SIBERIAN MINING GROUP COMPANY LIMITED
西伯利亞礦業集團有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock code: 1142)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2015

The board (the "**Board**") of directors (the "**Directors**" and each a "**Director**") of Siberian Mining Group Company Limited (the "**Company**") announces the audited consolidated financial results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 March 2015, together with the comparative figures for the year ended 31 March 2014, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2015

	Notes	2015 HK$'000	2014 HK$'000
Turnover	4	**2,227**	5,874
Cost of sales		**(2,216)**	(5,756)
Gross profit		**11**	118
Other income	4	**389**	299
Other gains and losses	4	**(247,408)**	(326,168)
Selling and distribution costs		**(64)**	(287)
Administrative and other expenses		**(81,200)**	(68,204)
Finance costs	5	**(326,832)**	(290,542)
Loss before income tax	6	**(655,104)**	(684,784)
Income tax	7	**(10)**	460
Loss for the year		**(655,114)**	(684,324)
Attributable to:			
Owners of the Company		**(643,303)**	(670,714)
Non-controlling interests		**(11,811)**	(13,610)
		(655,114)	(684,324)
Loss per share			
Basic (Hong Kong cents)	9	**127**	132
Diluted (Hong Kong cents)	9	**127**	132

* *For identification purpose only*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2015

	2015	2014
	HK$'000	*HK$'000*
Loss for the year	**(655,114)**	(684,324)
Other comprehensive income for the year, net of tax:		
Items that may be reclassified subsequently to profit or loss:		
— Exchange differences on translation of financial statements of foreign operations	**(24,248)**	(37,104)
Total comprehensive expense for the year, net of tax	**(679,362)**	(721,428)
Attributable to:		
Owners of the Company	**(665,192)**	(704,022)
Non-controlling interests	**(14,170)**	(17,406)
	(679,362)	(721,428)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2015

	Notes	2015 HK$'000	2014 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	*11*	**1,656**	4,935
Prepayments for acquisition of property, plant and equipment		**—**	4
Other intangible assets	*12*	**52,168**	180,348
Exploration and evaluation assets	*13*	**562,518**	758,283
		616,342	943,570
Current assets			
Trade receivables	*14*	**2,091**	—
Other receivables, deposits and prepayments		**3,667**	2,628
Cash and cash equivalents		**5,045**	3,719
		10,803	6,347
Current liabilities			
Trade payables	*15*	**2,104**	—
Other payables, accrued expenses and trade deposit received		**20,626**	22,724
Interest-bearing borrowings	*16*	**74,390**	39,189
Amount due to an ex-director		**13,713**	13,084
Amount due to a shareholder		**25,854**	24,486
Coal trading deposit received	*17*	**24,180**	24,180
Purchase consideration payable for additional acquisition	*18*	**3,328**	3,328
		164,195	126,991
Net current liabilities		**(153,392)**	(120,644)
Total assets less current liabilities		**462,950**	822,926

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2015

	Notes	2015 HK$'000	2014 HK$'000
Non-current liabilities			
Amount due to a related party		**32,116**	31,564
Convertible note payables	*19*	**2,777,144**	2,464,391
Promissory notes payables	*20*	**70,974**	64,256
Provision for close down, restoration and environmental costs		**1,291**	1,935
Deferred tax liabilities		**7**	—
		2,881,532	2,562,146
NET LIABILITIES		**(2,418,582)**	(1,739,220)
CAPITAL AND RESERVES			
Share capital	*21*	**101,689**	101,689
Reserves		**(2,499,834)**	(1,834,642)
Equity attributable to owners of the Company		**(2,398,145)**	(1,732,953)
Non-controlling interests		**(20,437)**	(6,267)
CAPITAL DEFICIENCIES		**(2,418,582)**	(1,739,220)

NOTES TO THE FINANCIAL STATEMENTS

1. ORGANISATION AND OPERATIONS

Siberian Mining Group Company Limited was incorporated in the Cayman Islands as an exempted company with limited liability, and its shares are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The address of its registered office is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and its principal place of business is at Room 2402, 24/F., Tower 2, Admiralty Centre, 18 Harcourt Road, Admiralty, Hong Kong.

The Company engages in investment holding. The principal activities of its principal subsidiaries are investment holding, holding of mining and exploration rights and mineral resources and commodities trading.

These consolidated financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRSs**"), Hong Kong Accounting Standards ("**HKASs**"), and Interpretations (hereinafter collectively referred to as the "**HKFRSs**") and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

(b) Basis of measurement and going concern assumptions

The financial statements have been prepared under the historical cost convention, as modified for certain financial instruments, which are carried at fair value, as explained in the accounting policies set out below.

It should be noted that accounting estimates and assumptions are used in preparation of the financial statements. Although these estimations are based on the best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates.

During the year, the Group incurred a net loss for the year of approximately HK$655,114,000 (2014: HK$684,324,000). The Group's current liabilities exceeded its current assets by approximately HK$153,392,000 (2014: HK$120,644,000) and a capital deficiency of HK$2,418,582,000 (2014: HK$1,739,220,000) as at 31 March 2015. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and therefore, the Group may not be able to realise its assets and discharge its liabilities in the normal course of business.

The Directors are currently implementing the measures below to improve the operating and financial position of the Group:

— Continue to exercise stringent cost control to reduce administrative and other expenses by further streamlining the Group's operation.

2. BASIS OF PREPARATION *(Continued)*

(b) Basis of measurement and going concern assumptions *(Continued)*

In addition, the Group has obtained funding and financial support from the follow parties:

(i) Obtained a loan facilities agreement from a director and also the Chairman of the Board of the Company to provide continuous financial support to the Group. A loan facility of up to HK$400,000,000 to the Group for the 18 months period commencing from 9 February 2015.

(ii) As set out in Note 17, the New Coal Deposit Holder has agreed to extend the date of repayment of the coal trading deposit together with the related interests to 30 November 2016.

(iii) As set out in Note 16, with regard to Other Loan 1, the lender has agreed not to demand for repayment for the amount due before 19 August 2016.

(iv) As set out in Note 16, with regard to Other Loan 2, the lender has agreed not to demand for repayment for the amount due before 19 August 2016.

(v) As set out in Note 16, with regard to Other Loan 3, the lender has agreed not to demand for repayment for the amount due before 15 August 2016.

(vi) As set out in Note 20, with regard to promissory notes, the promissory notes holders have agreed not to demand for repayment of the amount due before 25 August 2016.

(vii) With regard to amounts due to an ex-director, a related party and a shareholder, they have agreed not to demand for repayment of the amounts due before 31 August 2016.

(viii) Obtained an agreement from certain shareholders that they agreed to subscribe the issued new shares of the Company.

With the successful implementation of the measures and funding and financial support obtained as set out above, in the opinion of the Directors, the Group will have sufficient funds to satisfy its future working capital and other financial commitments as and when they fall due. Accordingly, the directors are of the view that it is appropriate to prepare the financial statements on a going concern basis.

Should the Group be unable to continue as a going concern, the Group may not be able to realise its assets and discharge its liabilities in the normal course of business, the effect of which has not yet been reflected in the financial statements. Adjustments may have to be made to write down assets to their recoverable amounts. In addition, the Group may have to provide further liabilities that might arise, and to reclassify non-current assets and liabilities as current assets and liabilities.

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

(a) The accounting policies and basis of preparation adopted in the preparation of the consolidated financial statements are the same as those used in the consolidated financial statements for the year ended 31 March 2014, except in relation to the following new and revised HKFRSs that affect the Group and are adopted for the first time for the current year's financial statements as explained in (b).

(b) New standards, revisions and amendments to existing standards effective for annual periods beginning 1 April 2014, relevant to the Group's operations and adopted by the Group:

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	*Investment Entities*
Amendments to HKAS 32	*Offsetting Financial Assets and Financial Liabilities*
Amendments to HKAS 36	*Recoverable Amount Disclosures for Non-Financial Assets*
Amendments to HKAS 39	*Novation of Derivatives and Continuation of Hedge Accounting*
HK(IFRIC) — Int 21	*Levies*

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

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 — Investment Entities

The amendments to HKFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its financial statements.

To qualify as an investment entity, a reporting entity is required to:

- obtain funds from one or more investors for the purpose of providing them with professional investment management services;
- commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments have been made to HKFRS 12 and HKAS 27 to introduce new disclosure requirements for investment entities.

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

(b) New standards, revisions and amendments to existing standards effective for annual periods beginning 1 April 2014, relevant to the Group's operations and adopted by the Group: *(Continued)*

Amendments to HKAS 32 — Offsetting Financial Assets and Financial Liabilities

The amendments to HKAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'.

The Directors of the Company do not anticipate that the application of these amendments to HKAS 32 will have a significant impact on the Group's consolidated financial statements as the Group does not have any financial assets and financial liabilities that qualify for offset.

Amendments to HKAS 36 — Recoverable Amount Disclosures for Non-Financial Assets

The amendments to HKAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit ("**CGU**") to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements regarding the fair value hierarchy, key assumptions and valuation techniques used when the recoverable amount of an asset or CGU was determined based on its fair value less costs of disposal.

The Directors of the Company do not anticipate that the application of these amendments to HKAS 36 will have a significant impact on the Group's consolidated financial statements.

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

(c) New standards, amendments to existing standards and interpretations which have been issued but are not effective for the financial year beginning on 1 April 2014 and have not been early adopted:

HKFRS 9	Financial Instruments[6]
HKFRS 14	Regulatory Deferral Accounts[4]
HKFRS 15	Revenue from Contracts with Customers[5]
Amendment to HKFRS 11	Accounting for acquisitions of interests in joint operations[3]
Amendment to HKAS 1	Disclosure initiative[3]
Amendment to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortization[3]
Amendment to HKAS 16 and HKAS 41	Agriculture: Bearer plants[3]
Amendment to HKAS 19	Defined benefit plans: Employee Contributions[1]
Amendment to HKAS 27	Equity method in separate financial statements[3]
Amendment to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture[3]
Amendment to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception[3]
Amendment to HKFRSs	Annual improvements to HKFRSs 2010-2012 cycle[2]
Amendment to HKFRSs	Annual improvements to HKFRSs 2011-2013 cycle[1]
Amendment to HKFRSs	Annual improvements to HKFRSs 2012-2014 cycle[3]

1 Effective for annual periods beginning on or after 1 July 2014.
2 Effective for annual periods beginning on or after 1 July 2014 with limited exception.
3 Effective for annual periods beginning on or after 1 January 2016.
4 Effective for first annual financial statements beginning on or after 1 January 2016.
5 Effective for annual periods beginning on or after 1 January 2017.
6 Effective for annual periods beginning on or after 1 January 2018.

HKFRS 9 — Financial Instruments

Under HKFRS 9, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses will be recognized in profit or loss except for those non-trade equity investments, which the entity will have a choice to recognize the gains and losses in other comprehensive income. HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognized in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

4. TURNOVER, OTHER INCOME, AND OTHER GAINS AND LOSSES

Turnover, which is also the Group's revenue, represents the net invoiced value of goods sold, after allowances for returns and trade discounts, and the net invoiced value of services rendered during the year.

An analysis of the Group's turnover, other income and other gains and losses are as follows:

	2015	2014
	HK$'000	*HK$'000*
Turnover		
Trading of mineral resources and commodities	**2,227**	5,874
Other income		
Interest income	—	255
Sundry income	**389**	44
	389	299
Other gains and losses		
Gain arising in change in fair value of convertible note	—	998
Impairment loss on other intangible assets *(Note 12)*	**(47,900)**	(84,054)
Impairment loss on property, plant and equipment *(Note 11 & 12)*	**(1,451)**	(2,168)
Impairment loss on exploration and evaluation assets *(Note 13)*	**(198,057)**	(240,944)
	(247,408)	(326,168)

5. FINANCE COSTS

	2015	2014
	HK$'000	*HK$'000*
Interest expenses on		
Loan from a related party	**554**	1,010
Loan from an ex-director	**628**	536
Loan from third parties	**4,738**	1,849
Loan from a shareholder	**1,368**	987
Imputed interest on promissory notes *(Note 20)*	**6,718**	6,082
Imputed interest on convertible note *(Note 19)*	**312,753**	279,696
Other	—	317
	326,759	290,477
Bank charges	**73**	65
	326,832	290,542

6. LOSS BEFORE INCOME TAX

	2015	2014
	HK$'000	*HK$'000*
Loss before income tax is arrived at after charging:—		
Employees benefit expenses (excluding directors' remuneration):—		
Wages and salaries	**6,255**	8,113
Pension fund contributions	**450**	503
	6,705	8,616
Amortisation of other intangible assets *(Note 12)*	**18,301**	30,659
Provision of doubtful debt	**22**	—
Depreciation	**56**	74
Auditor's remuneration		
— Group	**1,300**	1,277
— Overseas subsidiaries	**276**	275
Provision for close down, restoration and environmental costs	**123**	165
Minimum lease payments in respect of premises under operating leases	**2,407**	3,864
Net exchange losses	**40,669**	8,443
Cost of inventories sold	**2,216**	5,756

7. INCOME TAX

(a) Taxation in the consolidated statement of profit or loss represents:

	2015	2014
	HK$'000	*HK$'000*
Group		
Current — Hong Kong		
Charge for the year	**—**	—
Current — Russia and other overseas		
Deferred tax	**10**	(460)
	10	(460)

No provision for Hong Kong profits tax was made for the current and prior years as the Hong Kong subsidiaries of the Group have no assessable profits for Hong Kong profits tax purposes in the current and prior years. Taxation for the Russian and other foreign operations are similarly charged at the appropriate current rates of taxation ruling in the relevant countries.

7. INCOME TAX *(Continued)*

(b) Taxation for the year can be reconciled to the accounting loss as follows:

	2015	2014
	HK$'000	*HK$'000*
Loss before income tax expenses	**(655,104)**	(684,784)
Tax credit calculated at the weighted average statutory tax rate	**(109,685)**	(125,876)
Tax effect of expenses not deductible for taxation purposes	**110,185**	125,927
Tax effect of income not taxable for taxation purposes	**(500)**	(51)
Tax effect of tax losses not recognised	**10**	(460)
Income tax charge/ (credit) for the year	**10**	(460)

8. DIVIDEND

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

9. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic loss per share is based on the loss for the year attributable to the owners of the Company, and the weighted average number of ordinary shares in issue during the year.

The calculation of diluted loss per share was based on the loss for the year attributable to the owners of the Company, adjusted to reflect the imputed interests on convertible note and the change in fair value of convertible note, where applicable. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic loss per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

As the Company's outstanding share options and convertible note have an anti-dilutive effect to the basic loss per share calculation for the current and prior years, the conversion of the outstanding share options and convertible note is therefore not assumed in the computation of diluted loss per share for the current and prior years. Therefore, the basic and diluted loss per share calculations for the respective years are the same.

9. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY *(Continued)*

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

	2015	2014
	HK$'000	*HK$'000*
Loss		
Loss attributable to the owners of the Company, used in the basic and diluted loss per share	**643,303**	670,714

	Number of shares	
	2015	2014
Shares		
Weighted average number of ordinary shares for basic and diluted loss per share	**508,442,763**	508,442,763

10. SEGMENT INFORMATION

The Group determines its operating segments based on the reports reviewed by the chief operating decision maker that are used to make strategic decisions.

The Group's operating segments are structured and managed separately according to the nature of their operations and the products and services they provide. Each of the Group's operating segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other operating segments. Details of the operating segments are summarised as follows:

(i) Mining segment comprises holding mining and exploration rights of coal mines in the Russia and will be engaged in the exploration and mining of coal.

(ii) Mineral resources and commodities trading segment comprises the business of coal, aluminium, scrapped iron and steel trading to the Republic of Korea ("Korea").

In determining the Group's geographical segments, revenues are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets.

10. SEGMENT INFORMATION *(Continued)*

Inter segment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

(a) Reportable segments

The following table presents revenue, results and certain assets, liabilities and expenditure information for the Group's reportable segments for the years ended 31 March 2015 and 2014.

For the year ended 31 March 2015

	Mining *HK$'000*	Mineral resources and commodities trading *HK$'000*	Consolidated total *HK$'000*
Reportable segment revenue			
Revenue from external customers	—	2,227	2,227
Reportable segment loss	(318,639)	(634)	(319,273)
Impairment loss on other intangible assets	(47,900)	—	(47,900)
Impairment loss on property, plant and equipment	(1,451)	—	(1,451)
Impairment loss on exploration and evaluation assets	(198,057)	—	(198,057)
Depreciation	(51)	(5)	(56)
Allowance for doubtful trade receivables	—	(22)	(22)
Amortisation of other intangible assets	(18,301)	—	(18,301)
Reportable segment assets	622,962	2,336	625,298
Additions to non-current assets	6,230	—	6,230
Reportable segment liabilities	(61,798)	(2,200)	(63,998)

10. SEGMENT INFORMATION *(Continued)*

(a) Reportable segments *(Continued)*

For the year ended 31 March 2014

	Mining *HK$'000*	Mineral resources and commodities trading *HK$'000*	Consolidated total *HK$'000*
Reportable segment revenue			
Revenue from external customers	—	5,874	5,874
Reportable segment loss	(379,044)	(1,585)	(380,629)
Interest income	255	—	255
Impairment loss on other intangible assets	(84,054)	—	(84,054)
Impairment loss on property, plant and equipment	(2,168)	—	(2,168)
Impairment loss on exploration and evaluation assets	(240,944)	—	(240,944)
Depreciation	(69)	(5)	(74)
Amortisation of other intangible assets	(30,659)	—	(30,659)
Reportable segment assets	945,579	268	945,847
Additions to non-current assets	12,675	—	12,675
Reportable segment liabilities	(66,145)	(347)	(66,492)

10. SEGMENT INFORMATION *(Continued)*

(a) Reportable segments *(Continued)*

Reconciliation of reportable segment revenues, profit or loss, assets and liabilities:

	2015	2014
	HK$'000	*HK$'000*
Revenue		
Reportable segment revenue and consolidated revenue	**2,227**	5,874

	2015	2014
	HK$'000	*HK$'000*
Loss before income tax		
Reportable segment loss	**(319,273)**	(380,629)
Other gains and losses	**—**	998
Unallocated corporate expenses	**(8,999)**	(14,611)
Finance costs	**(326,832)**	(290,542)
Consolidated loss before income tax	**(655,104)**	(684,784)

	2015	2014
	HK$'000	*HK$'000*
Assets		
Reportable segment assets	**625,298**	945,847
Unallocated corporate assets	**1,847**	4,070
Consolidated total assets	**627,145**	949,917

	2015	2014
	HK$'000	*HK$'000*
Liabilities		
Reportable segment liabilities	**(63,998)**	(66,492)
Unallocated corporate liabilities	**(2,981,729)**	(2,622,645)
Consolidated total liabilities	**(3,045,727)**	(2,689,137)

10. SEGMENT INFORMATION *(Continued)*

(b) Geographical information

The following table provides an analysis of the Group's revenue from external customers and non-current assets other than financial instruments and deferred tax assets, if any (the "**Specific non-current assets**"):

	Revenue from external customers		**Specific non-current assets**	
	2015	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Russia	**—**	—	**616,334**	943,557
Korea	**2,227**	5,874	**8**	13
	2,227	5,874	**616,342**	943,570

(c) Information about major customers

For the year ended 31 March 2015, three customers of the mineral resources and commodities trading segment with revenue of HK$1,755,000, HK$247,000 and HK$225,000 respectively, each contributed to more than 10% of the Group's revenue.

For the year ended 31 March 2014, the sole customer of the mineral resources and commodities trading segment with revenue of HK$5,874,000 contributed to 100% of the Group's revenue.

11. PROPERTY, PLANT AND EQUIPMENT

	Construction in progress *HK$'000*	Freehold land *HK$'000*	Furniture and fixture *HK$'000*	Equipment *HK$'000*	Motor vehicles *HK$'000*	Total *HK$'000*
Cost						
At 1 April 2013	21,851	3,249	196	112	376	25,784
Additions	—	—	6	28	—	34
Exchange realignments	(2,974)	(442)	(25)	1	(51)	(3,491)
At 31 March 2014	18,877	2,807	177	141	325	22,327
Additions	—	—	6	13	—	19
Exchange realignments	(7,164)	(1,065)	(61)	(1)	(123)	(8,414)
At 31 March 2015	**11,713**	**1,742**	**122**	**153**	**202**	**13,932**
Accumulated depreciation and impairment						
At 1 April 2013	14,924	2,226	174	52	156	17,532
Charge for the year *(Note 6)*	—	—	14	25	35	74
Impairment loss *(Note 4)*	1,889	279	—	—	—	2,168
Exchange realignments	(2,031)	(303)	(25)	1	(24)	(2,382)
At 31 March 2014	14,782	2,202	163	78	167	17,392
Charge for the year *(Note 6)*	—	—	3	26	27	56
Impairment loss *(Note 4)*	1,264	187	—	—	—	1,451
Exchange realignments	(5,650)	(841)	(61)	(1)	(70)	(6,623)
At 31 March 2015	**10,396**	**1,548**	**105**	**103**	**124**	**12,276**
Net carrying value						
At 31 March 2015	**1,317**	**194**	**17**	**50**	**78**	**1,656**
At 31 March 2014	4,095	605	14	63	158	4,935

As explained in Note 12, property, plant and equipment associated with the mining right had been partially impaired during the current year.

12. OTHER INTANGIBLE ASSETS

	Mining right
	HK$'000
Cost	
At 1 April 2013	3,151,816
Exchange realignments	(428,990)
At 31 March 2014	2,722,826
Exchange realignments	(1,033,362)
At 31 March 2015	**1,689,464**
Accumulated amortisation and impairment losses	
At 1 April 2013	2,813,221
Charge for the year *(Note 6)*	30,659
Impairment loss *(Note 4)*	84,054
Exchange realignments	(385,456)
At 31 March 2014	2,542,478
Charge for the year *(Note 6)*	18,301
Impairment loss *(Note 4)*	47,900
Exchange realignments	(971,383)
At 31 March 2015	**1,637,296**
Net carrying value	
At 31 March 2015	**52,168**
At 31 March 2014	180,348

Mining right

In prior years, the Company, Grandvest International Limited ("**Grandvest**"), a wholly-owned subsidiary of the Company, Cordia Global Limited ("**Cordia**") and the sole beneficial owner of Cordia entered into an acquisition agreement (the "**Acquisition Agreement**") to acquire a 90% equity interest in Langfeld Enterprises Limited ("**Langfeld**") and its subsidiaries (the "**Langfeld Group**") (collectively referred as the "**Acquisition**"). The mining right was acquired as part of the acquisition of the Langfeld Group completed in prior years and was initially recognised at its fair value of the consideration paid for the acquisition. At the end of each reporting period, the mining right is measured using the cost model subject to impairment.

12. OTHER INTANGIBLE ASSETS *(Continued)*

Mining right *(Continued)*

In performing the impairment test for current year, the Directors have engaged Access Partner Consultancy & Appraisals Limited ("**Access Partner**"), an independent firm of professional valuer in determining the recoverable amount of the mining right which is the higher of the asset's fair value less costs to sell and its value in use. Given the current development status of the mining right, the Directors have determined the fair value less costs to sell to be its recoverable amount. The recoverable amount is derived by using a discounted cash flow ("**DCF**") analysis. The DCF analysis has incorporated assumptions that a typical market participant would use in estimating the mining right's fair value.

The key assumptions used in the DCF analysis in current year include:

(i) Cash flow projection is determined for a period of 15 years up to 2029 (2014: a period of 14 years up to 2027) with the first year of production taken to be from year 2019 (2014: first year of production from year 2017) based on the senior management's current best estimated production plan.

(ii) The post-tax discount rate applied to the cash flow projection is 25.38% (2014: post-tax discount rate of 20.53%).

(iii) Coal sales prices used in the DCF in the current and prior years are determined with reference to current market information of the respective valuation dates, which show increases of approximately 11% to 31% (depends on different type of coals) when compared to that of last year.

(iv) The Directors have assumed the average increment in coal sales prices is 3% p.a. (2014: increment of 3% p.a.), which is in line with the comparable market information.

(v) The exchange rate for US Dollars to Russian Rubles with reference to the approximate spot rate as of 31 March 2015 is taken to be 1.00 US Dollar to 58.186 Rubles (31 March 2014: 1.00 US Dollar to 35.173 Rubles).

(vi) The inflation rate on operating costs is 3% p.a. (2014: 3% p.a.)

(vii) The Group is able to renew the relevant licence for the mining right upon its existing expiry date.

Apart from the changes in parameters for the major assumptions in the DCF analysis for items (i), (ii), (iii) and (v) mentioned above, other major assumptions used in the DCF analysis in current year, such as estimated production volumes, operation costs structure and relevant taxation rate, remained within more or less the same range when compared with that of last year.

The Directors are of the opinion that based on the valuation, the mining right was impaired by HK$47,900,000 (2014: HK$84,054,000) compared with its carrying value as at 31 March 2015. The impairment loss is mainly attributable to the net effects of the increase in international coal prices, the decrease of Russian Rubles to US Dollars and the increase in post-tax discount rate during the current year as compared to previous year, and the changes in parameters for the other major assumption in the DCF analysis for item (i) mentioned above do not have material impacts on the resultant impairment loss when compared with that of coal prices increase, Russian Rubles to US Dollars decrease and post-tax discount rate increase.

12. OTHER INTANGIBLE ASSETS *(Continued)*

Mining right *(Continued)*

The Directors are also of the opinion that based on the valuation above, property, plant and equipment associated with the mining right was partially impaired compared with their recoverable amounts as at 31 March 2015. Impairment loss of HK$1,451,000 (2014: HK$2,168,000) (Note 11) was recognised for property, plant and equipment associated with the mining right during the current year.

Details of the Group's mining right are as follows:—

Intangible assets	Locations	Expiry Date
Mining right		
Lapichevskaya Mine	Industrial area, Kemerovo district, Kemerovo region, 650906, Russian Federation	1 November 2017

13. EXPLORATION AND EVALUATION ASSETS

	Total
	HK$'000
Cost	
At 1 April 2013	3,712,117
Additions	12,731
Exchange realignments	(1,859)
At 31 March 2014	3,722,989
Additions	6,211
Exchange realignments	(7,100)
At 31 March 2015	**3,722,100**
Accumulated impairment losses	
At 1 April 2013	2,723,762
Impairment loss *(Note 4)*	240,944
At 31 March 2014	2,964,706
Impairment loss *(Note 4)*	198,057
Exchange realignments	(3,181)
At 31 March 2015	**3,159,582**
Net carrying value	
At 31 March 2015	**562,518**
At 31 March 2014	758,283

13. EXPLORATION AND EVALUATION ASSETS *(Continued)*

Exploration and evaluation assets are considerations paid for the acquisition of the exploration and mining rights located adjacent to the Lapichevskaya Mine (the "**New Exploration and Mining Licence**").

The Group has adopted HKFRS 6 "Exploration for and Evaluation of Mineral Resources" which requires the Group to assess if there is any indicator for impairment at each reporting date.

In performing the impairment test for current year, the Directors have engaged Access Partner to determine the recoverable amount of the exploration and evaluation asset which is the higher of the asset's fair value less costs to sell and its value in use. Given the current development status of the exploration and evaluation asset, the Directors have determined the fair value less costs to sell to be its recoverable amount. The recoverable amount is derived by using a DCF analysis. The DCF analysis has incorporated assumptions that a typical market participant would use in estimating the exploration and evaluation asset's fair value.

The key assumptions used in the DCF analysis in current year include:

(i) Cash flow projection is determined for a period of 12 years up to 2026 (2014: a period of 12 years up to 2025) with the first year of production taken to be from year 2017 (2014: first year of production from year 2016) based on the senior management's current best estimated production plan.

(ii) The post-tax discount rate applied to the cash flow projection is 25.38% (2014: 20.53%).

(iii) Coal sales prices used in the DCF in the current and prior years are determined with reference to current market information of the respective valuation dates, which show increase of approximately 1% to 31% (depends on different type of coals) when compared to that of last year.

(iv) The Directors have assumed the average increment in coal sales prices is 3% p.a. (2014: 3% p.a.), which is in line with the comparable market information.

(v) The exchange rate for US Dollars to Russian Rubles with reference to the approximate spot rate as of 31 March 2015 is taken to be 1.00 US Dollar to 58.186 Rubles (2014: 1.00 US Dollar to 35.173 Rubles).

(vi) The inflation rate on operating costs is 3% p.a. (2014: 3% p.a.).

Apart from the changes in parameters for the major assumptions in the DCF analysis for items (i), (ii), (iii) and (v) mentioned above, other major assumptions used in the DCF analysis in current year, such as estimated production volumes, operation costs structure and relevant taxation rate, remained within more or less the same range when compared with that of the last year.

13. EXPLORATION AND EVALUATION ASSETS *(Continued)*

The Directors are of the opinion that based on the valuation, the exploration and evaluation asset was impaired by HK$198,057,000 (2014: HK$240,944,000) compared with its carrying value as at 31 March 2015. The impairment loss is mainly attributable to the net effects of the increase in international coal prices, the decrease of Russian Rubles to US Dollars and the increase in post-tax discount rate during the current year as compared to previous year, and the changes in parameters for the other major assumption in the DCF analysis for item (i) mentioned above do not have material impacts on the resultant impairment loss when compared with that of coal prices increase, Russian Rubles to US Dollars decrease and post-tax discount rate increase.

Details of the Group's exploration and evaluation asset is as follows:—

Exploration and evaluation assets	**Locations**	**Expiry Date**
Lapichevskaya Mine-2	"Kemerovo district" and "Kemerovo city" municipal formations of Kemerovo region, Russian Federation	31 October 2035

14. TRADE RECEIVABLES

Trade receivables at the end of each reporting period comprise mainly amounts receivable from third parties. The amounts are repayable on demand.

For trade receivables, the Group does not have specific credit term to trade customers and no interest is charged.

	2015	2014
	HK$'000	*HK$'000*
Trade receivables	**2,113**	—
Less : Allowance for doubtful debts	**(22)**	—
	2,091	—

Included in the Group's accounts receivables are debtors (see below for aged analysis) which are past due as at the end of each reporting period for which the Group has not provided for allowance of doubtful debts because there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral or other credit enhancements over these balances nor does it have a legal right to offset against any amounts owed by the Group to the counterparty. The average age of these receivables is 30 days.

Ageing of trade receivables which are past due but not impaired were as follows:

	2015	2014
	HK$'000	*HK$'000*
Neither past due nor impaired	**2,091**	—
0 to 30 days past due	**—**	—
31 to 60 days past due	**—**	—
61 to 90 days past due	**—**	—
Over 90 days past due	**—**	—
	2,091	—

14. TRADE RECEIVABLES *(Continued)*

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the customer base being large and unrelated.

The movement in the allowance for doubtful debt on trade receivables is as follow:

	2015	2014
	HK$'000	*HK$'000*
At beginning of year	**—**	—
Impairment loss recognised during the year	**22**	—
Written-off of uncollectible amounts	**—**	—
At end of year	**22**	—

The individually impaired trade receivables relate to customers that were in financial difficulties or were in default in both interest and/or principal payments and only a portion of the receivables is expected to be recovered. The Group does not hold any collateral or other credit enhancements over these balances.

15. TRADE PAYABLES

	2015	2014
	HK$'000	*HK$'000*
Trade payables	**2,104**	—

The ageing analysis of trade payables, based on the date of receipt of goods, is as follows:

	2015	2014
	HK$'000	*HK$'000*
0 to 30 days	**853**	—
31 to 60 days	**1,251**	—
61 to 90 days	**—**	—
Over 90 days	**—**	—
	2,104	—

16. INTEREST-BEARING BORROWINGS

	2015	2014
	HK$'000	*HK$'000*
Other loan 1 *(Note 1)*	**14,500**	14,500
Other loan 2 *(Note 2)*	**1,000**	1,000
Other loan 3 *(Note 3)*	**58,890**	23,400
Other loan 4 *(Note 4)*	**—**	289
	74,390	39,189

	2015	2014
	HK$'000	*HK$'000*
Carrying amount repayable:—		
Within one year or on demand	**74,390**	39,189

Note:

1. Fixed rate loan with independent third party amounted to HK$14,500,000 (2014: HK$14,500,000) ("**Other Loan 1**"). The weighted average effective interest rate on the fixed rate loan is 10% per annum and repayable after 12 months from the date of drawdown, and the lender agreed to extend the repayment date to 19 August 2016.

2. Other loan in aggregate amount of HK$1,000,000 (2014: HK$1,000,000) was received from an independent third party ("**Other Loan 2**"). Other Loan 2 is interest-bearing at 24% per annum and repayable after 3 months from the date of drawdown. The lender had agreed to extend the repayment date to 19 August 2016.

3. During the year ended 31 March 2015, another three new loans in aggregate amount of US$3,800,000 (equivalent to approximately HK$29,640,000) were obtained from the same independent third party of Other Loan 3.

   Therefore, other loan in aggregate amount of US$7,550,000 (equivalent to approximately HK$58,890,000) (2014: US$3,000,000 (equivalent to approximately HK$23,400,000)) was received from an independent third party ("**Other Loan 3**"). Other Loan 3 is interest-bearing at 7.5% per annum and repayable after 1 year from the date of drawdown or on demand. The lender had agreed to extend the repayment date of original loans to 15 August 2016, and the new addition loans were repaid from 4 August 2015 to 15 August 2016.

4. Other loan in aggregate amount of KRW40,200,000 (equivalent to approximately HK$289,000) was received from a related company of the Group's Korea subsidiary ("**Other Loan 4**"). Other Loan 4 was interest-bearing at 5% per annum and had been fully repaid on 20 May 2014.

17. COAL TRADING DEPOSIT RECEIVED

As at 31 March 2015, coal trading deposit received represented a deposit of US$3,100,000 (equivalent to approximately HK$24,180,000) (2014: a deposit of US$3,100,000 (equivalent to approximately HK$24,180,000)) received from the then independent third party (the "**Coal Purchaser**") for future supply of coal by the Group. The Group is required to supply certain quantity of coal of Russian origin to the Coal Purchaser over a period of five years starting not later than one month from 1 November 2014. The deposit is unsecured and non-interest bearing, except interest of 5% per annum will be applied and the full amount of the deposit is refundable if the Group cannot supply coal of Russian origin to the Coal Purchaser within one month from 1 November 2014.

In prior year, the coal trading deposit received was transferred to an independent third party (the "**New Coal Deposit Holder**") on 3 March 2014.

At 23 July 2014, the New Coal Deposit Holder has agreed to extend the date of repayment of the coal trading deposit together with the related interests to 30 November 2016.

18. PURCHASE CONSIDERATION PAYABLE FOR ADDITIONAL ACQUISITION

Pursuant to the sales and purchases agreement dated 23 November 2009, Langfeld, a 90% indirectly owned subsidiary of the Company, acquired the remaining 30% equity interest in LLC "Shakhta Lapichevskaya" ("**Lapi**") held by three Russians for a consideration of US$9,490,600 (equivalent to approximately HK$74,027,000) to be satisfied by payment of cash in four stages (the "**Additional Acquisition**"). The first and second stages of payments in aggregate amount of US$4,095,300 (equivalent to approximately HK$31,943,000) were made before 31 March 2010. The remaining consideration payable on the Additional Acquisition will be settled in two stages upon the fulfilment of the certain conditions as follows: (i) an amount of US$4,095,300 (equivalent to approximately HK$31,943,000) when the Group obtain the New Exploration and Mining Licence (the "**3rd Adjusted Consideration**") and (ii) an amount of US$1,300,000 (equivalent to approximately HK$10,140,000) which is only payable as and when the Group obtains the confirmation from the relevant tax authority in Russia of the taxation liabilities of Lapi (the "**4th Adjusted Consideration**").

In prior year, the Group has recognised US$1,300,000 (equivalent to approximately HK$10,140,000) of the 4th Adjusted Consideration as purchase consideration payable for the acquisition of additional 30% equity interest in Lapi. The Group's share of the 4th Adjusted Consideration in the amount of HK$9,126,000 was debited directly to other reserve in equity. The Group settled an aggregate amount of US$873,400 (equivalent to approximately HK$6,813,000) of the 4th Adjusted Consideration, the remaining balance of the 4th Adjusted Consideration is US$426,600 (equivalent to approximately HK$3,328,000).

During the year, the Group has no further settlement on the 4th Adjusted Consideration.

19. CONVERTIBLE NOTE PAYABLES

The Group and the Company

(i) Convertible note

In prior year, the Third Convertible Note with a principal amount of US$443,070,000 (equivalents to approximately HK$3,455,946,000) was issued to Cordia in accordance with the terms of the Acquisition Agreement. As the last of certain conditions has been fulfilled on 27 March 2013, as (i) the mining license for Lot 2 of the Coal Mine was obtained by the Russian subsidiary in November 2010; and (ii) a technical report has been issued by a technical expert acceptable to the Purchaser and Vendor on 27 March 2013 confirming the proved and probable coal reserves of Lot 2 of the Coal Mine being not less than 12,000,000 tonnes. In fact, such technical report confirmed that the proved and probable coal reserves of Lot 2 of the Coal Mine were 14,910,000 tonnes.

The exercise of the derivative component embedded in the Third Convertible Note would not result in settlement by the exchange of a fixed amount of cash for a fixed number of shares of the Company. Accordingly, the embedded derivative component of the Third Convertible Note was accounted for as a financial liability. The initial fair value of the derivative component of the Third Convertible Note was determined at US$127,889 (equivalent to approximately HK$998,000) by reference to a valuation carried out by Access Partner and the liability component of the Third Convertible Note was US$280,089,133 (equivalent to approximately HK$2,184,695,000).

On 22 May 2015, the holder of the then Third Convertible Note requested to partially convert the Third Convertible Note in the principal amount of US$30,800,000 (equivalent to approximately HK$240,240,000) at the prevailing conversion price of HK$48 per share. A total of 5,005,000 conversion shares were issued and allotted to the holder on 26 May 2015.

On 17 June 2015, the unconverted Third Convertible Note in the principal amount of US$412,270,000 (equivalent to approximately HK$3,215,706,000) was transferred to a new independent third party at the request of the original Third Convertible Note holder.

(ii) Measurement of convertible note

The fair value of the derivative components of the Third Convertible Note was determined based on a professional valuation performed by Access Partner using the Hull model at the date of issue, and there was no change in the fair value of convertible note (2014: HK$998,000,000 was credited to the profit or loss). The effective interest rate of the liability component of the Third Convertible Note was 12.01%.

	At 31 March 2015	At 31 March 2014
Expected volatility	**47.97%**	45.92%
Expected life	**3.0 years**	4.0 years
Risk-free rate	**0.75%**	1.21%
Expected dividend yield	**Nil**	Nil
Bond yield	**Nil**	Nil

The expected volatility was determined by taking into account the historical ordinary share prices of the Company before the date of valuation.

19. CONVERTIBLE NOTE PAYABLES *(Continued)*

The Group and the Company *(Continued)*

(iii) Movement of the different components of the convertible note

	Convertible note		
	Liabilities component *HK$'000*	**Derivative component** *HK$'000*	**Total** *HK$'000*
At 1 April 2013	2,184,695	998	2,185,693
Imputed interest charged during the year *(Note 5)*	279,696	—	279,696
Fair value gain on convertible note *(Note 4)*	—	(998)	(998)
At 31 March 2014	2,464,391	—	2,464,391
Imputed interest charged during the year *(Note 5)*	312,753	—	312,753
31 March 2015	**2,777,144**	**—**	**2,777,144**

20. PROMISSORY NOTES PAYABLES

	2015 *HK$'000*	2014 *HK$'000*
At beginning of the year	**64,256**	58,174
Imputed interest charged *(Note 5)*	**6,718**	6,082
At the end of year and included in non-current liabilities	**70,974**	64,256

In prior years, three unsecured promissory notes in the aggregate principal amount of US$35,000,000 (equivalent to approximately HK$273,000,000) ("**Modified PN**") were issued by the Company to Cordia, an ex-shareholder of the Company, as a result of a conditional modification deed entered into between the Company and Cordia, the Modified PN was issued on 23 February 2010, and is non-interest-bearing and payable in one lump sum on maturity date of 25 May 2015. The principal amount of the Modified PN was US$35,000,000 (equivalent to approximately HK$273,000,000) and its fair value was US$20,766,000 (equivalent to approximately HK$161,973,000) as at the issue date. The fair value was determined by reference to a valuation carried out on the issue date by Vigers Appraisal and Consulting Limited. The effective interest rate of the Modified PN was determined to be 10.5% per annum.

During the year ended 31 March 2012, Cordia transferred part of the Modified PN with an aggregate principal amounts of US$9,000,000 (equivalent to approximately HK$70,200,000) to the then three independent third parties (the "**Three New PN Holders**").

The Three New PN Holders subsequently converted all the Modified PN into shares of the Company during year ended 31 March 2013.

During the year, an imputed interest of HK$6,718,000 (2014: HK$6,082,000) was charged to profit or loss. The remaining outstanding Modified PN is classified as non-current liabilities and carried on the amortised cost basis until extinguished on redemption. As at the end of the reporting period, the carrying amount of the Modified PN was HK$70,974,000 (2014: HK$64,256,000).

21. SHARE CAPITAL

	Number of shares		Nominal value	
	2015	2014	**2015**	2014
			HK$'000	*HK$'000*
Authorised:				
Ordinary shares of HK$0.2 each (2014: HK$0.2 each)	**5,000,000,000**	5,000,000,000	**1,000,000**	1,000,000
Issued and fully paid:				
At beginning and at end of year	**508,442,763**	508,442,763	**101,689**	101,689

22. RELATED PARTY TRANSACTIONS

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Save for those related party transactions disclosed elsewhere in these financial statements, details of transactions between the Group and other related parties are disclosed below.

(i) On 21 October 2009, the Company and Cordia, an ex-shareholder of the Company, entered into a new loan facilities letter which substitutes the old loan facilities letter entered into on 25 May 2009. Under the new agreement, Cordia has made available to the Company new loan facilities of up to US$72,000,000 for the purpose of financing the development of the coal mine acquired from the acquisition of the Langfeld Group and the acquisition of further equity interest in the Lapi. The new loan facilities are made available to the Company during the period from the effective date of the new loan facilities on 14 December 2009 to the date falling two years from the date the Group obtained the New Mining Licence. The new loan facilities will therefore expire in November 2012.

The amount drawn by the Group under the above loan facilities amounted to approximately HK$32,116,000 as at 31 March 2015 (2014: approximately HK$31,564,000). In a letter to the Company dated 23 July 2014, Cordia undertook not to demand payment of any of the loans to the Group before 31 August 2016. Accordingly, this amount has been classified as a non-current liability as at 31 March 2015 and 2014. The balance is unsecured and bears interest at the rate of 0%-8% per annum.

(ii) In addition to the transactions and balances disclosed elsewhere in these financial statements, the Company entered into the following transactions with its related parties during the year:

Name of Company	Relationship	Nature of transaction	2015	2014
			HK$'000	*HK$'000*
Cordia Global Limited	Related party	Interest expenses thereto	**554**	1,010
Lim Ho Sok	Ex-director	Interest expenses thereto	**628**	518
Choi Jun Ho	Ex-director	Interest expenses thereto	**—**	18
Goldwyn Management Limited	Shareholder	Interest expenses thereto	**1,368**	987

23. LITIGATIONS

During the year and up to the date of this announcement, the Group has been involved in the following legal proceedings.

(i) The Company/Its Subsidiary as the Defendant

Legal Proceedings Taken By Former Shareholders of a Russian Subsidiary

A former shareholder, Tannagashev Ilya Nikolaevich (the "**First Claimant**"), of the Group's Russian subsidiary company, LLC "Shakhta Lapichevskaya" ("**Lapi**"), submitted a claim to the Russian Court in March 2012 for his share in the final 4th stage payment amounting to US$673,400 (approximately HK$5,252,520) (the "**First Claim**") in relation to the sale and purchase of 30% equity interest in Lapi in 2009. The Russian Court in August 2012 passed a judgment in favour of the First Claimant. The Group had fully provided for the full amount of the First Claim in the financial statements for the 6 months ended 30 September 2012. By three partial payments, the Group fully settled the First Claim in November 2013, and the case was thus resolved.

In March 2013, the other two former shareholders of Lapi, namely, Demeshonok Konstantin Yur'evich (the "**Second Claimant**") and Kochkina Ludmila Dmitrievna (the "**Third Claimant**") submitted their claims to the Russian Court for their respective shares in the final 4th stage payment in relation to the sale and purchase of 30% equity interest in Lapi in 2009. The Second Claimant claimed US$288,600 (approximately HK$2,251,080) (the "**Second Claim**") and the Third Claimant claimed US$338,000 (approximately HK$2,636,400 (the "**Third Claim**"). The Group had fully provided for the full amount of both the Second Claim and the Third Claim in the financial statements for the year ended 31 March 2013.

The Group and the Second Claimant entered into an amicable agreement dated 11 July 2013 to settle the Second Claim by three instalments. In February 2014, US$100,000 (approximately HK$780,000) was paid. The Second Claimant threatened to foreclose the shareholdings in Lapi as the Group delayed in settlement of the Second Claim. As of the year end date, the outstanding amount of the Second Claim is US$188,600 (approximately HK$1,471,080), which had been fully provided for since 31 March 2013.

The Group and the Third Claimant entered into an amicable agreement dated 13 May 2013 to settle the Third Claim by three instalments. In February 2014, US$100,000 (approximately HK$780,000) was paid. The Third Claimant also threatened to foreclose the shareholdings in Lapi as the Group delayed in settlement of the Third Claim. As of the year end date, the outstanding amount of the Third Claim is US$238,000 (approximately HK$1,856,400), which had been also fully provided for since 31 March 2013.

23. LITIGATIONS *(Continued)*

(i) The Company/Its Subsidiary as the Defendant *(Continued)*

HCA 672 of 2013

As announced by the Company on 30 April 2013, Cordia Global Limited ("**Cordia**") on 23 April 2013 issued a writ of summons in the High Court of Hong Kong (HCA 672 of 2013) against certain persons (including certain shareholders of the Company) and the Company. Cordia also took out an inter partes summons to seek, inter alia, an injunction against certain persons (including certain shareholders of the Company) to restrain them from disposing their shares in the Company and/or exercising their voting rights under those shares.

On 26 April 2013 at the hearing of the inter partes summons, the High Court of Hong Kong granted an interim injunction restraining, among other things, certain shareholders of the Company from (a) disposing of or in any way dealing with, and (b) exercising voting rights of, their respective shares in the Company until further order.

As further announced by the Company on 16 August 2013, some of the defendants subsequently applied to vary the above injunction order, but such application was dismissed by the High Court of Hong Kong on 23 September 2013 (as announced by the Company on 16 October 2013). The legal action has not progressed further or gone to trial. It has been dormant since February 2014.

As further announced by the Company on 14 May 2015, parties to such action recently applied to the Court to discharge the interim injunction order. The Court approved such application on 11 May 2015, and accordingly the interim injunction order was then discharged. In other words, the 3rd defendant (Keystone Global Co., Ltd.), the 4th defendant (Master Impact Inc.), the 6th defendant (Skyline Merit Limited), the 7th defendant (Park Seung Ho), the 8th defendant (Kim Chul) and the 9th defendant (Wonang Industries Co., Ltd.) therein are no longer restrained from (a) disposing of or in any way dealing with; and (b) exercising voting rights of their respective number of shares in the Company.

The Company is sued as a nominal defendant only as the disputes concern the ownership of the shares in the Company. Preliminary assessment reveals that the legal action is unlikely to have any unfavourable outcome on the Company.

HCA 206 of 2014

As announced by the Company on 7 February 2014, Park Seung Ho as the plaintiff on 30 January 2014 issued a writ of summons in the High Court of Hong Kong (HCA 206 of 2014) against certain persons (including certain shareholders of the Company and certain the then directors of the Company) and the Company. It was alleged as a derivative action, and the complaints of it concerned, inter alia, the Company's 2008 acquisition of the Russian coal mines. The plaintiff also alleged that the Third Convertible Note was improperly issued, and made complaints of misrepresentation, fraud and some other serious accusations.

As further announced by the Company on 23 June 2014, the plaintiff filed a Notice of Discontinuance with the High Court of Hong Kong on 18 June 2014, whereby the plaintiff wholly discontinued the legal action.

23. LITIGATIONS *(Continued)*

(i) The Company/Its Subsidiary as the Defendant *(Continued)*

HCA 227 of 2014

As announced by the Company on 12 February 2014, Jeong Keun Hae as the plaintiff on 8 February 2014 issued a writ of summons in the High Court of Hong Kong (HCA 227 of 2014) against certain persons (including a certain shareholder of the Company and certain the then directors of the Company) and the Company. The complaints of it concerned, inter alia, the Company's 2008 acquisition of the Russian coal mines. The plaintiff also alleged that the Third Convertible Note was improperly issued and thus demanded the rescission, and made complaints of misrepresentation, fraud and some other serious accusations (including the technical report signed by Dr. Herman Tso).

As further announced by the Company on 23 June 2014, the plaintiff filed a Notice of Discontinuance with the High Court of Hong Kong on 18 June 2014, whereby the plaintiff wholly discontinued the legal action.

HCA 1151 of 2014

As announced by the Company on 27 June 2014, Chi Chang Hyun (also known as Charles Chi or Charles Zhi) as the plaintiff on 23 June 2014 issued a writ of summons in the High Court of Hong Kong (HCA 1151 of 2014) against certain persons (including a certain shareholder of the Company and all existing directors of the Company) and the Company. It was alleged as a derivative action. The complaints of it concerned, inter alia, the Company's 2008 acquisition of the Russian coal mines. The plaintiff also alleged that the Third Convertible Note was improperly issued and thus demanded the rescission, and made complaints of misrepresentation, fraud and some other serious accusations (including the technical report signed by Dr. Herman Tso, false drillings, etc.).

On 21 January 2015, the High Court of Hong Kong allowed the plaintiff's application to discontinue his claims against certain defendants, and on 28 January 2015, the plaintiff was allowed by the High Court of Hong Kong to amend his statement of claims accordingly.

On 6 February 2015, the High Court of Hong Kong dismissed the plaintiff's application for an injunction order to restrain the Company from taking certain actions.

On 17 March 2015, the Company's existing directors (the 1st to 6th defendants) and an ex-director of the Company (Mr. Lim Ho Sok, being the 7th defendant) took out an application to strike out the legal action.

The date for the substantial hearing on the strike out application is fixed to be heard on 26 August 2015.

23. LITIGATIONS *(Continued)*

(i) The Company/Its Subsidiary as the Defendant *(Continued)*

HCCW 282 of 2014

As announced by the Company on 16 September 2014, a document dated 1 September 2014 and purported to be a statutory demand was sent from Hyon Hi Hun (the father-in-law of Chi Chang Hyun (also known as Charles Chi or Charles Zhi)). In such document, Hyon Hi Hun alleged that he was holding an US$2,000,000 (approximately HK$15,600,000) promissory note issued by the Company and claimed a sum of US$1,857,837 (approximately HK$14,491,129) from the Company in respect of the promissory note.

As further announced by the Company on 17 October 2014, the Company received a petition (the "**Petition**") filed by Hyon Hi Hun on 10 October 2014 with the High Court of Hong Kong (HCCW 282 of 2014). Pursuant to such Petition, Hyon Hi Hun alleged that the Company was indebted to him in the sum of US$2,000,000 (approximately HK$15,600,000) in respect of a promissory note issued by the Company, and petitioned to wind up the Company.

As further announced by the Company on 30 January 2015, the Company made an application on 8 December 2014 to strike out the Petition.

As further announced by the Company on 25 March 2015, the strike out application was successfully granted, and the Company on 20 March 2015 obtained the sealed Court Order which directed that the Petition be struck out and do stand dismissed. The Company is currently seeking to recover legal costs from Hyon Hi Hun and Charles Zhi (who had acted as the contributory in the Petition).

HCA 2247 of 2014

As announced by the Company on 21 November 2014, Charles Zhi (also known as Chi Chang Hyun or Charles Chi) as the plaintiff on 5 November 2014 issued a writ of summons in the High Court of Hong Kong (HCA 2247 of 2014) against certain persons (including a certain shareholder of the Company and ex-directors of the Company) and the Company. It was alleged as a derivative action. The complaints of it concerned, inter alia, the Company's 2008 acquisition of the Russian coal mines. The plaintiff also alleged that the First Convertible Note, the Second Convertible Note and the Third Convertible Note should not be issued and thus demanded the rescission, and made complaints, inter alia, on the SRK technical report issued in 2008.

On 9 January 2015, an ex-director of the Company (Mr. Lim Ho Sok, being the 4th defendant) took out an application to strike out the legal action, and alternatively to seek security for costs from the plaintiff in the event that the High Court of Hong Kong is not prepared to strike out the legal action. The date for the substantial hearing on the strike out application has been fixed on 25 August 2015.

23. LITIGATIONS *(Continued)*

(i) The Company/Its Subsidiary as the Defendant *(Continued)*

HCA 43 of 2015

As announced by the Company on 20 January 2015, Charles Zhi (also known as Chi Chang Hyun or Charles Chi) as the plaintiff on 7 January 2015 issued a writ of summons in the High Court of Hong Kong (HCA 43 of 2015) against certain persons (including a certain shareholder of the Company, an existing director and an ex-director of the Company) and the Company. The plaintiff made rather similar allegations as that in his other legal actions in HCA 1151 of 2014 and HCA 2247 of 2015, relating, inter alia, the Company's 2008 acquisition of the Russian coal mines, the SRK technical report issued in 2008, the US$2,000,000 (approximately HK$15,600,000) promissory note as referred to in HCCW 282 of 2014, the Third Convertible Note, etc.

In May 2015, an executive director of the Company (Mr. Hong Sang Joon, being the 3rd defendant) and the Company (being the 4th defendant) jointly took out an application to strike out the legal action, and alternatively to seek security for costs from the plaintiff in the event that the High Court of Hong Kong is not prepared to strike out the legal action.

The proceedings have been on a general stay until late October 2015, pending the determination of the Court of Final Appeal judgment as to whether or not the plaintiff (Charles Zhi) is still a bankrupt. Hence, the date for the substantial hearing on the strike out application is yet to be fixed.

HCA 160 of 2015

As announced by the Company on 30 January 2015, Charles Zhi (also known as Chi Chang Hyun or Charles Chi) as the plaintiff on 19 January 2015 issued a writ of summons in the High Court of Hong Kong (HCA 160 of 2015) against certain persons (including a certain shareholder of the Company and an ex-director of the Company) and the Company. The plaintiff made rather similar allegations as that in his other legal actions in HCA 1151 of 2014, HCA 2247 of 2015 and 43 of 2015, relating, inter alia, the Company's 2008 acquisition of the Russian coal mines, the SRK technical report issued in 2008, the promissory note as referred to in HCCW 282 of 2014, the First Convertible Note, the Second Convertible Note, the Third Convertible Note, the technical report signed by Dr. Herman Tso, etc.

On 19 March 2015, the High Court of Hong Kong dismissed the plaintiff's application for orders to restrain the Company from taking certain actions.

The statements of defence have been filed and parties to the action will proceed to the next step of discovery of documents.

HCA 168 of 2015

As announced by the Company on 30 January 2015, Hyon Hi Hun (the same person making the petition in HCCW 282 of 2014, and being the father-in-law of Charles Zhi) as the plaintiff on 20 January 2015 issued a writ of summons in the High Court of Hong Kong (HCA 168 of 2015) against certain persons (including a certain shareholder of the Company and an ex-director of the Company) and the Company. The plaintiff made rather similar allegations as that in his petition in HCCW 282 of 2014, and his complaints mainly concerned, inter alia, an US$2,000,000 (approximately HK$15,600,000) promissory note issued by the Company, and some other accusations (including use of false instrument and fraud).

The statements of defence have been filed and parties to the action will proceed to the next step of discovery of documents.

23. LITIGATIONS *(Continued)*

(i) The Company/Its Subsidiary as the Defendant *(Continued)*

HCA 284 of 2015

As announced by the Company on 23 February 2015, Charles Zhi (also known as Chi Chang Hyun or Charles Chi) as the plaintiff on 5 February 2015 issued a writ of summons in the High Court of Hong Kong (HCA 284 of 2015) against certain persons (including certain shareholders of the Company, certain existing directors and an ex-director of the Company) and the Company. The complaints in the legal action concerned, inter alia, the plaintiff's own disputes with a certain ex-shareholder, certain existing shareholders and a certain alleged beneficial owner of shares of the Company, and an US$2,000,000 (approximately HK$15,600,000) promissory note issued by the Company.

The Company is working on the statement of defence and will file it in due course.

HCA 347 of 2015

As announced by the Company on 9 March 2015, Charles Zhi (also known as Chi Chang Hyun or Charles Chi) as the plaintiff on 14 February 2015 issued a writ of summons in the High Court of Hong Kong (HCA 347 of 2015) against certain persons (including certain existing directors and an ex-director of the Company) and the Company. The Company received the writ of summons on 23 February 2015. It was alleged as a derivative action, and the complaints of it concerned mainly, inter alia, the conducts and alleged conflict of interest of the Company's legal adviser.

In June 2015, executive directors of the Company (Mr. Jang Sam Ki and Mr. Hong Sang Joon, being the 3rd and 4th defendants) and an ex-director of the Company (Mr. Lim Ho Sok, being the 2nd defendant) jointly took out an application to strike out the legal action, and alternatively to seek security for costs from the plaintiff in the event that the High Court of Hong Kong is not prepared to strike out the legal action.

The date for the substantial hearing on the strike out application is expected to be fixed to 13 October 2015.

HCCW 180 of 2015

As announced by the Company on 2 June 2015, the Company received a petition made by Charles Zhi (also known as Chi Chang Hyun or Charles Chi) and filed with the Court of First Instance of the High Court of Hong Kong on 2 June 2015 to wind up the Company on just and equitable basis.

The first hearing date is fixed to 2 September 2015, and the Company is now working on the opposition of the petition.

23. LITIGATIONS *(Continued)*

(ii) The Company as the Plaintiff

Civil Proceedings Taken by the Company Against Three Former Directors of the Company

As set out in the Company's announcement dated 25 November 2008, inter alia, the Securities and Futures Commission commenced proceedings in the High Court of Hong Kong to seek a disqualification order and a compensation order against three former executive directors of the Company (namely, Cheung Keng Ching, Chou Mei and Lau Ka Man Kevin) in entering into certain transactions during the period between late 2002 and late 2005 for and on behalf of the Group. The financial impacts on the Group in relation to these transactions had already been provided for and reflected in the previous financial results of the Group and they shall have no further adverse effects on the existing financial position of the Group.

As set out in the Company's announcement dated 22 March 2010, the judgment of the High Court of Hong Kong delivered on 18 March 2010, inter alia, (i) directed the Company to commence civil proceedings against these three former executive directors of the Company to recover loss attributable to their mismanagement of the Company in entering into certain transactions for and on behalf of the Group during the period between late 2002 and late 2005; and (ii) ordered that any settlement of this civil action by the Company should be subject to the court's approval.

On 15 April 2010, the Company commenced civil proceedings against these three former executive directors to claim damages in the total sum of approximately HK$18,980,000. In pursuing the proceedings, mediation has been sought with a view to settle the matter according to the Civil Justice Reform. Senior Counsel has advised the Company to consider negotiations for a settlement for the sake of saving time and legal costs, provided that the ultimate settlement amount is desirable and acceptable. Any settlement arrangement shall be subject to approval by the court.

However, no settlement arrangement has been reached and the Company proceeds further with the action against these three former directors. All the pleadings were filed, the process of discovery completed, and witnesses statements of the parties were exchanged. A trial judge was assigned for the case on 25 March 2014. As a result of the solicitors ceasing to act for the Company from 9 February 2015, the hearing on the case management conference originally fixed on 11 February 2015 was adjourned pending an application by the Company to act in person or the Company's engagement of new solicitors.

On 27 April 2015, the Company finalized the engagement of new solicitors to act for the Company so as to further proceed with the case. The initial case management conference is fixed to 30 July 2015.

23. LITIGATIONS *(Continued)*

(ii) The Company as the Plaintiff *(Continued)*

HCMP 443 of 2015

The originating summons of this legal action was issued by the Company as the plaintiff against Charles Zhi (also known as Chi Chang Hyun or Charles Chi) as the defendant on 22 February 2015, by which the Company claims against Charles Zhi for the orders that, inter alia, (i) Charles Zhi be restrained or otherwise be prohibited from commencing or issuing any fresh claims or proceedings in any court in Hong Kong by whatever originating process without first obtaining approval from the High Court of Hong Kong; (ii) alternatively Charles Zhi be restrained or otherwise be prohibited from commencing or issuing in any court in Hong Kong any fresh claims or proceedings by whatever originating process concerning any matter involving or relating to or touching upon or leading to proceedings in relation to HCA 206 of 2014, HCA 227 of 2014, HCA 1151 of 2014, HCCW 282 of 2014, HCA 2247 of 2014, HCA 43 of 2015, HCA 160 of 2015, HCA 168 of 2015, HCA 284 of 2015, HCA 347 of 2015, and any other proceeding which Charles Zhi may commence in the interim time, without first obtaining approval from the High Court of Hong Kong; (iii) Charles Zhi be restrained or otherwise be prohibited from corresponding or in any way communicating with the Hong Kong Stock Exchange or the Securities and Futures Commission with respect to any matter involving or relating to or touching upon the Company, without first obtaining approval from the High Court of Hong Kong; and (iv) if Charles Zhi, without first obtaining approval from the High Court of Hong Kong, commences or issues a fresh claim or proceeding against the Company, that fresh claim or proceeding shall automatically be dismissed without further order of the Court or action by any other party or person.

Up to the latest file search at the High Court of Hong Kong on 5 June 2015, it appears that Charles Zhi has not filed any acknowledgment of service of proceedings and/or any affirmation in opposition before the prescribed deadlines. The date for substantive hearing is fixed to 30 September 2015.

HCB 4211 of 2015

The Company on 1 June 2015 filed with the Court of First Instance of the High Court of Hong Kong a creditor's bankruptcy petition against Charles Zhi (also known as Chi Chang Hyun or Charles Chi) for his failure of paying to the Company legal costs ordered by the Court.

The first hearing date is fixed for 29 July 2015.

24. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

(a) On 7 May 2015, the Company entered into a loan agreement with an independent lender for a principal loan amount of HK$2,400,000.

(b) On 19 May 2015, the Company entered into a loan agreement with a director who has agreed to make a loan to the Company amounting to HK$4,000,000.

(c) As announced on 14 May 2015, parties to the High Court Action HCA 672 of 2013 had succeeded in applying to the Court for the discharge of the interim order and accordingly the interim order was discharged on 11 May 2015.

(d) On 22 May 2015, the holder of the then Third Convertible Note requested to partially convert the Third Convertible Note in the principal amount of US$30,800,000 (equivalent to approximately HK$240,240,000) at the prevailing conversion price of HK$48 per share. A total of 5,005,000 conversion shares were issued and allotted to the holder on 26 May 2015.

(e) On 2 June 2015, the Company received a petition to wind up the Company. Please refer to Note 23 for details.

(f) On 17 June 2015, the unconverted Third Convertible Note in the principal amount of US$412,270,000 (equivalent to approximately HK$3,215,706,000) was transferred to a new independent third party at the request of the original Third Convertible Note holder.

EXTRACT OF THE INDEPENDENT AUDITOR'S REPORT

The auditor expresses an unqualified opinion in the independent auditor's report, but wishes to draw attention by adding the emphasis of matter paragraph as follows:

Opinion

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

Emphasis of matter

Without qualifying our opinion, we draw attention to Note 2(b) to the consolidated financial statements which indicates that the Group incurred a net loss of HK$655,114,000 for the year ended 31 March 2015 and, as of that date, the Group's current liabilities exceeded its current assets by HK$153,392,000. These conditions, along with other matters as set forth in Note 2(b) indicate the existence of material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern.

Also, we draw attention to Note 36 to the consolidated financial statements which describes the uncertainty related to the outcome of the lawsuit filed against the Group. Our opinion is not qualified in respect of this matter.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Turnover

For the year ended 31 March 2015, the Group recorded a total turnover of HK$2.2 million (2014: HK$5.9 million), representing a decrease of approximately 62.7% as compared to last corresponding year. The reduction is mainly due to keen competition in price of scrapped iron trading in the Korean market, and the Group would need to continue to respond with a prudent approach. The Group commenced the trading of steel in February 2015.

During the year under review, the Group recorded a turnover of HK$0.2 million (2014: HK$5.9 million) from scrapped iron trading and a turnover of HK$2.0 million (2014: nil) from steel trading, while no turnover was recorded from coal trading (2014: nil) and aluminium trading (2014: nil).

Other gains and losses

During the year under review, (i) the impairment loss on other intangible assets (in relation to mining rights of Lot 1 and Lot 1 Extension of the Group's Russian coal mines) decreased from HK$84.1 million to HK$47.9 million mainly due to net effects of the increase in international coal prices, the decrease of Russian Rubles to US Dollars and the increase in post-tax discount rate; and (ii) the impairment loss on exploration and evaluation assets (in relation to mining rights of Lot 2 of the Group's Russian coal mines) decreased from HK$240.9 million to HK$198.1 million also mainly due to net effects of the increase in international coal prices, the decrease of Russian Rubles to US Dollars and the increase in post-tax discount rate.

Administrative and Other Expenses

During the year under review, amortization of mining rights dropped from HK$30.7 million to HK$18.3 million. Staff costs (excluding directors' remuneration) decreased from HK$8.6 million to HK$6.7 million as further cost tightening measures took place, legal and professional fees decreased from HK$9.7 million to HK$7.1 million as the Company actively managed the progress of the legal proceedings, and exchange losses increased from HK$8.4 million to HK$40.7 million due to the dropping of Russian Rubles to US Dollars.

Finance costs

During the year under review, the increase in total finance costs from HK$290.5 million to HK$326.8 million is mainly resulted from (i) the increase in imputed interest on the Third Convertible Note to HK$312.8 million (2014: HK$279.7 million); and (ii) the increase in interest on loans from third parties to HK$4.7 million (2014: HK$1.8 million) due to increase in borrowings.

Loss Before Income Tax

For the year ended 31 March 2015, the loss before income tax of the Group was HK$655.1 million (2014: HK$684.8 million), representing a decrease of 4.3% as compared to the last corresponding year. The slight decrease in loss is mainly attributable to the combined effects of the above-mentioned factors.

The Company would like to highlight that both the substantial impairment loss of HK$47.9 million (2014: HK$84.1 million) on other intangible assets (in relation to mining rights of Lot 1 and Lot 1 Extension of the Group's Russian coal mines) and the substantial impairment loss on exploration and evaluation assets (in relation to mining rights of Lot 2 of the Group's Russian coal mines) of HK$198.1 million (2014: HK$240.9 million) were just non-cash items arising from year end valuation exercises for accounting purposes, which would not affect the cashflow position of the Group.

OPERATION REVIEW

Mineral Resources and Commodities Trading

The price competition in scrapped iron trading remained very keen. Hence, the Group diversified into steel trading business for the year under review with relatively small amount of scrapped iron trading, and did not trade coal and aluminium.

Coal Mining

The third phase of exploration drilling in Lot 2 of the Group's Russian coal mines had commenced in the first quarter of 2014. As of January 2015, a total length of approximately 6,480 metres for a total of twelve boreholes in Lot 2 was drilled under the third phase of exploration drilling. Hence, the Group completed the third phase of drilling in January 2015.

The mining license of Lot 1 of the Group's Russian coal mines was successfully extended in August 2014 from 31 December 2014 (the original expiry date) to 1 November 2017. The approval of TEO Conditions by GKZ (which is the State Committee of Reserves under the Russian Federation Ministry of National Resources) for open pit mining in Lot 2 of the Group's Russian coal mines was granted in September 2014.

Geographical

In the year under review, the Republic of Korea ("**Korea**") is the Group's sole market segment which accounted for 100% (2014: 100%) of the total revenue.

PROSPECTS

Looking forward, the year ahead will remain extremely challenging for the Group. With the resumption of trading of the shares of the Company on 24 April 2015, the Company would be in a better position to consider various fund-raising proposals and would be equipped with better bargaining powers to deal with financing institutions and lenders. The Company will keep focusing on its core businesses, i.e. (i) mineral resources and commodities trading; and (ii) coal mining.

Mineral Resources and Commodities Trading

The Group will maintain its prudent approach in mineral resources and commodities trading business, and will not stop looking for long-term strategic business partners. The Group will concentrate its efforts in steel trading which would be expected as the prime contributor to the Group's turnover in the foreseeable future.

Coal Mining

Although the Group has already fulfilled all the required depths of exploration drillings under the mining license for Lot 2, the Group may consider making voluntary additional exploration drillings in Lot 2 if needed for an enhanced understanding of geological structure and coal seams distribution. The Group also plans to make contracts for acquisition and/or lease of open pit mining equipment and submit mine design and environmental review for approval during first half of 2016.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2015, the Group had net current liabilities of HK$153.3 million (2014: HK$120.6 million). The Group's current ratio, being a ratio of current assets to current liabilities, was 6.6% (2014: 5.0%) and the Group's gearing ratio, being a ratio of total interest-bearing borrowings to total assets, was 18.89% (2014: 8.89%).

The Group generally finances its operations with internally generated cash flows, loans from directors and associates, and independent third parties and through the capital market available to listed companies in Hong Kong.

During the year under review, the Group recorded a net cash outflow of HK$41.3 million (2014: net cash outflow of HK$1.5 million), while the total cash and cash equivalents increased to HK$5.0 million (2014: HK$3.7 million) as at the end of reporting period.

The management will endeavour to further enhance the Group's financial strengths so as to tackle the net current liabilities of the Group as at 31 March 2015. Cost control measures have already been in place to monitor the day-to-day operational and administrative expenses. The management will continue to closely review the Group's financial resources in a cautious manner and explore opportunities in potential financial institutions financing and equity funding. During the year, the Company has raised several loans of a total HK$35.5 million (2014: HK$66.5 million) for the Group's daily operation and the mine construction.

EXPOSURE TO FLUCTUATION IN EXCHANGE RATES AND RELATED HEDGES

The Group's turnover, expenses, assets and liabilities are denominated in Hong Kong dollars ("**HKD**"), United States dollars ("**USD**"), Russia rubles ("**RUB**") and Korean won ("**KRW**"). The exchange rates of USD against HKD remained relatively stable during the period under review. Certain expenses of the Group are dominated in RUB and KRW which fluctuated in a relatively greater spread in the period. Therefore, shareholders should be aware that the exchange rate volatility of RUB and KRW against HKD may have favourable or adverse effects on the operating results of the Group.

Taking into consideration of the amount of revenue and expenses involved, the Group at present has no intention to hedge its exposure from foreign currency exchange rate risk involving RUB and KRW. However, the Group will constantly review exchange rate volatility and will consider using financial instruments for hedging when necessary.

LITIGATIONS

During the year and up to the date of this announcement, the Group has been involved in a number of legal proceedings. Details of the litigations are set out in Note 23 to the financial statements.

CAPITAL COMMITMENTS

As at 31 March 2015, the Group had capital commitments in respect of the exploration related contracts are HK$0.1 million (2014: HK$9.3 million) and no capital commitments in acquisition of property, plant and equipment (2014: HK$0.4 million).

PLEDGE OF ASSETS

The Group had not pledged any of its assets for bank facilities as at 31 March 2015 or 31 March 2014.

SHARE OPTION SCHEMES

The Group has adopted share option scheme whereby directors, employees and consultants of the Group may be granted options to subscribe for the new shares of the Company.

EMPLOYEES AND REMUNERATION POLICIES

As of 31 March 2015, the Group had approximately 27 (2014: 29) staff in Hong Kong, Russia and Korea. Remuneration policy is reviewed by the management periodically and is determined by reference to industry practice, company performance, and individual qualifications and performance. Remuneration packages comprised salary, commissions and bonuses based on individual performance. Share options may also be granted to eligible employees of the Group.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2015.

DIVIDENDS

The Board of Directors does not recommend the payment of a dividend in respect of the financial year ended 31 March 2015 (2014: Nil).

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 of the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). Following specific enquiry by the Company, all Directors confirmed that they have complied with the required standards as set out in the Model Code.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") consists of three independent non-executive directors ("**INEDs**") of the Company, chaired by Mr. Kwok Kim Hung Eddie and the other two members are Mr. Lai Han Zhen and Mr. Park Kun Ju. The annual results of the Group for the year ended 31 March 2015 have been reviewed by the Audit Committee.

CORPORATE GOVERNANCE

During the year ended 31 March 2015, the Company has complied with the code provisions of the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 of the Listing Rules, except for the deviation as described below:

(i) Under code provision A.6.7 of the CG Code, INEDs should attend the general meetings and develop a balanced understanding of the views of shareholders. However, two INEDs, Mr. Lai Han Zhen and Mr. Park Kun Ju were unable to attend the extraordinary general meeting of the Company held on 8 May 2014 due to other overseas commitments or other prior business engagements.

AUDITOR

The consolidated financial statements for the year ended 31 March 2015 have been audited by JH CPA Alliance Limited ("**JH CPA**") who will retire and being eligible, offer itself for re-appointment at the forthcoming annual general meeting of the Company.

SCOPE OF WORK OF JH CPA

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 March 2015 have been agreed by the Group's auditor, JH CPA, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by JH CPA in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by JH CPA on the preliminary announcement.

PUBLICATION OF THE ANNUAL RESULTS AND ANNUAL REPORT

The annual results announcement is published on the website of the Stock Exchange at http://www.hkexnews.hk and the Company's website at http://siberian.todayir.com, respectively. The annual report of the Company for the year ended 31 March 2015 will be despatched to the shareholders and will be available on websites of the Stock Exchange and the Company in due course.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to extend our utmost gratitude to our valued customers, suppliers, shareholders and business associates for their continued support for and confidence in the Group. I also wish to express our sincere appreciation to our management and employees for their endeavours and contributions over the year.

By Order of the Board
Siberian Mining Group Company Limited
Jang Sam Ki
Chairman

Hong Kong, 29 June 2015

As at the date of this announcement, the Board consists of Mr. Jang Sam Ki, Mr. Hong Sang Joon and Mr. Su Run Fa as executive directors, and Mr. Kwok Kim Hung Eddie, Mr. Lai Han Zhen and Mr. Park Kun Ju as independent non-executive directors.