$0.149	HK\$0.149	HK\$0.149	HK\$0.149

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

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

During the year ended 31 March 2017, a director of the Company resigned and the share options granted to that director were forfeited accordingly.

The estimated fair values of the share options and each share option of the date of grant were approximately HK\$17,962,000 and HK\$0.066 respectively. During the year ended 31 March 2017, the Group recognised expense in relation to the equity-settled share-based payments of HK\$5,551,000 (2016: HK\$11,975,000) in profit and loss and same amount has been credited to share option reserve.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

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

(b) Share option scheme of TGL

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

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

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

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

Details of TGL Share Options and movements of such options are as follows:

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

	Outstanding at 1 April 2015	Exercised during the year	Lapsed during the year	Outstanding at 31 March 2016 and 31 March 2017
Tranche 1	6,737,312	(6,737,312)	–	–
Tranche 2	6,238,000	(6,238,000)	–	–
Tranche 3	7,964,737	(1,563,772)	(6,400,965)	–
Tranche 4	2,705,161	–	(2,705,161)	–
	23,645,210	(14,539,084)	(9,106,126)	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

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

(b) Share option scheme of TGL *(Continued)*

During the year ended 31 March 2016, 14,539,084 TGL Share Options were exercised. The remaining 9,106,126 TGL Share Options were lapsed upon expiration. The balance included in the "Share option reserves of subsidiaries" in non-controlling interests in the consolidated statement of changes in equity, represented by the fair value of the TGL Share Options at date of grant of HK\$166,635,000 was transferred to accumulated losses and "Share of net assets of subsidiaries" in non-controlling interests (see note 37).

27. CAPITAL RISK MANAGEMENT

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

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

28. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2017 HK\$'000	2016 HK\$'000
Financial assets		
Available-for-sale investment	49,336	49,717
Loans and receivables (including cash and cash equivalents)	586,635	550,202
Financial liabilities		
Amortised cost	22,975	8,598
Derivative financial instruments	–	–
Designated at FVTPL	–	93,355

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

28. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objective and policies

The Group's major financial instruments include available-for-sale investment, loans to shareholders of a subsidiary, other receivables and deposits, pledged bank deposits, bank balances and other payables and accruals (2016: available-for-sale investment, loans to shareholders of a subsidiary, amount due from an associate, other receivables and deposits, current portion of deposit for acquisition of investments, pledged bank deposits, bank balances, other payables and accruals, derivative financial instruments and gross obligation under put options). Details of these financial instruments are disclosed in respective notes. The risk associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Currency risk

Certain subsidiaries of the Company have bank balances and cash, other receivables and deposits and other payables and accruals (2016: bank balances and cash, amount due from an associate, other receivables and deposits, current portion of deposits for acquisition of investments and other payables and accruals) denominated in foreign currencies, other than the functional currency of respective group companies which expose the subsidiaries to foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, management of the Group monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

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

	Assets		Liabilities	
	2017	2016	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Renminbi ("RMB")	706	786	–	–
HK\$	334,888	197,581	4,888	5,252

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

28. FINANCIAL INSTRUMENTS *(Continued)*

Sensitivity analysis

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

The directors of the Company consider the Group's exposure in USD relative to HK\$ is insignificant since HK\$ is pegged to USD. Accordingly, no sensitivity analysis is presented for USD against HK\$. The following table details the Group's sensitivity to a 5% (2016: 5%) increase and decrease in the functional currency of each group entity against RMB and all other variables were held constant, translating to the presentation currency, HK\$, at the closing rate at the end of the reporting period. 5% (2016: 5%) is the sensitivity rate used by management of the Group in the assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding monetary items which are denominated in RMB of respective group entities and adjusts its translation at the end of the reporting period for a 5% (2016: 5%) change in exchange rate of RMB. A positive number below indicates an increase in post-tax profit for the year where RMB strengthen 5% (2016: 5%) against the functional currency of each group entities. For a 5% (2016: 5%) weakening of RMB against the relevant functional currency there would be an equal and opposite impact on the result.

Increase in post-tax profit for the year

	2017 HK\$'000	2016 HK\$'000
USD against RMB impact	25	28

Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate pledged bank deposits and bank balances (2016: variable-rate pledged bank deposits, bank balances and loans to shareholders of a subsidiary). The Group is exposed to fair value interest rate risk in relation to loans to shareholders of a subsidiary (interest free) (2016: loans to shareholders of a subsidiary (interest free) and amount due to an associate.)

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. For variable-rate pledged bank deposits and bank balances (2016: variable-rate pledged bank deposits, bank balances and loans to shareholders of a subsidiary), the analysis is prepared assuming the pledged bank deposits and bank balances (2016: variable-rate pledged bank deposits, bank balances and loans to shareholders of a subsidiary) at the end of the reporting period was outstanding for the whole year. A 50 basis points increase or decrease is used for variable-rate pledged bank deposits and bank balances (2016: variable-rate pledged bank deposits, bank balances and loans to shareholders of a subsidiary) which represents the management's assessment of the reasonably possible change in interest rates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

28. FINANCIAL INSTRUMENTS *(Continued)*

Sensitivity analysis *(Continued)*

For the variable-rate pledged bank deposits and bank balances (2016: variable-rate pledged bank deposits, bank balances and loans to shareholders of a subsidiary), if interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's post-tax loss for the year would decrease/increase by approximately HK\$173,000 (2016: post-tax profit would increase/decrease by approximately HK\$1,236,000).

Credit risk

As at 31 March 2017, other than those financial assets whose carrying amounts best represent the maximum exposure to credit risk, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group is arising from the amount of contingent liabilities in relation to financial guarantee issued by the Group as disclosed in note 40.

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

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

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

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

As at 31 March 2016, the Group also had a concentration of credit risk on current portion of deposits for acquisition of investments. These deposits were subsequently settled in full.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

28. FINANCIAL INSTRUMENTS (Continued)

Sensitivity analysis (Continued)

Credit risk (Continued)

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

Liquidity risk

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

Liquidity table

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

	Weighted average effective interest rate %	Repayable on demand or within 3 months HK\$'000	Total undiscounted cash flows HK\$'000	Total carrying amount HK\$'000
At 31 March 2017				
Non-derivative financial liabilities				
Other payables and accruals	N/A	22,975	22,975	22,975
Financial guarantees	N/A	11,442	11,442	–
		34,417	34,417	22,975

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

28. FINANCIAL INSTRUMENTS *(Continued)*

Sensitivity analysis *(Continued)*

Liquidity risk *(Continued)*

Liquidity table (Continued)

	Weighted average effective interest rate %	Repayable on demand or within 3 months HK\$'000	Total undiscounted cash flows HK\$'000	Total carrying amount HK\$'000
At 31 March 2016				
Non-derivative financial liabilities				
Other payables and accruals	N/A	8,598	8,598	8,598
Gross obligation under put options		93,355	93,355	93,355
Financial guarantees	N/A	1,519	1,519	–
		103,472	103,472	101,953

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

Other price risk

As at 31 March 2016, the Group was exposed to price risk in respect of its put options.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

28. FINANCIAL INSTRUMENTS *(Continued)*

Sensitivity analysis *(Continued)*

The sensitivity analysis below had been determined based on the exposure to the Company's equity price risks as at 31 March 2016. If the Company's share price had been 5% higher/lower and all other variables were held constant, the Group's profit for the year ended 31 March 2016 as a result of changes in fair value of derivative financial instruments - put options and gross obligation under put options would decrease/increase by HK\$4,668,000.

29. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

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

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

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

Financial liabilities	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)
	31 March 2017	31 March 2016			
	HK\$'000	HK\$'000			
Gross obligation under put options	–	93,355	Level 2	The Company's share price as at the end of reporting period multiplied by the number of put options to be exercised	N/A

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

Valuation process

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

29. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS *(Continued)*

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

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

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

30. RETIREMENT BENEFIT SCHEMES

The Group operates a MPF Scheme under rules and regulations of Mandatory Provident Fund Schemes Ordinance for all its employees in Hong Kong. All the employees of the Group in Hong Kong are required to join the MPF Scheme. Contributions are made based on a percentage, which is 5%, of the employees' salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The Group's contribution to the MPF Scheme in respect of the employee's relevant income is subject to a cap to monthly relevant income of HK\$30,000 since 1 June 2014, which contribution is matched by employees. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme. No forfeited contribution is available to reduce the contribution payable in the future years as at 31 March 2017 and 2016.

During the year ended 31 March 2017, the total costs charged to the profit or loss in relation to the Group's total contributions to the retirement benefit schemes are approximately HK\$149,000 (2016: HK\$140,000).

31. RELATED PARTY TRANSACTIONS

(a) Compensation of key management personnel

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

	2017 HK\$'000	2016 HK\$'000
Short-term benefits	10,340	9,988
Contributions to retirement benefits schemes	36	36
Equity-settled share-based payment expenses	3,399	7,669
	13,775	17,693

(b) Balances with related parties

Details of the balances with related parties as at 31 March 2017 and 31 March 2016 are set out in notes 13 and 14.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

32. OPERATING LEASES

The Group as lessee

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

	2017 HK\$'000	2016 HK\$'000
Within one year	1,648	2,323
In the second to fifth year inclusive	84	418
	1,732	2,741

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

33. CAPITAL COMMITMENTS

	2017 HK\$'000	2016 HK\$'000
Capital expenditure in respect of the gold projects contracted for but not provided in the consolidated financial statements:		
– Property, plant and equipment and exploration assets	1,413	1,429

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

34. CHANGE IN SHAREHOLDING OF SUBSIDIARIES WITHOUT LOSING CONTROL

For year ended 31 March 2016

During the year ended 31 March 2016, the Group's equity interest in TGL was decreased from 71.07% to 64.93% upon the exercise of TGL share options by the TGL share options holders as disclosed in note 26(b) with total consideration of approximately HK\$46,089,000. The aggregate amount of HK\$96,222,000 represented the transfer of share option reserve of subsidiaries, net of the increasing in the non-controlling interests, being the proportionate share of the carrying amount of net assets of TGL amounting to approximately HK\$50,133,000 and the proceeds paid for share purchases had been credited to other reserve.

Following the exercise of TGL share options, put options granted by the Company to the TG Optionholders were exercised as disclosed in note 23(b)(ii). The Group's equity interest in TGL was increased from 64.93% to 70.72%. The decrease in the non-controlling interests, being the proportionate share of the carrying amount of net assets of TGL, amounting to approximately HK\$344,244,000 had been credited to other reserve.

Upon the exercise of South African Shareholders put options by the South African Shareholders as disclosed in note 23(a), the Group's equity interest in TGL was increased from 70.72% to 71.07%. The consideration for exercising the put options of approximately HK\$21,468,000 were settled by the Company's shares issued to Goldcom in prior years. The decrease in the non-controlling interests, being the proportionate share of the carrying amount of net assets of TGL, amounting to approximately HK\$13,359,000 had been credited to other reserve.

For year ended 31 March 2017

During the year ended 31 March 2017, the shareholding beneficially owned by the Qualified BEE Companies in TGL dropped below 26% which is not comply with the South African broad-based socio-economic empowerment charter for the mining industry adopted pursuant to the provisions of Section 100(2) of the South African Mineral and Petroleum Resources Development Act 28 of 2002. In order to comply with this legal requirement for the operation in South African, TGL issued 5,058,327 shares with consideration of approximately ZAR36,926,000 (equivalent to approximately HK\$19,883,000) to TG EPP, which is a Qualified BEE Company. The difference between the consideration of approximately HK\$19,883,000 received from the issue of TGL's shares and the increase in the non-controlling interests, being the proportionate share of carrying amount of net assets of TGL, amounting to HK\$18,267,000 had been credited to other reserve.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

35. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

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

Name of subsidiary	Country/place of incorporation	Country/place of operation	Issued share capital/paid up capital/ registered capital	Equity interest attributable to the Group as at 31 March				Principal activities
				Directly		Indirectly		
				2017	2016	2017	2016	
Wing Hing International (Holdings) Limited	Republic of Seychelles	Hong Kong	Ordinary USD1	100%	100%	-	-	Investment holding
Lee Hing Mining Industry Limited	Hong Kong	Hong Kong	Ordinary HK\$100	-	-	100%	100%	Sale of minerals
TGL	South Africa	South Africa	Ordinary ZAR58,040,000	65.6%	58.84%	12.98%	12.23%	Exploration, development and mining of gold and associated minerals
Taung Gold Exploration (West) (Pty) Limited*	South Africa	South Africa	Ordinary ZAR7,875	-	-	78.58%	71.07%	Exploration, development and mining of gold and associated minerals
Taung Gold Exploration Limited*	South Africa	South Africa	Ordinary ZAR7,875	-	-	78.58%	71.07%	Exploration, development and mining of gold and associated minerals
Taung Gold (North West) (Pty) Limited*	South Africa	South Africa	Ordinary ZAR100	-	-	78.58%	71.07%	Exploration, development and mining of gold and associated minerals
Taung Gold (Free State) (Pty) Limited*	South Africa	South Africa	Ordinary ZAR100	-	-	78.58%	71.07%	Exploration, development and mining of gold and associated minerals
Ulinet (Pty) Limited*	South Africa	South Africa	Ordinary ZAR100	-	-	78.58%	71.07%	Exploration, development and mining of gold and associated minerals
Minex	Singapore	Hong Kong	Ordinary USD2,400,100	100%	100%	-	-	Investment holding
PTBTPR	Indonesia	Indonesia	Ordinary Indonesian Rupiah 2,500,000,000	-	-	95%	95%	Exploration, development and mining of gold and associated minerals

* These companies are wholly-owned subsidiaries of TGL

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

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

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

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and		Profit allocated to		Accumulated	
		voting rights held by		non-controlling interests		non-controlling interests	
		31 March	31 March	31 March	31 March	31 March	31 March
		2017	2016	2017	2016	2017	2016
				HK\$'000	HK\$'000	HK\$'000	HK\$'000
TGL	South Africa	21.42%	28.93%	49,739	207,756	479,709	948,831

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

	2017	2016
	HK\$'000	HK\$'000
Current assets	56,283	88,192
Non-current assets	4,693,263	4,284,533
Current liabilities	(18,290)	(3,950)
Equity attributable to owners of the Company	4,251,547	3,419,944
Non-controlling interests	479,709	948,831

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

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

	Year ended 31 March 2017 HK\$'000	Year ended 31 March 2016 HK\$'000
Income	445,759	567,785
Expenses	(205,878)	(12,805)
Profit for the year	239,881	554,980
Profit attributable to owners of the Company	190,142	347,224
Profit attributable to non-controlling interests	49,739	207,756
Profit for the year	239,881	554,980
Other comprehensive income (expense) attributable to owners of the Company	55,588	(107,785)
Other comprehensive income (expense) attributable to non-controlling interests	21,212	(43,876)
Other comprehensive income (expense) for the year	76,800	(151,661)
Total comprehensive income attributable to owners of the Company	245,730	239,439
Total comprehensive income attributable to non-controlling interests	70,951	163,880
Total comprehensive income for the year	316,681	403,319
Net cash inflow (outflow) from operating activities	5,018	(13,751)
Net cash outflow from investing activities	(37,508)	(12,499)
Net cash inflow from financing activities	–	46,089
Net cash (outflow) inflow	(32,490)	19,839

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

37. NON-CONTROLLING INTERESTS

	Share of net assets of subsidiaries HK\$'000	Share option reserve of subsidiaries HK\$'000	Total HK\$'000
At 1 April 2015	727,487	461,509	1,188,996
Share of profit for the year	123,417	–	123,417
Exchange difference arising on translation to presentation currency	(43,876)	–	(43,876)
Non-controlling interest arising on acquisition in subsidiaries	1,316	–	1,316
Change in shareholding in TGL without losing control upon exercise of TGL share options	244,741	(294,874)	(50,133)
Change in shareholding in TGL without losing control upon exercise of TGL Optionholder put options	(344,244)	–	(344,244)
Change in shareholding in TGL without losing control upon exercise of South African Shareholders put options	(13,359)	–	(13,359)
Transfer to accumulated losses upon expiration of TGL share options of a subsidiary	48,207	(166,635)	(118,428)
At 31 March 2016	743,689	–	743,689
Share of profit for the year	49,679	–	49,679
Exchange difference arising on translation to presentation currency	21,214	–	21,214
Change in shareholding in TGL without losing control upon issue of shares	18,267	–	18,267
Change in shareholding in TGL without losing control upon exercise of put options by South African Shareholders	(351,885)	–	(351,885)
At 31 March 2017	480,964	–	480,964

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

38. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

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

	2017 HK\$'000	2016 HK\$'000
Non-current assets		
Investments in subsidiaries	3,433,200	3,446,256
Prepayment for acquisition of exploration assets	154,029	122,992
Amount due from subsidiaries	62,200	2,625
Amount due from an associate	–	30,751
	3,649,429	3,602,624
Current assets		
Amount due from subsidiaries	91,984	89,225
Other receivables	43	14
Bank balances and cash	304,848	136,785
	396,875	226,024
Current liabilities		
Other payables and accruals	4,881	5,251
Net current assets	391,994	220,773
Net assets	4,041,423	3,823,397
Capital and reserves		
Share capital	181,515	147,912
Reserves	3,859,908	3,675,485
Total	4,041,423	3,823,397

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

38. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Movement in the Company's reserves

	Share premium	Capital reserve	Other reserve	Contributed surplus	Share option reserve	Accumulated losses	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2015	4,794,395	(800)	(519,865)	147,828	-	(1,424,733)	2,996,825
Profit and total comprehensive income for the year	-	-	-	-	-	412,814	412,814
Recognition of equity-settled share-based payments	-	-	-	-	11,975	-	11,975
Issue of new shares under placement	138,189	-	-	-	-	-	138,189
Transaction costs attributable to issue of new shares	(469)	-	-	-	-	-	(469)
Issue of new shares for potential acquisition in a subsidiary	22,877	-	-	-	-	-	22,877
Effect of exercise of put options by option holders of a subsidiary	89,114	-	-	-	-	-	89,114
Effect of exercise of put option for potential additional acquisition in a subsidiary	-	-	21,468	-	-	(17,308)	4,160
At 31 March 2016	5,044,106	(800)	(498,397)	147,828	11,975	(1,029,227)	3,675,485
Loss and total comprehensive expense for the year	-	-	-	-	-	(196,575)	(196,575)
Issue of new shares under placement	232,936	-	-	-	-	-	232,936
Transaction costs attributable to issue of new shares	(3,961)	-	-	-	-	-	(3,961)
Recognition of equity-settled share-based payments	-	-	-	-	5,551	-	5,551
Forfeiture of share options	-	-	-	-	(872)	872	-
Issue of new shares for potential acquisition in a subsidiary	28,018	-	-	-	-	-	28,018
Effect of exercise of put options by option holders of a subsidiary	6,344	-	-	-	-	-	6,344
Effect of exercise of put option for potential additional acquisition in a subsidiary	-	-	498,397	-	-	(386,287)	112,110
At 31 March 2017	5,307,443	(800)	-	147,828	16,654	(1,611,217)	3,859,908

39. DIVIDEND

No dividend was paid or proposed for ordinary shareholders of the Company during 2017, nor has any dividend been proposed since the end of the reporting period (2016: nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

40. CONTINGENT LIABILITIES

As disclosed in note 15, as at 31 March 2017, the Group provided financial guarantees of ZAR19,768,000 (equivalent to approximately HK\$11,442,000) (2016: ZAR2,923,000 (equivalent to approximately HK\$1,519,000)) to the Department of Mineral Resources of South Africa. In determining whether financial liabilities should be recognised in respect of the Group's financial guaranteed contracts, the directors of the Company exercise judgement in evaluation of the probability of resources outflow that will be required and the assessment of whether a reliable estimate can be made of the amount of the obligation. In the opinion of the directors of the Company, the possibility of default by this party is remote given its financial background. Accordingly, no provision has been made in the consolidated financial statements for these guarantees.

41. EVENTS AFTER THE END OF THE REPORTING PERIOD

Save as disclosed in elsewhere of the consolidated financial statements, the Group has the following events after the end of the reporting period:

- (a) On 24 April 2017, the Group and SepGold entered into a supplemental agreement to the loan agreement dated 22 July 2011 (the "Vendor Financing Agreement"). Pursuant to the supplemental agreement, (i) the interest accrued on the loan to SepGold for the period from 1 April 2016 to 31 January 2017 will be waived; (ii) the clauses relating to the interest in the Vendor Financing Agreement will be deleted; and (iii) the repayment date of the loan will be extended to 31 December 2020. The approval for the supplemental agreement is subject to the approval of shareholders of the Company in the special general meeting which has not been held up to the date of these consolidated financial statements have been authorised for issue.
- (b) On 9 June 2017, Taung Gold International Limited, which was a non-wholly owned subsidiary of the Company and incorporated in the British Virgin Island ("TG BVI"), entered into a joint venture agreement with a Company incorporated in Pakistan to establish a joint venture company in preparation for the bidding of a copper mine project in Pakistan. Details of the arrangement set out in the joint venture agreement and the respective bank guarantees required for the TG BVI's performance obligations are disclosed in the Company's announcement dated 12 June 2017.

FINANCIAL SUMMARY

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

RESULTS

	Year ended 31 March				
	2013	2014	2015	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	4,592	4,156	–	–	–
	4,592	4,156	–	–	–
Profit (loss) attributable to					
Owners of the Company	(150,196)	(726,863)	(110,730)	382,210	128,217
Non-controlling interests	22,932	(296,716)	(89,849)	123,417	49,679
	(127,264)	(1,023,579)	(200,579)	505,627	177,896

ASSETS AND LIABILITIES

	As at 31 March				
	2013	2014	2015	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Total assets	5,835,953	4,561,119	4,311,724	4,778,006	5,386,307
Total liabilities	415,759	295,407	376,524	102,968	23,658
Total equity	5,420,194	4,265,712	3,935,200	4,675,038	5,362,649