中國動力
China Dynamics

China Dynamics (Holdings) Limited
中國動力(控股)有限公司

(Incorporated in Bermuda with limited liability) (Stock Code: 476)

2014 Annual Report

Contents

Corporate Information

DIRECTORS

Executive Directors
Mr. Cheung Ngan *(Chairman)*
Mr. Chan Chung Chun, Arnold
(Deputy Chairman)

Non-Executive Director
Mr. Li Shaofeng

Independent Non-Executive Directors
Mr. Chan Francis Ping Kuen
Mr. Hu Guang
Mr. Chan Chak Paul

AUDIT COMMITTEE

Mr. Chan Francis Ping Kuen
Mr. Hu Guang
Mr. Chan Chak Paul

AUDITOR

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111 Connaught Road Central
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LEGAL ADVISOR IN HONG KONG

TC & Co.
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Tai Tung Building, 8 Fleming Road
Wanchai, Hong Kong

BRANCH REGISTRAR IN HONG KONG

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STOCK CODE

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PRINCIPAL REGISTRAR

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HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

37th Floor, China Online Centre
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Wanchai, Hong Kong

COMPANY SECRETARY

Mr. Chan Chung Chun, Arnold *CPA*

PRINCIPAL BANKER

Hang Seng Bank Limited

WEBSITE

www.chinadynamics.com

I am pleased to present the annual report of China Dynamics (Holdings) Limited (formerly known as Sinocop Resources (Holdings) Limited) (the "Company") and its subsidiaries (the "Group") for the year ended 31 March 2014.

RESULTS

During the year ended 31 March 2014, the Group recorded a turnover of approximately HK$68.2 million (2013: HK$261.6 million). The decrease in turnover was mainly due to the decrease in sales volume and selling price of nickel ores during the year.

The Group has continued to concentrate its trading in nickel ores during the year. Gross profit margin decreased from 5.2% in last year to 3.2% in this current year. The decrease in gross profit margin was mainly due to the decrease in selling price of nickel ores during the year. As a result, the gross profit decreased to approximately HK$2.2 million (2013: HK$13.7 million).

The Group recorded a loss of approximately HK$41.0 million for the year as compared to a loss of HK$27.3 million in last year. Such an increase in loss was mainly due to the decrease in gross profit as discussed above and the decrease in other income and gains to approximately HK$4.2 million (2013: HK$13.4 million). Other income and gains in last year mainly comprised of the income from rendering engineering services in Chile amounting to HK$10.2 million. No such service was performed in the current period and hence other income and gains was significantly decreased.

The loss attributable to the owners of the Company was approximately HK$36.0 million (2013: HK$23.2 million). Basic and diluted loss per share for the year was HK$0.0195 per share (2013: HK$0.0168 per share).

DIVIDEND

The directors of the Company do not recommend the payment of any dividend for the year ended 31 March 2014.

BUSINESS REVIEW

Metals and minerals trading

During the year, the metals and minerals industry did not have enough momentum to drive significant rebound in demand. Hence the Group's metals and minerals trading business had inevitably been affected by the slack economy and thus the Group's turnover significantly decreased. Despite that, the Group has continued to focus on trading in minerals such as nickel ores that was less affected by the prevailing economic atmosphere. The Group believes that the current slow demand is a normal economic cycle, and is confident that the economy of the People's Republic of China (the "PRC") will continue to grow and urbanisation will keep pace, and thus a continuous demand in metals and minerals. The Group will continue to monitor and respond to the market demand, and will adjust its trading products mix from time to time.

Ores processing and trading

As discussed in previous annual reports, the Group had slowed down the progress on the development of Chile's ores processing plant in 2009 after the financial crisis in late 2008. After the financial crisis, the quantitative easing policy and European sovereign debt crisis have also largely increased the financial market volatility and hence the risk of global economic downturn. Accordingly, the Group was very cautious and has considered operational design adjustments from time to time, and as such, the project development was in a rather slow pace in the past few years.

In addition to the global economic uncertainty, water resources are also an important issue to the mining industry within the region where the Chile's subsidiary, Minera Catania Verde S.A. ("Verde"), operates. Water is a scarce resource within the region and the people relies basically on underground water in the region. Verde had acquired underground water use right during the year ended 31 March 2007 and 31 March 2010 for this reason. However, the underground water resources in the region have been suffering a severe decrease due to drastic drought weather since the end of 2011 and seriously affected the normal water supply for human consumption and agricultural activity. As such, in March 2013, Chilean Government has declared the region a zone of water scarcity by a governmental decree in order to prioritize water usage for public health. Under the decree, anyone can use the water resources to secure human health and cultivation even without water use rights, hence, it is expected that the water resources will be consumed faster and intensify the water scarcity issue. The water scarcity situation has continued in 2014, and in addition to the governmental decree in 2013 as stated above, Chile government has appointed a Presidential Delegate for water resources recently, the Delegate is for the purpose of reporting and proposing further measures to solve the water scarcity issues especially in the affected area.

The Group had obtained a legal opinion from Chilean lawyer regarding the Chilean governmental decree etc, which advised that the situation may affect Verde's possibility of sourcing water. The Company still considered that the current water scarcity situation is not a permanent situation although it is unable to predict the timing for its recovery. Having considered the above factors, and taking note of the current business objectives of the Group and resource allocation, the Group has decided to delay the further work on the construction of the ores processing facilities in Chile until 2018. The Company will continue to review the situation annually, and should the situation becomes more clear and favorable, the Company will consider to resume project development in Chile accordingly.

Mining and production of mineral products

As mentioned in previous annual reports, an agreement was entered into between the Company and the vendors in respect of a very substantial acquisition and a connected transaction of the Company on 29 March 2012 (the "Acquisition"). The transaction is to acquire a target company, South China Mining Investments Limited ("South China Mining") which is the beneficiary of a glauberite mine located in Guangxi, the PRC.

The product of the glauberite mine is thenardite which is an important raw material used in chemical and light industrial manufacturing industries. The Group expects that there will be an increasing thenardite demand in the PRC as a result of the continuing urbanisation in the PRC. The Board considers that this is the right opportunity for the Group to further invest in the development and expansion of its mining business and to increase its reserve of non-ferrous metal resources. It was expected that the acquisition will present the Group with favourable long term prospects.

The Acquisition was approved by independent shareholders at the special general meeting of the Company held on 30 October 2013 and all the conditions of the Acquisition were fulfilled and completed on 28 February 2014 (the "Completion"). The glauberite mine is currently undergoing development in accordance with its development plan. The mineral resources has not changed since its Completion, details of the resources are stated in the "Mineral resources and ore reserves" section below.

Mineral resources and ore reserves

As at 31 March 2014, the Company, through its wholly-owned subsidiary in the PRC, held a glauberite mine in Guangxi. The following table set out the mineral information of the mine as at 31 March 2014.

Wireframe	**Classification**	**Tonnes** ('000)	**Na_2SO_4** (%)	**Na_2SO_4** ('000)
North Orebody 1	Indicated	473,000	18.12	86,000
	Inferred	–	–	–
North Orebody 2	Indicated	–	–	–
	Inferred	37,000	18.92	7,000
Central Orebody 1	Indicated	581,000	16.77	98,000
	Inferred	49,000	16.76	8,000
Central Orebody 2	Indicated	43,000	14.99	6,000
	Inferred	–	–	–
East Orebody 1	Indicated	151,000	19.10	29,000
	Inferred	12,000	19.63	2,000
Sub Total	**Indicated**	**1,248,000**	**17.50**	**219,000**
	Inferred	**98,000**	**17.91**	**17,000**
Total	**Indicated + Inferred**	**1,346,000**	**17.53**	**236,000**

Notes:

(1) The effective date of the Mineral Resources is 31 May 2013. All tonnages are rounded to the nearest million tonnes to reflect the inherent level of confidence associated with the resources estimation. The Mineral Resources was estimated within constraining wireframe solids based on geological limits of the mineralised and internal waste units. Nominal cut off for defining the geological unit is 10% Na_2SO_4. The mineral resources estimate is in accordance with JORC Code with an effective date of 31 May 2013. Since no additional work has been done to add to the geological data set, nor has the resources been depleted through mining, the resources as at 31 March 2014 remain unchanged.

(2) Competent person statement:

The information in this section that relates to mineral resources is based on work done by Dr. Louis Bucci, Mr. Andrew Banks, Ms. Jessica Binoir, Ms. Kirsty Sheerin and Dr. Gavin Chan, and has been peer reviewed by Mr. Danny Kentwell. Dr. Bucci and Mr. Kentwell take overall responsibility for the resources estimate and Dr. Gavin Chan takes responsibility for the geological model. Mr. Andrew Banks and Dr. Gavin Chan are members of The Australasian Institute of Mining and Metallurgy and Dr. Louis Bucci is a Member of the Australian Institute of Geosciences. Mr. Kentwell is a Fellow of the Australasian Institute of Mining and Metallurgy. Dr. Louis Bucci, Dr. Gavin Chan and Mr. Danny Kentwell are full time employees of SRK Consulting (Australasia) Pty Ltd ("SRK") and Mr. Andrew Banks was a full time employee of SRK from June 2011 until February 2012.

All have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity they are undertaking to qualify as Competent Persons in terms of the Australasian Code for reporting of exploration results, mineral resources and ore reserves (The JORC Code, 2004), and for inclusion of such information in this section in the form and context in which it appears.

This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

Electric bus ("eBus") and electric vehicles ("EVs")

Environment, climate and energy are three interlinked factors that affect most countries' economic development as well as its sustainability, especially those countries with rapid economic development, such as the PRC. Energy demand and consumption is a key factor for economic development, but it will inevitably deteriorate air quality and intensify abnormal climate. The photochemical smog and haze in the PRC characterised the dilemma of economic development and environment deterioration. Control strategies and measures in improving air quality is pivotal to countries around the globe, and mostly through active promotion of energy-saving and low-emission industries, as well as enhancing usage of new energy products. One of the global focuses in reducing air pollution is to reduce emission from vehicles, the Group believes that electric vehicle is definitely a global trend in vehicle transportation industry and thus offering good business opportunity.

The Group, through its subsidiary, has successfully bidded a tender from the Hong Kong Productivity Council ("HKPC") in February 2014 for the design, supply and fabrication of 4 sets of Permanent Magnet Synchronised Motor System and Power Battery System for electric buses. The HKPC eBus project is expected to be completed in ten months' time. The successful bid reflects the Group's competence to meet the specific requirements set out in the tender and marks another business opportunity for the Group to commence business in the new energy industry. In view of the tremendous market potential in electric vehicles market, the Group had decided to further invest in the industry and subscribe for 51% shareholdings in Dynamic Union International Limited ("Dynamic Union") and Green Dynamic Electric Vehicle Limited ("Green Dynamic") (collectively referred to as "GDEV") during the year. Green Dynamic is a company which develops pure electric buses including the eBus project through the collaboration with HKPC. In March 2014, the Group had further entered into a call option with GDEV to acquire the remaining 49% shareholdings in GDEV, and at the same time a put option to GDEV for disposing the 49% to the Group at a consideration based on a mutually pre-determined profit generation criteria ("Option Deeds"). The Option Deeds was passed by shareholders at a special general meeting on 5 May 2014. The Board believes that the Option Deeds is beneficial to the Group in terms of being able to acquire the whole interest of eBus project which will facilitate good future development opportunity in electric buses markets.

The Group had entered into a term sheet with Rimac Automobili d.o.o ("Rimac") in March 2014 for subscribing 10% of its enlarged shareholdings ("Subscription"). Rimac is a company incorporated in the Republic of Croatia with limited liability and is principally engaged in researching, designing, developing, manufacturing, marketing and selling (i) the vehicles, powertrains and battery technology systems for use in vehicles, bikes, bicycles and other motor vehicles, and (ii) replacement parts and support equipment and related services for powertrains and battery technology systems. The Subscription has not yet been completed as at the date of this report. The Group believes that the Subscription represents a good horizontal business expansion opportunity into passenger EV markets in addition to the eBus public transport fleet markets.

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATE COMPANIES

On 20 December 2013, the Group entered into a shareholders' agreement with Environtech Resources Limited ("ERL"), pursuant to which (i) the Group sold to ERL 49% equity interest in Sinocop Environtech Energy Resources Limited ("SEER") (prior to such disposal, being a wholly-owned subsidiary of the Company) for a consideration of US$49; and (ii) ERL sold to SEER the Balanced Magnetic Pulsation ("BMP") at a consideration of HK$1,500,000. BMP is a technique developed by the founder of ERL on recycling of waste oil into usable oil through the BMP unit. Since completion of the above disposals, the Group owns 51% equity interest in SEER. However, pursuant to applicable accounting principles, by virtue of the arrangements under the relevant shareholder's agreement, the financial statements of SEER has ceased to be consolidated into the Group and instead have been accounted for as a jointly controlled entity of the Company.

Also, on the same date, SEER entered into an agreement with the founder of ERL, pursuant to which (i) SEER purchased 20% equity interest in Environtech Services Asia Limited ("ESA") at a consideration of HK$115,000; and (ii) SEER is given a call option in respect of the remaining 80% shareholding in ESA at a consideration of HK$459,000. ESA obtain the benefits of the research conducted in respect of the oil sludge subsystem, which is a technique on the treatment of oil sludge.

Both the BMP unit and the oil sludge subsystem are a technical knowhow and the businesses have still not yet been commenced as at the date of this report.

On 28 February 2014, the Group completed the acquisition of 100% of the issued share capital of South China Mining, which was satisfied by (i) the allotment and issue of 120 million consideration shares of the Company to the vendors and their nominees; and (ii) the issue of convertible notes in the principal amount of HK$2.91 billion by the Company to the vendors and their nominees. South China Mining became a wholly-owned subsidiary of the Company.

On 5 March 2014, the Group completed the acquisition of 51% equity interest in GDEV at a subscription price of HK$20 million. GDEV became a subsidiary of the Company.

On 12 March 2014, the Group had further entered into a call option with GDEV to acquire the remaining 49% shareholdings in GDEV, and at the same time a put option to GDEV for disposing the 49% to the Group at a consideration based on a mutually pre-determined profit generation criteria. The put option was passed by shareholders at a special general meeting on 5 May 2014.

Save as disclosed above, there was no material acquisition or disposal of subsidiaries and associate companies during the year.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2014, the net asset value of the Group amounted to approximately HK$3.21 billion (2013: HK$237.5 million). As at 31 March 2014, the gearing ratio of the Group was nil (2013: nil) and the equity attributable to the owners of the Company was approximately HK$3.11 billion (2013: HK$135.6 million).

The Directors have considered various ways of raising funds and consider that the placings represent an attractive opportunity to raise capital for the Company while broadening the shareholder base and capital base of the Company. During the year ended 31 March 2014, the Group has earned continuous support to raise funds by placing new shares. These additional funds serve as significant financial support for enhancing liquidity and future development. Details of the placings are summarised as below:

i) On 15 November 2013, the Company issued 132,000,000 new shares of HK$0.01 each to independent third parties at a price of HK$0.6 per share under the general mandate granted to the directors of the Company at the annual general meeting of the Company held on 30 August 2013. The net proceeds of approximately HK$76.7 million were used for the general working capital purpose and future potential investments.

ii) On 23 December 2013, the Company issued 51,050,000 new shares of HK$0.01 each to independent third parties at a price of HK$0.6 per share under the general mandate granted to the directors of the Company at the annual general meeting of the Company held on 30 August 2013. The net proceeds of approximately HK$29.6 million were used for the general working capital purpose and future potential investments.

iii) On 12 February 2014, the Company issued 89,000,000 new shares of HK$0.01 each to independent third parties at a price of HK$0.6 per share under the general mandate granted to the directors of the Company at the annual general meeting of the Company held on 30 August 2013. The net proceeds of approximately HK$51.6 million were used for the general working capital purpose and future potential investments.

iv) On 14 February 2014, the Company issued 107,350,000 new shares of HK$0.01 each to independent third parties at a price of HK$0.6 per share under the special mandate granted to the directors of the Company at the special general meeting of the Company held on 30 October 2013. The net proceeds of approximately HK$62.3 million were used for the glauberite mine project in Guangxi, the PRC.

v) On 28 February 2014, the Company issued 225,950,000 new shares of HK$0.01 each to independent third parties at a price of HK$0.6 per share under the special mandate granted to the directors of the Company at the special general meeting of the Company held on 30 October 2013. The net proceeds of approximately HK$131.3 million were used for the glauberite mine project in Guangxi, the PRC.

Subsequent to the reporting date, on 7 April 2014, the Company further issued 450,000,000 new shares at a placing price of HK$0.83, details of which are set out in the section headed "event after the reporting date" below.

As at 31 March 2014, the Group had cash and bank balances of approximately HK$276.0 million (2013: HK$40.6 million), no bank deposit (2013: HK$ nil) was pledged.

The operating cash flows of the Group are mainly denominated in HK dollars, Renminbi, US dollars and Chilean pesos. Certain bank deposits, receivables and payables of the Group are denominated in Renminbi, US dollars and Chilean pesos. Foreign exchange exposure in respect of US dollars is considered to be minimal as HK dollars is pegged to US dollars. For other currencies, the Group will closely monitor the currency exposure and, when considers appropriate, will take the necessary actions to ensure that such exposure is properly hedged.

PROSPECTS

Although the current slack economy will inevitably affect the demand of metal and minerals, nevertheless, the economy in the PRC is still expected to grow gradually within the expected course and accordingly, the directors remain cautiously optimistic about the trend of the PRC economic growth in the foreseeable future and hence the future prospects of the Group's metals and minerals trading business in the long run.

The water scarcity situation in Chile continues to affect the development of ore processing and trading business. The Group will closely monitor the situation and will take appropriate measures and action as and when necessary.

The product of the glauberite mine is thenardite which is an important raw material used in chemical and light industrial manufacturing industries. The Group expects that there will be an increasing thenardite demand in the PRC as a result of the continuing urbanisation in the PRC. The Board considers that this is the right opportunity for the Group to further invest in the development and expansion of its mining business and to increase its reserve of non-ferrous metal resources. It was expected that the acquisition will present the Group with favourable long term prospects.

Energy demand and consumption is a key factor for economic development, but it will inevitably deteriorate air quality and intensify abnormal climate. The smog and haze in the PRC signify the urgency in tackling a balance between energy consumption and economic development, as well as the importance of enhancing the usage of alternative energy such as new energy vehicles and products. Premier of the PRC, Mr. Li Keqiang, said in his speech at the recent National People's Congress in Beijing that the PRC government would "declare war" on pollution. It would focus, in part, on reducing PM2.5, the fine particles of pollutants thought to be most harmful to people's health. It is generally accepted that vehicles emission is a significant contributor to air quality deterioration, and as such, the Group believes that electric vehicle is definitely a global focus and trend in improving air pollution and enhancing economic sustainability. The directors are confident that the Group's eBus and EVs business will offer a good business opportunity and prospect.

CHARGES ON THE GROUP'S ASSETS AND CONTINGENT LIABILITIES

At 31 March 2014, there was no charge on the Group's assets and the Group did not have any significant contingent liabilities.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2014, the Group employed 46 (2013: 44) full time managerial and skilled staff principally in Hong Kong, the PRC and Chile.

The Group remunerates and provides benefits for its employees based on current industry practice. Discretionary bonus and other individual performance bonus are awarded to staff based on the financial performance of the Group and performance of individual staff. In the PRC and Chile, the Group provides staff welfare for its employees in accordance with prevailing labour legislation. In Hong Kong, the Group provides staff benefits including mandatory provident fund scheme and medical scheme. In addition, share options are granted to eligible employees in accordance with the terms of the Company's share option scheme.

EVENTS AFTER THE REPORTING DATE

On 4 March 2014, the Company entered into a placing agreement with a placing agent to place, on a best effort basis, a maximum of 450,000,000 shares to not less than six independent placees at a price range of HK$0.73 to HK$0.83 per placing share. A specific mandate to issue the placing shares have been sought from the shareholders at the special general meeting on 2 April 2014. The placing was completed on 7 April 2014 in accordance with the terms and conditions of the placing agreement at the final placing price of HK$0.83 per placing share. The net proceeds from the placing were approximately HK$362.1 million.

On 11 April 2014, the Company granted 100,000,000 share options under the Company's share option scheme adopted on 30 August 2013 to certain participants of the Group at the exercise price of HK$1.15 each for a period of ten years from the date of grant.

On 5 May 2014, a special general meeting of the Company was held and the Company's shareholders approved CE Investment Limited, which is a wholly-owned subsidiary of the Company, to enter into a put option deed with the non-controlling interests of Dynamic Union to sell the 49% equity interest of Dynamic Union at the consideration based on a mutually pre-determined profit generation criteria.

On 18 June 2014, the Company entered into a subscription agreement with a subscriber, pursuant to which the subscriber conditionally agreed to subscribe for 96,000,000 shares at a subscription price of HK$0.92 per subscription share under a general mandate. The net proceeds from the subscription were approximately HK$88.20 million. The subscription have not been completed up to the date of this report.

CONCLUSION

On behalf of the board of directors of the Company (the "Board"), I would like to thank shareholders for their continued support and I would also wish to take this opportunity to express my appreciation to my colleagues in the Board and all employees of the Group for their dedication and efforts in the past year.

By order of the Board

Cheung Ngan
Chairman

Hong Kong
23 June 2014

The directors herein present their report and the audited financial statements of the Company and the Group for the year ended 31 March 2014.

CHANGE OF COMPANY NAME

Pursuant to the special resolution passed at the special general meeting on 5 May 2014 and approved by the Registrar of Companies in Bermuda and Registrar of Companies in Hong Kong on 15 May 2014 and 26 May 2014 respectively, the name of the Company was changed from "Sinocop Resources (Holdings) Limited (中銅資源(控股)有限公司)" to "China Dynamics (Holdings) Limited (中國動力(控股)有限公司)".

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries consist of investment holding, trading of metals and mineral, development of new energy business and processing of raw ores and mineral resources.

SEGMENT INFORMATION

An analysis of the Group's performance for the year by business and geographical segments is set out in Note 6 to the financial statements.

RESULTS AND DIVIDEND

The Group's loss for the year ended 31 March 2014 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 44 to 124.

The directors do not recommend the payment of any dividend in respect of the year.

SUMMARY FINANCIAL INFORMATION

The following is a summary of the results of the Group for the last five financial reporting years and of its assets and liabilities at the respective financial reporting year end dates, as extracted from the published audited financial statements of the Group.

RESULTS

	Year ended 31 March				
	2014	2013	2012	2011	2010
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
TURNOVER	**68,233**	261,613	144,226	312,408	389,755
LOSS BEFORE INCOME TAX	**(41,013)**	(27,281)	(25,909)	(52,890)	(32,362)
Income tax credit	**–**	–	564	–	–
LOSS FOR THE YEAR	**(41,013)**	(27,281)	(25,345)	(52,890)	(32,362)
ATTRIBUTABLE TO:					
Owners of the Company	**(35,986)**	(23,209)	(21,289)	(43,077)	(25,187)
Non-controlling interests	**(5,027)**	(4,072)	(4,056)	(9,813)	(7,175)
	(41,013)	(27,281)	(25,345)	(52,890)	(32,362)

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	As at 31 March				
	2014	2013	2012	2011	2010
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
TOTAL ASSETS	**3,353,674**	293,507	262,331	289,340	269,094
TOTAL LIABILITIES	**(141,313)**	(56,054)	(5,227)	(6,157)	(8,503)
NON-CONTROLLING INTERESTS	**(104,578)**	(101,883)	(104,479)	(109,827)	(112,601)
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	**3,107,783**	135,570	152,625	173,356	147,990

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Company and of the Group are set out in Note 16 to the financial statements.

SUBSIDIARIES AND ASSOCIATES

Particulars of the Company's principal subsidiaries and associates are set out in Notes 18 and 19 to the financial statements, respectively.

SHARE CAPITAL

Details of movements in the Company's share capital during the year, together with the reasons thereof, are set out in Note 28 to the financial statements.

SHARE OPTIONS

During the year, 1,000,000 ordinary shares (2013: no ordinary shares) of HK$0.01 each were issued in relation to the share options exercised by employees under the share option scheme of the Company at an exercise price of HK$0.46 per share.

Details of movements in the Company's share options during the year are set out in Note 29 to the financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the bye-laws of the Company 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 Company during the year are set out in Note 30 to the financial statements. Details of movements in the reserves of the Group during the year are presented in the consolidated statement of changes in equity on page 47.

DISTRIBUTABLE RESERVES

At the end of the reporting period, the Company had no accumulated profits available for distribution. Under the Companies Act 1981 of Bermuda (as amended from time to time), the contributed surplus of the Company in the amount of HK$87,109,000 as at 31 March 2014 (2013: HK$87,109,000) is distributable to shareholders in certain circumstances, prescribed by Section 54 thereof, which the Company is currently unable to satisfy.

MAJOR CUSTOMERS AND SUPPLIERS

The information in respect of the Group's sales and purchases attributable to the major customers and suppliers respectively during the financial year is as follows:

	Percentage of the Group's total
Sales	
– The largest customer	58.9%
– Five largest customers combined	100%
Purchases	
– The largest supplier	67.8%
– Five largest suppliers combined	100%

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

DIRECTORS

The directors of the Company during the year were:

Executive directors

Mr. Cheung Ngan *(Chairman)*
Mr. Chan Chung Chun, Arnold *(Deputy Chairman)*
Mr. Zhau Chong Dei (resigned on 19 May 2014)
Mr. Lee Ming Zang (resigned on 9 June 2014)

Non-executive director

Mr. Li Shaofeng

Independent non-executive directors
Mr. Chan Francis Ping Kuen
Mr. Hu Guang
Mr. Chan Chak Paul

Mr. Cheung Ngan, Mr. Chan Chung Chun and Mr. Chan Chak Paul shall retire from the Board in accordance with the Company's bye-laws, and being eligible, shall offer themselves for re-election as directors of the Company at the forthcoming annual general meeting.

REMUNERATION OF DIRECTORS AND OF THE FIVE HIGHEST PAID INDIVIDUALS

Details of the directors' remuneration and that of the five highest paid individuals in the Group are set out in Notes 9 and 10 to the financial statements, respectively.

DIRECTORS' SERVICE CONTRACTS

None of the directors 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.

SHARE OPTION SCHEME

The Company's share option scheme (the "Old Scheme"), was adopted by an ordinary resolution of the shareholders at the special general meeting of the Company on 5 January 2004. A new share option scheme (the "New Scheme") was adopted by an ordinary resolution of the shareholders at annual general meeting of the Company on 30 August 2013 (the "New Adoption Date"). The Old Scheme and the New Scheme constitute a share option scheme governed by Chapter 17 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The New Scheme will remain in force for 10 years from the New Adoption Date. As a result of the adoption of the New Scheme on 30 August 2013, the Old Scheme was terminated.

Pursuant to the New Scheme, the Board is empowered, at its discretion, to invite any participant, including any executive directors, non-executive directors and employees etc of the Company or any of its subsidiaries or associates, to take up options to subscribe for shares in the Company. Details of the New Scheme are set out in Note 29 to the financial statements.

During the year ended 31 March 2014, no options were granted under the New Scheme. On 11 April 2014, 100,000,000 share options were granted to the participants under the New Scheme.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

Movements of the outstanding share options to the directors as at 31 March 2014 were as follows:

			Number of share options		
Name of Director	Date of grant	Exercise Price (HK$)	At 1 April 2013	Granted/ Exercised/ Lapsed	At 31 March 2014
Mr. Cheung Ngan	16 December 2009	0.46	1,200,000	–	1,200,000
Mr. Chan Chung Chun, Arnold	16 December 2009	0.46	12,000,000	–	12,000,000
Mr. Li Shaofeng	16 December 2009	0.46	12,000,000	–	12,000,000
Mr. Chan Francis Ping Kuen	16 December 2009	0.46	1,200,000	–	1,200,000
Mr. Hu Guang	16 December 2009	0.46	1,200,000	–	1,200,000

Save as disclosed above, at no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable the Company's directors, their respective spouse, or children under 18 years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

CONNECTED TRANSACTIONS

Details of the connected transactions undertaken by the Group during the years ended 31 March 2014 and 2013 are set out in Note 35 to the financial statements.

CONTINUING CONNECTED TRANSACTIONS

On 16 October 2007, Minera Catania Verde S.A., a subsidiary of the Company, entered into a master agreement (the "Master Agreement") with CAH Reserve S.A., a company in which the chairman and the substantial shareholder of the Company, Mr. Cheung Ngan, and the deputy chairman of the Company, Mr. Chan Chung Chun, Arnold, jointly and indirectly own 44% interests. The transactions contemplated under the Master Agreement constitute continuing connected transactions under Chapter 14A of the Listing Rules. Details of the Master Agreement are set out in Note 35(b) to the financial statements.

The independent non-executive directors of the Company noted that no transaction was entered into under the Master Agreement during the year.

The auditors of the Company have confirmed that no transaction was entered into under the Master Agreement during the year.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 March 2014, the interests and short positions of the directors in the shares and underlying shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) which had been notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 & 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to the Company and the Stock Exchange were as follows:

		Number of shares or underlying shares		Approximate percentage of shareholding in the Company/ associated company
Name of Director	**Capacity/ Nature of interest**	**Long position**	**Short position**	
Mr. Cheung Ngan	Beneficial owner & interest of controlled corporation	3,112,432,469 (Note 1)	–	140.79%
	Interest of controlled corporation	1,000 (Note 2)	–	20%
Mr. Chan Chung Chun, Arnold	Beneficial owner & interest of controlled corporation	2,812,000,000 (Note 3)	–	127.20%
	Interest of controlled corporation	1,000 (Note 4)	–	20%

Name of Director	Capacity/ Nature of interest	Number of shares or underlying shares Long position	Number of shares or underlying shares Short position	Approximate percentage of shareholding in the Company/ associated company
Mr. Li Shaofeng	Beneficial owner	12,000,000 (Note 5)	–	0.54%
Mr. Chan Francis Ping Kuen	Beneficial owner	1,200,000 (Note 5)	–	0.054%
Mr. Hu Guang	Beneficial owner	1,200,000 (Note 5)	–	0.054%

Note:

1) The 3,112,432,469 shares include:

   a. the underlying shares of 1,200,000 from the share options granted, details of which are set out in the section headed "directors' rights to acquire shares" above; and

   b. the shares of 84,000,000 and underlying shares of 2,716,000,000 from the conversion of convertible notes with principal amount of HK$2,037,000,000 held by Sino PowerHouse Corporation, which was beneficially owned as to 51% by Mr. Cheung Ngan and as to 49% by Mr. Chan Chung Chun, Arnold.

2) The 1,000 shares represent the indirect interest in Tong Guan La Plata Company Limited ("TGLP"), which is 60% indirectly held by the Company and hence is an associated corporation. The 20% beneficial interest in TGLP is held by Catania Copper (Chile) Limited. Catania Copper (Chile) Limited is 40% held by Great Base Holdings Limited and 60% held by Catania Mining Limited. Catania Mining Limited is 55% held by CM Universal Corporation. Mr. Cheung Ngan held 50% interest in Great Base Holdings Limited and 51% interest in CM Universal Corporation.

3) The 2,812,000,000 shares include the underlying shares of 12,000,000 from the share options granted, details of which are set out in the section headed "directors' rights to acquire shares" above and the shares of 84,000,000 and underlying shares of 2,716,000,000 as set out in Note 1b of this section.

4) The 1,000 shares represent the indirect interest in TGLP, which is 60% indirectly held by the Company and hence is an associated corporation. The 20% beneficial interest in TGLP is held by Catania Copper (Chile) Limited. Catania Copper (Chile) Limited is 40% held by Great Base Holdings Limited and 60% held by Catania Mining Limited. Catania Mining Limited is 55% held by CM Universal Corporation. Mr. Chan Chung Chun, Arnold held 50% interest in Great Base Holdings Limited and 49% interest in CM Universal Corporation.

5) Being options to acquire ordinary shares of the Company, and further details of which are set out in the section headed "directors' rights to acquire shares" above.

Save as disclosed above, as at 31 March 2014, none of the directors of the Company have interest or short positions in the shares and underlying shares or other securities of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 & 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange.

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in the sections above with heading "Connected Transactions" and "Continuing Connected Transactions" set out on page 19 of this report, no director, whether directly or indirectly, had a material beneficial interest 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.

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

As at 31 March 2014, the following shareholders had registered an interest or short position in the shares or underlying shares of 5% or more of the issued share capital of the Company in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Name of substantial shareholder	Capacity/ Nature of interest	Number of shares or underlying shares Long position	Short position	Approximate percentage of shareholding in the Company
Mr. Cheung Ngan	Beneficial owner & interest of controlled corporation	3,112,432,469 (Note 1)	–	140.79%
Mr. Chan Chung Chun, Arnold	Beneficial owner & interest of controlled corporation	2,812,000,000 (Note 2)	–	127.20%

Name of substantial shareholder	Capacity/ Nature of interest	Number of shares or underlying shares Long position	Short position	Approximate percentage of shareholding in the Company
Sino PowerHouse Corporation	Beneficial owner	2,800,000,000 (Note 3)	–	126.65%
Mr. Zhou Jin Kai	Beneficial owner	1,075,000,000 (Note 4)	–	48.63%

Note:

1) The 3,112,432,469 shares include:

   a. the underlying shares of 1,200,000 from the share options granted, details of which are set out in the section headed "directors' rights to acquire shares" above; and

   b. the shares of 84,000,000 and underlying shares of 2,716,000,000 from the conversion of convertible notes with principal amount of HK$2,037,000,000 held by Sino PowerHouse Corporation, which was beneficially owned as to 51% by Mr. Cheung Ngan and as to 49% by Mr. Chan Chung Chun, Arnold.

2) The 2,812,000,000 shares include the underlying shares of 12,000,000 from the share options granted, details of which are set out in the section headed "directors' rights to acquire shares" above and the shares of 84,000,000 and underlying shares of 2,716,000,000 as set out in Note 1b of this section.

3) The shares of 84,000,000 and underlying shares of 2,716,000,000 from the conversion of convertible notes with principal amount of HK$2,037,000,000 held by Sino PowerHouse Corporation.

4) The shares of 36,000,000 and underlying shares of 1,039,000,000 from the conversion of convertible notes with principal amount of HK$779,250,000.

BIOGRAPHICAL DETAILS IN RESPECT OF DIRECTORS

Name	Age	Position held	Number of years of service	Business experience
Mr. Cheung Ngan	57	Chairman, Executive Director	16	Joined the Group in March 1998 and is responsible for the development of corporate strategies, corporate planning, marketing and management functions of the Group. He has over 29 years' working experience in corporate management and investments in the PRC.
Mr. Chan Chung Chun, Arnold	54	Deputy Chairman, Executive Director	19	Joined the Group in April 1995 and is responsible for general corporate investment and the financial advisory functions of the Group. He has extensive working experience in accountancy and commercial fields. Mr. Chan is also the independent non-executive director of Shougang Concord Century Holdings Limited ("Shougang Century") since October 2007, Global Digital Creations Holdings Limited ("Global Digital") since June 2012 and Shougang Fushan Resources Group Limited ("Shougang Fushan") since July 2012.

Name	Age	Position held	Number of years of service	Business experience
Mr. Zhau Chong Dei (resigned on 19 May 2014)	47	Executive Director	2	Mr. Zhau graduated from Lianyungang Chemical Mining College major in exploration geology in 1988. He was a registered senior engineer in the PRC and has been working for various exploration projects. He specialized and was in charge in the complete cycle of glauberite exploration from designing exploration program to on-site program execution and management, raw data testing and performing relevant analysis, and then finally preparation of resources report for governmental approval.
Mr. Lee Ming Zang (resigned on 9 June 2014)	59	Executive Director	2	Mr. Lee graduated from Chongqing University major in exploitation engineering in 1981. He was a registered senior engineer in the PRC. Mr. Lee specialized and was in charge in the complete cycle of exploitation for glauberite from designing of mining program to construction of mining tunnel and shaft tunnel, exploitation of mine-room for solution leaching, building of ventilation shaft, and installation of solution piping circuit inside the underground mine.

Name	Age	Position held	Number of years of service	Business experience
Mr. Li Shaofeng	47	Non-Executive Director	7	Appointed as non-executive director of the Company in October 2007. Mr. Li holds a Bachelor's Degree in automation from the University of Science and Technology Beijing. Mr. Li is currently an executive director and the managing director of Shougang Concord International Enterprises Company Limited. He joined Shougang Corporation in 1989 and is the vice chairman and managing director of Shougang Holding (Hong Kong) Limited and a director of each of Grand Invest International Limited and China Gate Investments Limited. Mr. Li is the chairman of each of Shougang Fushan, Shougang Concord Grand (Group) Limited, Global Digital and Shougang Century, the non-executive chairman of Shougang Concord Technology Holdings Limited, and an executive director of BeijingWest International. Mr. Li is a non-executive director of Mount Gibson Iron Limited, a company listed on the Australian Securities Exchange, and was an alternate director to an ex-director of Mount Gibson from November 2011 to February 2012. Mr. Li has extensive experience in management of, and investments in, listed companies, sino-foreign joint ventures and steel industry.

Name	Age	Position held	Number of years of service	Business experience
Mr. Chan Francis Ping Kuen	55	Independent Non-Executive Director	9	Appointed as independent non-executive director of the Company in September 2004. Mr. Chan holds a Bachelor's Degree in economics from the University of Sydney in Australia. He is an associate member of The Institute of Chartered Accountants in Australia and also an associate member of the Hong Kong Institute of Certified Public Accountants. Mr. Chan has over 20 years of experience in auditing, accounting and financial management and previously worked for an international accounting firm and a number of companies listed in Hong Kong and the United States. Mr. Chan is currently the executive director and deputy chairman of Rising Power Group Holdings Limited and an independent non-executive director of Earnest Investments Holdings Limited.
Mr. Hu Guang	47	Independent Non-Executive Director	9	Appointed as independent non-executive director of the Company in September 2004. Mr. Hu holds a Master's Degree of Business Administration from Tianjin University in the PRC. Mr. Hu has nearly 20 years' experience in investment, finance and property development in the PRC.

Name	Age	Position held	Number of years of service	Business experience
Mr. Chan Chak Paul	53	Independent Non-Executive Director	9	Appointed as independent non-executive director of the Company in February 2005. Mr. Chan has extensive experience in trading industries and PRC investment. Mr. Chan used to hold several senior management positions and directorship in both foreign and local companies, and listed company of the Stock Exchange. Mr. Chan is currently the executive director and chairman of Earnest Investments Holdings Limited.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

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

PUBLIC FLOAT

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

AUDITOR

The financial statements have been audited by BDO Limited who will retire and, being eligible, offer themselves for re-appointment. A resolution will be proposed at the forthcoming annual general meeting to re-appoint BDO Limited as the Company's auditor.

ON BEHALF OF THE BOARD

Cheung Ngan
Chairman

Hong Kong
23 June 2014

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions set out in the Corporate Governance Code (the "Code") as set out in Appendix 14 of the Listing Rules. The Company has applied the principles in the Code and complied with the code provisions set out in the Code for the year ended 31 March 2014 except that the roles of chairman and chief executive officer are not separated and are performed by the same individual as the Board considered that non-segregation would not result in considerable concentration of power.

CODE OF CONDUCT ON DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 of the Listing Rules as the code of conduct regarding directors' securities transactions.

Specific enquiry has been made of all the directors of the Company who have confirmed in writing their compliance with the required standards set out in the Model Code during the year ended 31 March 2014.

THE BOARD

The Board is responsible for the leadership and control of the Company and overseeing the Group's business, strategic decisions and financial performances. The Board delegates to the management team the day-to-day management of the Company's business including the preparation of annual and interim reports, and for implementation of internal control, business strategies and plans developed by the Board.

Composition of the Board

The Board is currently comprised of two executive directors, one non-executive director and three independent non-executive directors. The Directors who served the Board during the year ended 31 March 2014 and up to the date of this annual report are as follows:

Executive directors

Mr. Cheung Ngan	*(Chairman)*
Mr. Chan Chung Chun, Arnold	*(Deputy Chairman)*
Mr. Zhau Chong Dei	(resigned on 19 May 2014)
Mr. Lee Ming Zang	(resigned on 9 June 2014)

Non-executive director

Mr. Li Shaofeng

Independent non-executive directors

Mr. Chan Francis Ping Kuen
Mr. Hu Guang
Mr. Chan Chak Paul

Each of the Directors' respective biographical details are set out in the "Biographical details in respect of directors" section of this annual report. The Board believes that its composition is well balanced with each Director having sound knowledge, skills, diversity of perspectives, and experience and/or expertise relevant to the business of the Group.

The Company had arranged appropriate insurance cover for all directors.

Independent Non-executive Directors

More than one-third of the Board is independent non-executive directors and one of them has appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.10(2) of the Listing Rules. Each of the independent non-executive directors has made an annual confirmation of independence, and the Company considers that all of the independent non-executive directors are independent in accordance with the guidelines as set out in Rule 3.13 of the Listing Rules.

Directors' continuous training and development

The Directors acknowledge the importance of keeping abreast of the business activities and development of the Company, updating their professional development, and refreshing their knowledge and skills. Through regular board meetings, all Directors are kept abreast of the conduct, business activities and development of the Company. The Company encourages the Directors to participate in continuous professional development to develop and refresh their knowledge and skills to ensure their contribution to the Board remains informed and relevant. As such, all Directors had attended seminars or read relevant training development materials on legal and regulatory subjects relevant to the Company's business or to the Directors' duties and responsibilities. A record of the training received by the respective Directors is provided to the Company.

Chairman and Chief Executive Officer

The roles of chairman and chief executive officer of the Company have been performed by Mr. Cheung Ngan. The Board considers that the non-segregation does not result in considerable concentration of power in one person and has the advantage of a strong and consistent leadership which is conducive to making and implementing decisions quickly and consistently. The Board will review the effectiveness of this arrangement from time to time and will consider appointing an individual as chief executive officer when it thinks appropriate.

The chairman receives significant support from the directors. The chairman of the Company, Mr. Cheung Ngan, is primarily responsible for the leadership of the Board, ensuring that all significant policy issues are discussed by the Board in a timely and constructive manner; and the Directors receive accurate, timely and clear information. The Board, led by the chairman, sets the overall direction, strategy and policies of the Company. The chairman provides leadership for the Board to ensure that it works effectively, performs its responsibilities and acts in the best interests of the Company. He is also responsible for overseeing effective functioning of the Board and application of good corporate governance practices and procedures. The chairman seeks to ensure that all directors are properly briefed on issues arising at board meetings. He also encourages the directors to make full and active contributions to the Board's affairs, to voice their concerns or different views and ensure that the decisions fairly reflect the consensus.

Appointment and re-election of Directors

The Company follows a formal and considered procedure for the appointment of new directors. The nomination committee identifies suitably qualified individuals to the Board and makes recommendations on proposed appointments to complement the Company's corporate strategy. The Board shall select and appoint the candidates for directorships of the Company based on their appropriate experiences, personal skills and time commitments. Any director newly appointed shall hold office only until the next following general meeting after his appointment and be subject to re-election at such meeting.

All independent non-executive directors and non-executive director of the Company were appointed for a specific term, but subject to the relevant provisions of the Bye-Laws of the Company, or any other applicable laws whereby the Directors shall vacate or retire from their office. The independent non-executive directors and non-executive director have entered into letters of engagement with the Company for a term of not more than two years.

According to the Bye-Laws of the Company, at each annual general meeting of the Company ("AGM"), one-third of the Directors for the time being shall retire from office by rotation. Every Director shall be subject to retirement by rotation at least once every three years.

BOARD MEETINGS AND ATTENDANCE

At least four board meetings were scheduled to be held a year to discuss and formulate the overall strategy as well as the operational and financial performance of the Group. The board and committee meeting minutes reflect the matters considered and decisions reached in appropriate details. All minutes are kept by the company secretary and available to all Directors for inspection.

The attendance of the directors at the Board meetings and general meetings for the year ended 31 March 2014 is as follows:

Name of Directors	Number of attendance/ Number of Board meetings held	Number of attendance/ Number of general meetings held
Executive directors		
Mr. Cheung Ngan *(Chairman)*	17/17	2/2
Mr. Chan Chung Chun, Arnold *(Deputy Chairman)*	17/17	2/2
Mr. Zhau Chong Dei (resigned on 19 May 2014)	17/17	0/2
Mr. Lee Ming Zang (resigned on 9 June 2014)	17/17	0/2
Non-executive director		
Mr. Li Shaofeng	17/17	1/2
Independent non-executive directors		
Mr. Chan Francis Ping Kuen	17/17	2/2
Mr. Hu Guang	17/17	0/2
Mr. Chan Chak Paul	17/17	1/2

BOARD COMMITTEE

The Board has established three committees with clearly-defined written terms of reference. The independent views and recommendations of the three committees ensure proper control of the Group and the continual achievement of the high standard of corporate governance practices.

Remuneration Committee

The Remuneration Committee is currently composed of two independent non-executive directors and one executive director, being Mr. Chan Chak Paul, Mr. Chan Francis Ping Kuen and Mr. Cheung Ngan respectively. The Remuneration Committee plays an advisory role to the Board and has every right to access to professional advice relating to remuneration proposal if considered necessary. The final authority to approve any remuneration package is retained by the Board. The full terms of reference setting out the authority of the Remuneration Committee are available on the Company's and the Stock Exchange websites.

The Remuneration Committee meets at least once a year and will meet as and when necessary or when requested by a Committee member. The attendance of the members of the Remuneration Committee during the year ended 31 March 2014 is as follows:

Name of Directors	**Number of attendance**
Mr. Chan Chak Paul *(Chairman)*	2/2
Mr. Chan Francis Ping Kuen	2/2
Mr. Cheung Ngan	2/2

The brief duties of the Remuneration Committee as per the terms of reference are as follows:

i) to formulate remuneration policy for the approval of the Board by taking into consideration of individual performance and the prevailing market comparable;

ii) to make recommendations to the Board on the Company's policy and structure for the remuneration of the directors and senior management;

iii) to have the delegated responsibilities to determine the specific remunerations package of individual executive directors and senior management; and

iv) to review and approve compensation payable to executive directors and senior management in connection with any loss or termination of their office or compensation arrangement relating to dismissal or removal of directors.

The summary of work of the Remuneration Committee during the year ended 31 March 2014 includes:

i) reviewed the policy for the remuneration of directors and senior management with reference to the Board's corporate goals and objectives; and

ii) made recommendations to the Board as to the remuneration packages of directors and senior management.

Details of the directors' remuneration are set out in Notes 9 to the financial statements.

Audit Committee

The Audit Committee is currently composed of three independent non-executive directors, Mr. Chan Francis Ping Kuen, Mr. Chan Chak Paul and Mr. Hu Guang. The Audit Committee is responsible for providing an independent review of the effectiveness of the financial reporting process, internal control and risk management system of the Group, and overseeing the audit process. The Audit Committee also communicate among directors, the external auditors, and the management as regards financial reporting, internal control and the auditing. The full terms of reference setting out the authority of the Audit Committee are available on the Company's and the Stock Exchange websites.

The Audit Committee meets at least twice a year and will meet as and when necessary or when requested by a Committee member or the external auditors. The attendance of the members of the Audit Committee during the year ended 31 March 2014 is as follows:

Name of Directors	**Number of attendance**
Mr. Chan Francis Ping Kuen *(Chairman)*	2/2
Mr. Chan Chak Paul	2/2
Mr. Hu Guang	2/2

The brief duties of the Audit Committee as per the terms of reference are as follows:

i) to monitor integrity of the Company's financial statements and reports;

ii) to discuss with external auditor any matters arising from the audit of the Company's financial statements;

iii) to review financial controls, internal controls, and risk management system; and

iv) to review the Company's financial and accounting policies and practices.

The summary of work of the Audit Committee during the year ended 31 March 2014 includes:

i) reviewed the interim report for the six months ended 30 September 2013 and the related results announcements;

ii) reviewed the annual financial statements for the year ended 31 March 2014 and the related results announcements;

iii) reviewed the Group's internal control system and discussed the relevant issues including financial, operational and compliance controls and risk management functions;

iv) reviewed the policies and practices on the Company's corporate governance, including respective policies and practices, and disclosures in this Corporate Governance Report; and

v) reviewed the remuneration and terms of engagement of the Company's external auditor.

Nomination Committee

The Nomination Committee is currently composed of two independent non-executive directors and one executive director, being Mr. Chan Francis Ping Kuen, Mr. Chan Chak Paul and Mr. Cheung Ngan respectively. It considers matters regarding the nomination and appointment or re-appointment of Directors. The Nomination Committee has the right to access to independent professional advice if considered necessary. The full terms of reference setting out the authority of the Nomination Committee are available on the Company's and the Stock Exchange websites.

The Nomination Committee meets at least once a year and will meet as and when necessary or when requested by a Committee member. The attendance of the members of the Nomination Committee during the year ended 31 March 2014 is as follows:

Name of Directors	**Number of attendance**
Mr. Chan Francis Ping Kuen *(Chairman)*	1/1
Mr. Chan Chak Paul	1/1
Mr. Cheung Ngan	1/1

The brief duties of the Nomination Committee as per the terms of reference are as follows:

i) to review the structure, size and diversity (including but not without limitation, gender, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of services) of the Board at least annually and make recommendations;

ii) to identify individuals suitably qualified to become board members and to receive nomination from shareholders or directors, and make recommendation on the selection of individuals nominated for directorship;

iii) to assess the independence of the independent non-executive directors in accordance with the Listing Rules and the Code; and

iv) to make recommendations to the board on the appointment or re-appointment of directors and succession planning for directors.

The summary of work of the Nomination Committee during the year ended 31 March 2014 includes:

i) reviewed the structure, size and diversity (including but not without limitation, gender, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of services) of the Board;

ii) reviewed the retirement of directors by rotation and the re-appointment of the retiring directors at the 2013 AGM;

iii) reviewed the re-appointment of directors during the year; and

iv) assessed the independence of the independent non-executive directors.

DIRECTORS' RESPONSIBILITY FOR FINANCIAL STATEMENTS AND CORPORATE GOVERNANCE

The directors acknowledge their responsibility for preparation of financial statements for each financial period which give a true and fair view of the state of affairs of the Company and of the Group and of the results and cash flows for that period, as well as their responsibility for performing the corporate governance function. The directors ensure that the financial statements for the year ended 31 March 2014 were prepared in accordance with statutory requirements and applicable accounting standards, and have been prepared on the going concern basis.

AUDITOR'S RESPONSIBILITIES AND REMUNERATION

The statement of the Company's auditor BDO Limited regarding their report responsibilities is set out in the Independent Auditor's Report on pages 42 and 43 of this report. For the year ended 31 March 2014, the remuneration paid/payable to BDO Limited in respect of their audit and non-audit services were as follows:

Services rendered	**Fee paid/payable HK$'000**
Audit services	1,205
Non-audit services	1,078
Total	2,283

The non-audit services are in connection with the acquisition of South China Mining Investments Limited by the Group.

COMPANY SECRETARY

The Company Secretary, Mr. Chan Chung Chun, Arnold, plays an important role in supporting the Board by ensuring efficient and effective information flow within the Board and that the Board's policy and procedures are followed. The Company Secretary has day-to-day knowledge of the Company's affairs. The Company Secretary is also responsible for ensuring the procedures of the Board meetings are observed and providing the Board opinions on matters in relation to the compliance with the procedures of the Board meetings.

The biographical details of the Company Secretary are set out under the section headed "Biographical details in respect of directors" of this annual report. During the year ended 31 March 2014, the Company Secretary had undertaken not less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board reviews the internal control system and risk management policy of the Company annually. The Board will take any necessary and appropriate action to maintain an adequate internal control system to safeguard shareholders' investments and the Company's assets, to maintain proper accounting records and to ensure the reliability of financial information used for business operations and publication. Qualified management of the Group maintains and monitors the internal control systems on an ongoing basis.

During the year, the Audit Committee reviewed the effectiveness of the Company's internal control and risk management procedures and was satisfied that the Company's internal control processes are adequate to meet the needs of the Company in its current business environment.

GREEN POLICIES

The Company implements paper recycling policy for papers at head offices in Hong Kong. Staffs are also encouraged to practice energy saving habits, such as switch off the office equipment when not in use and using internal communication in the form of direct electronic mail or other electronic device.

The Company is targeting to reduce the usage of energy and resources and review the usage annually.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Board recognises the importance of maintaining clear, timely and effective communication with shareholders of the Company and investors. The Board also recognises that effective communication with investors is the key to establish investor confidence and to attract new investors. Information would be communicated to shareholders and investors mainly through the Company's corporate communications including interim and annual reports, announcements, circulars and monthly return of the Company on movements in securities etc. These publications are sent to the shareholders in a timely manner and are also available on the website of the Company. Corporate communications issued by the Company have been provided to the shareholders in both English and Chinese versions to facilitate their understanding of the Group's affairs.

The annual general meeting or other general meetings of the Company provide opportunities for communication between the shareholders and the Board. Separate resolutions on each substantial issue are proposed at shareholders' meeting for shareholders consideration and approval. During the year ended 31 March 2014, two shareholders' general meetings were held, including the Annual General Meeting ("AGM") held on 30 August 2013 and a Special General Meeting ("SGM") held on 30 October 2013. The attendance of each director at the general meeting are set out under the section headed "board meetings and attendance" of this report.

The Chairman, the executive directors, the Chairman and/or other members of the Audit Committee, Remuneration Committee and Nomination Committee, as well as external auditor had attended the AGM of the Company during the year to answer any questions raised. Due to other business engagements, two executive directors, a non-executive director and two independent non-executive directors could not attend the AGM during the year ended 31 March 2014.

Explanation of detail procedures of voting by poll was given at the commencement of the AGM and SGM, and the poll results had been published according to the requirement of the Listing Rules.

SHAREHOLDERS' RIGHTS

Procedure for Shareholders to Convene a SGM

Pursuant to the Bye-law of the Company, SGM can be convened on requisition by shareholders. Also, the Companies Act provides that shareholders, as at the date of deposit of the requisition, hold not less than one-tenth (10%) of the paid-up capital of the Company and carry the right of voting at general meeting, can request the directors to convene a SGM.

The shareholders must state the purpose of the meeting and the requisition must be deposited at the registered office or head office. If the directors do not within twenty-one days from the date of the deposit of the requisition proceed duly to convene a meeting, the requisitists, or any of them representing more than one half of the total voting rights of them, may themselves convene a meeting, but any meeting so convened shall not be held after the expiration of three months from the said date.

Shareholders' Enquiries

Shareholders should direct questions about their shareholdings to the Company's share registrar. They can also make enquiry to the Company Secretary of the Company for any publicly available Company information. They can also, by stating the nature and reason in written form, make enquiry to the Board provided it has been duly served to the attention of the Board at the head office. The contact details are set out in the Corporate Information on page 2 of this annual report.

Procedure for making proposals at general meeting

Shareholders may put forward written proposals for consideration at a general meeting by submitting their proposals to the Board at the principal office of the Company at least 60 days before the relevant general meeting. The proposal should be in the form of a proposed resolution and should comply with the following criteria:

(i) to be clearly and concisely set out the proposal for discussion;

(ii) to be in accordance with the Memorandum of Association and Bye-laws, all applicable laws and regulations and the Listing Rules;

(iii) to be relevant to the Company's business scope and comply with all relevant requirements of a general meeting; and

(iv) in the event that the proposed business includes a proposal to amend the Bye-law, the proposed resolution should be in complete text and supported by, including but not limited to the following:

- the class and total number of shares beneficially owned by the individual shareholders of the group of shareholders making the Proposal;
- the reasons for the proposed resolution;
- any interest in or anticipated benefit to the proposing shareholder or its associate; and
- the benefits or disadvantage, if any, that the proposer suggests.

PROCEDURE FOR PROPOSING A PERSON FOR ELECTION AS A DIRECTOR

The procedure for proposing a person for election as a director was made available on the Company's website.

CONSTITUTIONAL DOCUMENTS

There was no significant change in the Company's Memorandum of Association and Bye-laws during the year and it is available on the websites of the Company and the Stock Exchange.

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To the Shareholders of China Dynamics (Holdings) Limited (formerly known as Sinocop Resources (Holdings) Limited)

(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of China Dynamics (Holdings) Limited (formerly known as Sinocop Resources (Holdings) Limited) (the "Company") and its subsidiaries (together the "Group") set out on pages 44 to 124, which comprise the consolidated and company statements of financial position as at 31 March 2014, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

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

OPINION

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

BDO Limited
Certified Public Accountants

Li Pak Ki
Practising Certificate Number: P01330
Hong Kong, 23 June 2014

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2014

	Notes	2014 HK$'000	2013 HK$'000
Turnover	7	**68,233**	261,613
Cost of sales		**(66,064)**	(247,915)
Gross profit		**2,169**	13,698
Other income and gains	7	**4,170**	13,440
Administrative expenses		**(45,081)**	(51,395)
Finance costs	8	**(2,202)**	(2,944)
Share of loss of an associate	19	**(69)**	(80)
Loss before income tax	11	**(41,013)**	(27,281)
Income tax	12(a)	**–**	–
Loss for the year		**(41,013)**	(27,281)
Other comprehensive income for the year			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(27,093)**	4,990
Share of other comprehensive income of associates	19	**(33)**	7
Other comprehensive income for the year		**(27,126)**	4,997
Total comprehensive income for the year		**(68,139)**	(22,284)
Loss attributable to:			
– Owners of the Company	13	**(35,986)**	(23,209)
– Non-controlling interests		**(5,027)**	(4,072)
		(41,013)	(27,281)
Total comprehensive income attributable to:			
– Owners of the Company		**(55,089)**	(19,688)
– Non-controlling interests		**(13,050)**	(2,596)
		(68,139)	(22,284)
Loss per share			
– Basic and diluted (HK$)	15	**(0.0195)**	(0.0168)

Consolidated Statement of Financial Position

As at 31 March 2014

	Notes	2014 HK$'000	2013 HK$'000
Non-current assets			
Property, plant and equipment	16	**9,988**	12,521
Construction in progress	17	**82,940**	96,485
Goodwill	20	**45,055**	48,324
Mining assets	21	**2,832,944**	–
Other intangible assets	22	**25,305**	15,365
Interests in associates	19	**511**	613
Interest in joint venture	23	**2,550**	–
Value-added-tax recoverable		**11,956**	14,535
Total non-current assets		**3,011,249**	187,843
Current assets			
Accounts receivable	24	**2,020**	22,737
Other receivables, deposits and prepayments		**64,383**	42,298
Cash and bank balances		**276,022**	40,629
Total current assets		**342,425**	105,664
Total assets		**3,353,674**	293,507
Current liabilities			
Accounts payable	25	**–**	22,737
Customers' deposits		**–**	14,798
Other payables and accruals		**11,370**	15,810
Receipts in advance		**1,340**	2,709
Total current liabilities		**12,710**	56,054
Net current assets		**329,715**	49,610
Total assets less current liabilities		**3,340,964**	237,453
Non-current liability			
Amount due to a related company	26	**128,603**	–
Total liabilities		**141,313**	56,054
NET ASSETS		**3,212,361**	237,453

Consolidated Statement of Financial Position

As at 31 March 2014

	Notes	2014 HK$'000	2013 HK$'000
Equity			
Share capital	28	**22,107**	13,844
Reserves		**3,085,676**	121,726
Equity attributable to owners of the Company		**3,107,783**	135,570
Non-controlling interests	31	**104,578**	101,883
TOTAL EQUITY		**3,212,361**	237,453

On behalf of the Board

Cheung Ngan
Director

Chan Chung Chun, Arnold
Director

	Attributable to owners of the Company										
	Share capital HK$'000 (Note 28)	Share premium HK$'000 (Note 30(a))	Contributed surplus HK$'000 (Note 30(b))	Convertible notes equity reserve HK$'000 (Note 27)	Share options reserve HK$'000 (Note 30(c))	Foreign currency translation reserve HK$'000 (Note 30(d))	Capital reserve HK$'000 (Note 30(e))	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 April 2012	13,844	178,418	20,566	–	66,859	7,957	687	(135,706)	152,625	104,479	257,104
Loss for the year	–	–	–	–	–	–	–	(23,209)	(23,209)	(4,072)	(27,281)
Other comprehensive income	–	–	–	–	–	3,521	–	–	3,521	1,476	4,997
Total comprehensive income	–	–	–	–	–	3,521	–	(23,209)	(19,688)	(2,596)	(22,284)
Share-based payments	–	–	–	–	2,633	–	–	–	2,633	–	2,633
At 31 March 2013	13,844	178,418	20,566	–	69,492	11,478	687	(158,915)	135,570	101,883	237,453
At 1 April 2013	13,844	178,418	20,566	–	69,492	11,478	687	(158,915)	135,570	101,883	237,453
Loss for the year	–	–	–	–	–	–	–	(35,986)	(35,986)	(5,027)	(41,013)
Other comprehensive income	–	–	–	–	–	(19,103)	–	–	(19,103)	(8,023)	(27,126)
Total comprehensive income	–	–	–	–	–	(19,103)	–	(35,986)	(55,089)	(13,050)	(68,139)
Placing of shares	6,053	357,156	–	–	–	–	–	–	363,209	–	363,209
Share issue expenses	–	(10,925)	–	–	–	–	–	–	(10,925)	–	(10,925)
Acquisition of subsidiaries (Note 32)	–	–	–	–	–	–	–	–	–	15,745	15,745
Issue of convertible notes for the acquisition of assets and liabilities through acquisition of subsidiaries (Note 27)	–	–	–	2,570,158	–	–	–	–	2,570,158	–	2,570,158
Issue of shares for the acquisition of assets and liabilities through acquisition of subsidiaries (Note 33)	1,200	103,200	–	–	–	–	–	–	104,400	–	104,400
Exercise of share options	10	877	–	–	(427)	–	–	–	460	–	460
Conversion of convertible notes	1,000	65,241	–	(66,241)	–	–	–	–	–	–	–
Forfeited share options	–	–	–	–	(7,026)	–	–	7,026	–	–	–
At 31 March 2014	**22,107**	**693,967**	**20,566**	**2,503,917**	**62,039**	**(7,625)**	**687**	**(187,875)**	**3,107,783**	**104,578**	**3,212,361**

Consolidated Statement of Cash Flows

For the year ended 31 March 2014

	Notes	2014 HK$'000	2013 HK$'000
OPERATING ACTIVITIES			
Loss before income tax		**(41,013)**	(27,281)
Adjustments for:			
Interest income	7	**(43)**	(2)
Finance costs	8	**2,202**	2,944
Depreciation of property, plant and equipment	11	**3,695**	7,192
Share-based payments	11	**–**	2,633
Write off of prepayments	11	**459**	3,945
Write off of other receivables	11	**–**	235
Gain on disposal of property, plant and equipment	7	**–**	(496)
Share of loss of an associate	19	**69**	80
Operating cash flows before movements in working capital		**(34,631)**	(10,750)
Decrease/(increase) in accounts receivable		**20,717**	(22,737)
Increase in other receivables, deposits and prepayments		**(9,526)**	(37,766)
Decrease in value-added-tax recoverable		**544**	769
(Decrease)/increase in accounts payable		**(22,737)**	22,737
(Decrease)/increase in customers' deposits		**(14,798)**	14,798
(Decrease)/increase in other payables and accruals		**(6,396)**	14,358
Decrease in receipts in advance		**(1,051)**	(1,066)
NET CASH USED IN OPERATING ACTIVITIES		**(67,878)**	(19,657)
INVESTING ACTIVITIES			
Payments to acquire property, plant and equipment		**(675)**	(33)
Acquisition of subsidiaries	33	**5,013**	–
Advance to a related company		**(38,204)**	–
Proceeds from disposal of property, plant and equipment		**–**	496
Advance to a joint venture		**(2,550)**	–
Interest received		**43**	2
NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES		**(36,373)**	465

	Notes	2014 HK$'000	2013 HK$'000
FINANCING ACTIVITIES			
Proceeds from exercise of share options	28	**460**	–
Interest paid		**(470)**	(2,944)
Repayment of amount due to a related company		**(11,694)**	–
Proceeds from placing of shares		**363,209**	–
Payment of issue expense for placing of shares		**(10,925)**	–
NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES		**340,580**	(2,944)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**236,329**	(22,136)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**40,629**	62,460
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		**(936)**	305
CASH AND CASH EQUIVALENTS AT END OF YEAR		**276,022**	40,629
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		**276,022**	40,629

Statement of Financial Position

As at 31 March 2014

	Notes	2014 HK$'000	2013 HK$'000
Non-current assets			
Property, plant and equipment	16	**–**	–
Interests in subsidiaries	18	**2,876,039**	134,927
Interest in joint venture	23	**2,500**	–
Total non-current assets		**2,878,539**	134,927
Current assets			
Prepayments		**252**	149
Cash and bank balances		**256,097**	473
Total current assets		**256,349**	622
Total assets		**3,134,888**	135,549
Current liabilities			
Accruals		**1,243**	875
Total current liabilities		**1,243**	875
Net current assets/(liabilities)		**255,106**	(253)
NET ASSETS		**3,133,645**	134,674
Equity			
Share capital	28	**22,107**	13,844
Reserves	30	**3,111,538**	120,830
TOTAL EQUITY		**3,133,645**	134,674

On behalf of the Board

Cheung Ngan
Director

Chan Chung Chun, Arnold
Director

1. CORPORATION INFORMATION

The Company was incorporated in Bermuda with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Company's registered office is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. Its head office and principal place of business are located at 37th Floor, China Online Centre, 333 Lockhart Road, Wanchai, Hong Kong.

The principal activity of the Company is investment holding. The Group is principally engaged in trading of metals and minerals, processing of raw ores and carrying out new energy businesses.

Subsequent to the end of the financial period, the name of the Company was changed from "Sinocop Resources (Holdings) Limited" to "China Dynamics (Holdings) Limited". The Certificate of Incorporation on Change of Name and the Certificate of Secondary Name of the Company was issued by the Registrar of Companies in Bermuda on 15 May 2014 and the Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company was issued by the Registrar of Companies in Hong Kong on 26 May 2014.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS

(a) Adoption of amendments to HKFRSs – effective on 1 April 2013

HKFRSs (Amendments)	Annual Improvements 2009-2011 Cycle
HKFRSs (Amendments)	Annual Improvements 2010-2012 Cycle
HKFRSs (Amendments)	Annual Improvements 2011-2013 Cycle
Amendments to HKAS 1 (Revised)	Presentation of Items of Other Comprehensive Income
Amendments to HKFRS 7	Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 27 (2011)	Separate Financial Statements
HKAS 28 (2011)	Investments in Associates and Joint Ventures
HKAS 19 (2011)	Employee Benefits

Except as explained below, the adoption of these amendments has no material impact on the Group's financial statements.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

(a) Adoption of amendments to HKFRSs – effective on 1 April 2013 (Continued)

HKFRSs (Amendments) – Annual Improvements 2010-2012 Cycle

The Basis of Conclusions for HKFRS 13 Fair Value Measurement was amended to clarify that short-term receivables and payables with no stated interest rate can be measured at their invoice amounts without discounting, if the effect of discounting is immaterial. This is consistent with the Group's existing accounting policy.

Amendments to HKAS 1 (Revised) – Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 (Revised) require the Group to separate items presented in other comprehensive income into those that may be reclassified to profit and loss in the future and those that may not. Tax on items of other comprehensive income is allocated and disclosed on the same basis.

The Group has adopted the amendments retrospectively for the financial year ended 31 March 2014. Items of other comprehensive income that may and may not be reclassified to profit and loss in the future have been presented separately in the consolidated statement of profit or loss and other comprehensive income. The comparative information has been restated to comply with the amendments. As the amendments affect presentation only, there are no effects on the Group's financial position or performance. The title used by HKAS 1 for the statement of comprehensive income has been changed to "Statement of profit or loss and other comprehensive income". The Group has chosen to use this new title.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

(a) Adoption of amendments to HKFRSs – effective on 1 April 2013 (Continued)

HKFRS 10 – Consolidated Financial Statements

HKFRS 10 introduces a single control model for consolidation of all investee entities. An investor has control when it has power over the investee (whether or not that power is used in practice), exposure or rights to variable returns from the investee and the ability to use the power over the investee to affect those returns. HKFRS 10 contains extensive guidance on the assessment of control. For example, the standard introduces the concept of "de facto" control where an investor can control an investee while holding less than 50% of the investee's voting rights in circumstances where its voting interest is of sufficiently dominant size relative to the size and dispersion of those of other individual shareholders to give it power over the investee. Potential voting rights are considered in the analysis of control only when these are substantive, i.e. the holder has the practical ability to exercise them.

The standard explicitly requires an assessment of whether an investor with decision making rights is acting as principal or agent and also whether other parties with decision making rights are acting as agents of the investor. An agent is engaged to act on behalf of and for the benefit of another party and therefore does not control the investee when it exercises its decision making authority. The Group has changed its accounting policy in determining whether it has control of an investee and therefore is required to consolidate that interest (see Note 4(c)).

HKFRS 12 – Disclosure of Interests in Other Entities

HKFRS 12 integrates and makes consistent the disclosures requirements about interests in subsidiaries, associates and joint arrangements. It also introduces new disclosure requirements, including those related to unconsolidated structured entities. The general objective of the standard is to enable users of financial statements to evaluate the nature and risks of a reporting entity's interests in other entities and the effects of those interests on the reporting entity's financial statements.

HKFRS 12 disclosures are provided in Note 31. As the new standard affects only disclosure, there is no effect on the Group's financial position and performance.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

(b) New/revised HKFRSs that have been issued and have been early adopted

Amendments to HKAS 36 – Recoverable Amount Disclosures

The amendments limit the requirements to disclose the recoverable amount of an asset or cash generating unit ("CGU") to those periods in which an impairment loss has been recognised or reversed, and expand the disclosures where the recoverable amount of impaired assets or CGUs has been determined based on fair value less costs of disposal. The amendments are effective for annual periods commencing on or after 1 January 2014. The Group has early adopted the amendments to HKAS 36 in the current period. The disclosure about the impairment of goodwill in Note 20 has been modified accordingly.

(c) New/revised HKFRSs that have been issued but are not yet effective

The following new/revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[1]
HK (IFRIC) 21	Levies[1]
HKFRS 9	Financial Instruments
HKFRSs (Amendments)	Annual Improvements 2010-2012 Cycle[3]
HKFRSs (Amendments)	Annual Improvements 2011-2013 Cycle[2]

1 Effective for annual periods beginning on or after 1 January 2014
2 Effective for annual periods beginning on or after 1 July 2014
3 Effective for annual periods beginning, or transactions occurring, on or after 1 July 2014

Amendments to HKAS 32 – Offsetting Financial Assets and Financial Liabilities

The amendments clarify the offsetting requirements by adding appliance guidance to HKAS 32 which clarifies when an entity "currently has a legally enforceable right to set off" and when a gross settlement mechanism is considered equivalent to net settlement.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

(c) New/revised HKFRSs that have been issued but are not yet effective (Continued)

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 recognised in profit or loss except for those non-trade equity investments, which the entity will have a choice to recognise 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 recognised 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.

The Group is in the process of making an assessment of the potential impact of these new/revised HKFRSs in the period of their initial application.

3. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRS"), Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKFRSs") and the disclosure requirements of 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 (the "Listing Rules").

(b) Basis of measurement

The financial statements have been prepared under the historical cost basis.

(c) Functional and presentation currency

The financial statements are presented in Hong Kong dollars ("HK$"), which is the same as the functional currency of the Company.

4. PRINCIPAL ACCOUNTING POLICIES

(a) Business combination and basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries (the "Group"). Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the effective dates of acquisition or up to the effective dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

Acquisition of subsidiaries or businesses is accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. The Group's previously held equity interest in the acquiree is re-measured at acquisition-date fair value and the resulting gains or losses are recognised in profit or loss. The Group may elect, on a transaction-by-transaction basis, to measure the non-controlling interest that represent present ownership interests in the subsidiary either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other non-controlling interests are measured at fair value unless another measurement basis is required by HKFRSs. Acquisition-related costs incurred are expensed unless they are incurred in issuing equity instruments in which case the costs are deducted from equity.

Any contingent consideration to be transferred by the acquirer is recognised at acquisition-date fair value. Subsequent adjustments to consideration are recognised against goodwill only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(a) Business combination and basis of consolidation (Continued)

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

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

Subsequent to acquisition, the carrying amount of non-controlling interest that represent present ownership interests in the subsidiary is the amount of those interests at initial recognition plus such non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributed to such non-controlling interests even if this results in the non-controlling interest having a deficit balance.

(b) Goodwill

Goodwill is initially recognised at cost being the excess of the aggregate of consideration transferred and the amount recognised for non-controlling interests over the fair value of identifiable assets, liabilities and contingent liabilities acquired.

Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is recognised in profit or loss on the acquisition date, after re-assessment.

Goodwill is measured at cost less impairment losses. For the purpose of impairment testing, goodwill arising from an acquisition is allocated to each of the Group's cash-generating units or groups of cash-generating units, that are expected to benefit from the synergies of the acquisition. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(b) Goodwill (Continued)

For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit, and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On subsequent disposal of the relevant cash generating unit, the attributable amount of goodwill capitalised is included in the determination of the amount of profit or loss on disposal.

(c) Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: power over the investee, exposure, or rights, to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the Company's statement of financial position, interests in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

(d) Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over those policies.

Associates are accounted for using the equity method whereby they are initially recognised at cost and thereafter, their carrying amount are adjusted for the Group's share of the post-acquisition change in the associates' net assets except that losses in excess of the Group's interests in the associates are not recognised unless there is an obligation to make good those losses.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(d) Associates (Continued)

Profits and losses arising on transactions between the Group and its associates are recognised only to the extent of unrelated investors' interests in the associates. The investor's share in the associates' profits and losses resulting from these transactions is eliminated against the carrying value of the associates. Where unrealised losses provide evidence of impairment of the asset transferred they are recognised immediately in profit or loss.

Any premium paid for an associate above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the associate. Where there is objective evidence that the investment in an associate has been impaired, the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

In the Company's statement of financial position, interests in associates are carried at cost less impairment losses, if any. The results of associates are accounted for by the Company on the basis of dividends received and receivable during the year.

(e) Joint arrangements

The Group is a party to a joint arrangement where there is a contractual arrangement that confers joint control over the relevant activities of the arrangement to the Group and at least one other party. Joint control is assessed under the same principles as control over subsidiaries.

The Group classifies its interests in joint arrangements as either:

– Joint ventures: where the Group has rights to only the net assets of the joint arrangement; or

– Joint operations: where the Group has both the rights to assets and obligations for the liabilities of the joint arrangement.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(e) Joint arrangements (Continued)

In assessing the classification of interests in joint arrangements, the Group considers:

– The structure of the joint arrangement;

– The legal form of joint arrangements structured through a separate vehicle;

– The contractual terms of the joint arrangement agreement; and

– Any other facts and circumstances (including any other contractual arrangements).

The Group accounts for its interest in joint venture in the same manner as interests in associates (i.e. using the equity method – see Note 4(d)).

Any premium paid for an investment in a joint venture above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the interest in joint venture. Where there is objective evidence that the interest in joint venture has been impaired the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

The Company's interest in joint venture is stated at cost less impairment losses, if any. Results of joint venture are accounted for by the Company on the basis of dividends received and receivable.

(f) Property, plant and equipment and construction in progress

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance and overhaul costs, is recognised in profit or loss in the year in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the property, plant and equipment, the expenditure is capitalised as an additional cost thereof.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(f) Property, plant and equipment and construction in progress (Continued)

Depreciation is charged so as to write off the cost of items of property, plant and equipment 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. The expected useful lives of property, plant and equipment are as follows:

Buildings	20 years
Leasehold improvements	3 to 10 years
Plant and machinery	5 to 15 years
Furniture, fixtures, equipment and motor vehicles	3 to 5 years

Freehold land is not amortised.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the net sale proceeds and the carrying amount of the relevant asset and is recognised in profit or loss.

Construction in progress represents properties under construction for production, rental, or administrative purposes, which is stated at cost less any impairment loss and is not depreciated. Cost comprises the direct costs of construction, related professional fees, capitalised depreciation of machinery used for construction, capitalised borrowing costs on related borrowed funds and after deducting any incidental income generated from the construction work being carried out during the period of construction. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(g) Intangible assets (other than goodwill)

The useful lives of intangible assets are assessed to be either finite or infinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset are reviewed at least at the end of each reporting period.

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

Technical know-how

Technical know-how is stated at cost less accumulated amortisation and any impairment losses (Note 4(i)). Technical know-how is amortised on the straight-line basis over a period of 10 years.

Water use rights

Water use rights with indefinite useful lives are measured initially at purchase cost and are tested for impairment annually either individually or at the cash generating unit level. The Group's water use rights have indefinite useful lives and are not amortised.

(h) Mining assets

Mining assets are stated at cost less accumulated amortisation and any impairment losses (Note 4(i)). Mining assets are amortised over the estimated useful lives of the mines based on the proven and probable reserves of the mines using the units of production method.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(i) Impairment of tangible and intangible assets excluding goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, construction in progress, interests in subsidiaries, associates and joint venture, mining assets and intangible assets (other than goodwill) 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). Where 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. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell 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 cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised 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, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for that asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(j) Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) 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 and financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

(i) Financial assets

The Group classifies its financial assets at initial recognition, depending on the purpose for which the asset was acquired. Financial assets at fair value through profit or loss are initially measured at fair value and all other financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition of the financial assets. All regular way purchases or sales of financial assets are recognised and derecognised 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.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(j) Financial instruments (Continued)

(i) Financial assets (Continued)

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after their initial recognition, the estimated future cash flows of the financial assets have been impacted.

Objective evidence of impairment could include:

– significant financial difficulty of the issuer or counterparty;

– default or delinquency in interest or principal payments;

– it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

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

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(j) Financial instruments (Continued)

(i) Financial assets (Continued)

Impairment of financial assets (Continued)

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

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

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or where appropriate, a shorter period.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(j) Financial instruments (Continued)

(i) Financial assets (Continued)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

(ii) Financial liabilities and equity instrument issued by the Group

Classification as debt or equity

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 arrangement.

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 recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities, including amount due to a related company, are initially measured at fair value, net of transaction costs.

Financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(j) Financial instruments (Continued)

(ii) Financial liabilities and equity instrument issued by the Group (Continued)

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 through the expected life of the financial liability, or where appropriate, a shorter period.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

(iii) Convertible notes

Convertible notes issued by the Company which together with consideration shares issued by the Company represent the entire purchase consideration for the acquisition of the group of companies as set out in Note 33 is classified as equity instrument as the Company has the option to issue conversion shares at the conversion price on the maturity date to redeem the convertible notes and has no obligation to settle in cash. On initial recognition, the fair value of the convertible notes issued which is determined as the difference between the fair value of the net assets acquired through the acquisition of the group of companies and the fair value of the consideration shares issued is included in equity (convertible notes equity reserve). In subsequent periods, when the conversion shares are issued at the conversion price, the related balance of the convertible notes equity reserve will be transferred to share premium. No gain or loss is recognised upon conversion.

If the Company exercises its option to redeem any part of the convertible notes in cash on or before the maturity date, the difference between the principal amount of the convertible notes redeemed and the related balance of the convertible notes equity reserve will be transferred to other reserve in equity and no gain or loss is recognised upon redemption.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(k) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

(l) 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 lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on the straight-line basis over the lease term.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

(m) Provisions and contingent liabilities

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

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

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(n) Income tax

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 as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes 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 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, and deferred tax assets are generally recognised to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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 liabilities are recognised for taxable temporary differences arising on interests in subsidiaries, associates and joint venture 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.

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 realised, based on tax rates (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.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(n) Income tax (Continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Income tax is recognised in profit or loss except when it relates to items recognised in other comprehensive income, in which case the income tax is recognised in other comprehensive income, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or in determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable, liabilities and contingent liabilities over the cost of the business combination.

(o) Foreign currencies

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (the "functional currency"). For the purpose of the consolidated financial statements, the results and financial position of each group entity are expressed in Hong Kong dollars which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

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

Exchange differences arising on the settlement and translation of monetary items are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income, in which cases, the exchange differences are also recognised in other comprehensive income.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(o) Foreign currencies (Continued)

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operation (including comparatives) are expressed in Hong Kong dollars using exchange rates prevailing at the end of each reporting period. Income and expenses items (including comparatives) are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in the foreign currency translation reserve. Such translation differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the exchange rates prevailing at the end of the reporting period. Exchange differences arising are recognised in the foreign currency translation reserve.

(p) Employee benefits

(i) Short term benefits

Employee entitlements to annual leave and long service payment are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service payment as a result of services rendered by employees up to the end of the reporting period.

(ii) Employee retirement scheme

The Group operates a Mandatory Provident Fund ("MPF") Scheme for its employees in Hong Kong. Contributions to the MPF are made based on rates applicable to the respective employees' relevant income from the Group and are charged to profit or loss as they become payable in accordance with government regulations. The Group's mandatory contributions are fully and immediately vested in favour of the employees. The assets of MPF are held separately from those of the Group in an independently administered fund.

Employees of the group entity operate in the PRC are required to participate in a central pension scheme operate by the local municipal government. Such entity is required to contribute certain percentages of its payroll costs to the central pension scheme. The contributions are charged to profit or loss in the period in which they are incurred.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(q) Equity-settled share-based payments

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.

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. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss over the remaining vesting period, with a corresponding adjustment to the share options reserve.

Equity-settled share-based payment transactions with other parties are measured at the fair value of the goods or services received, except where the 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.

(r) Related parties

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

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

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

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(r) Related parties (Continued)

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

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

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

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

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

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

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

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

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

(i) that person's children and spouse or domestic partner;

(ii) children of that person's spouse or domestic partner; and

(iii) dependents of that person or that person's spouse or domestic partner.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(s) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts. Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

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

(ii) interest income is recognised as it accrues using the effective interest method;

(iii) rental income from operating leases is recognised in equal instalments over the accounting periods covered by the lease term; and

(iv) service fee income is recognised to the extent of services rendered.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

The key assumptions concerning the future and other key sources of estimation of 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, are discussed below:

Estimation of useful lives of property, plant and equipment

The Group's management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

Impairment of assets

Management periodically reviews each asset for possible impairment or reversal of previously recognised impairment. The recoverable amount of an asset is the higher of its fair value less costs to sell and value in use. If such assets are considered by management to be impaired or impairment recognised is no longer required, the impairment required or reversal of impairment previously recognised is measured by the amount by which the carrying amount of the assets exceeds or exceeded by the estimated recoverable amount of the assets respectively. In determining the recoverable amount, the Group seeks professional advice or makes use of independent professional valuations as appropriate which are based on various assumptions and estimates.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of fair value less costs to sell of the cash-generating units to which goodwill has been allocated. The determination of fair value less costs to sell requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Income taxes

There may be certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business of the Group. The Group recognises liabilities for anticipated tax issues based on estimates of whether taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax or deferred tax provisions in the period in which such determination is made.

Sources of water supply in Chile

Water is a scare resource within the region in Chile where the Group operates its ores processing and trading business. In order to secure a steady and continuous supply of water for ores processing, the Group acquired underground water use rights within the region in recent years. Since the end of 2011, the northern and central regions of Chile have been suffering a severe drought which has led to a decrease in the supply of underground water and seriously affected the normal water supply for human consumption and agricultural activities. In March 2013, the Chilean Government has declared the territory where the Group's ores processing project is situated a zone of water scarcity which means even without any water rights, one can use the underground water one is able to source or find to secure human health and cultivation. It is therefore expected that water supply in Chile's mining region will further worsen as underground wells may not produce the required amount of water. The lack of an economic source of water supply may have a directly negative impact on the ores processing business in Chile as it may significantly increase the future operating costs of the ores processing plant.

Management considers the current water scarcity situation may not be permanent and the ores processing and trading project in Chile will be delayed till 2018. Management considers the valuation model used for impairment testing for goodwill and other assets under the ores processing and trading business in Chile has appropriately built in the risk on water supply. Should the water scarcity situation turn out to be more severe than management's estimation, then impairment on goodwill and other assets under the ores processing and trading business in Chile may be required.

6. SEGMENT REPORTING

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 has the following four reportable segments. The segments are managed separately as each business offers different products and services and requires different business strategies.

- Metal and minerals trading;
- Mining;
- Ores processing and trading; and
- Development of electric bus.

Inter-segment transactions are priced with reference to prices charged to external parties for similar orders. Central revenue and expenses are not allocated to the operating segments as they are not included in the measurement of the segments' result that is used by the chief operating decision-makers for assessment of segment performance.

6. SEGMENT REPORTING (Continued)

(a) Reportable segments

	Metal and minerals trading		Ores processing and trading		Mining		Development of electric bus		Total	
	2014 HK$'000	2013 HK$'000	2014 HK$'000	2013 HK$'000	2014 HK$'000	2013 HK$'000	2014 HK$'000	2013 HK$'000	2014 HK$'000	2013 HK$'000
Revenue from external customers	68,233	261,613	–	–	–	–	–	–	68,233	261,613
Reportable segment loss	(11,473)	(5,111)	(8,059)	(10,191)	(2,443)	–	(6,404)	–	(28,379)	(15,302)
Share of loss of an associate	(69)	(80)	–	–	–	–	–	–	(69)	(80)
Interest income	–	1	–	1	–	–	–	–	–	2
Unallocated income									43	–
Total interest income									43	2
Depreciation	–	–	(3,620)	(7,166)	(48)	–	–	–	(3,668)	(7,166)
Unallocated expenses									(27)	(26)
Total depreciation									(3,695)	(7,192)
Write off of prepayments	–	–	(459)	(3,945)	–	–	–	–	(459)	(3,945)
Reportable segment assets	33,433	67,934	162,369	222,138	2,854,360	–	41,456	–	3,091,618	290,072
Interests in associates	511	613	–	–	–	–	–	–	511	613
Additions to non-current assets	–	–	4	1,058	9	–	526	–	539	1,058
Unallocated assets									136	29
Total additions to non-current assets									675	1,087
Reportable segment liabilities	(5,273)	(51,561)	(2,210)	(3,514)	(130,405)	–	(2,065)	–	(139,953)	(55,075)

6. SEGMENT REPORTING (Continued)

(b) Reconciliation of segment revenue, profit or loss, assets and liabilities

	2014 HK$'000	2013 HK$'000
Revenue		
Reportable segment revenue and consolidated revenue	68,233	261,613
Loss before income tax		
Reportable segment loss	(28,379)	(15,302)
Unallocated other income and gains	267	90
Unallocated share-based payments	–	(2,633)
Unallocated other corporate expenses	(10,699)	(6,492)
Finance costs	(2,202)	(2,944)
Consolidated loss before income tax	(41,013)	(27,281)
Assets		
Reportable segment assets	3,091,618	290,072
Unallocated corporate assets*	262,056	3,435
Consolidated total assets	3,353,674	293,507
Liabilities		
Reportable segment liabilities	139,953	55,075
Unallocated corporate liabilities	1,360	979
Consolidated total liabilities	141,313	56,054

* Unallocated corporate assets as at 31 March 2014 mainly represent cash and bank balances held by the Company of approximately HK$256,097,000.

6. SEGMENT REPORTING (Continued)

(c) Geographic information

During the years ended 31 March 2014 and 2013, the Group's business revenue, based on where the customers were located, was all generated from the People's Republic of China (the "PRC").

The following is an analysis of the Group's non-current assets other than financial instruments, deferred tax assets and post-employment benefit assets ("Specified non-current assets") by the geographical areas in which the assets are located:

	Specified non-current assets	
	2014	2013
	HK$'000	HK$'000
PRC, including Hong Kong	**2,853,937**	79
Chile	**156,801**	187,151
Asia Pacific	**511**	613
	3,011,249	187,843

For the year ended 31 March 2014, sales to two (2013: two) customers in the metal and minerals trading segment was HK$28,034,000 and HK$40,199,000 (2013: HK$182,420,000 and HK$56,456,000) respectively which accounted for more than 10% of the Group's revenue.

7. TURNOVER, OTHER INCOME AND GAINS

Turnover, which is also the revenue, represents the invoiced value of goods supplied to customers and is analysed as follows:

	2014	2013
	HK$'000	HK$'000
Turnover		
Sale of metals and minerals	**68,233**	261,613
Other income and gains		
Rental income	**2,740**	2,698
Income from trading ore in Chile	**1,000**	–
Sundry income	**228**	90
Exchange gains, net	**159**	–
Interest income	**43**	2
Service fee income (Note)	**–**	10,154
Gain on disposal of property, plant and equipment	**–**	496
	4,170	13,440

Note: In 2013, the Group decided to delay further development work on the ores processing and trading business in Chile and had taken advantage of the surplus resources resulting from the delay to earn service income by providing engineering and drilling services to a nearby mineral company.

8. FINANCE COSTS

	2014	2013
	HK$'000	HK$'000
Bank charges and trust receipt loans interest	**470**	2,944
Interest expenses (Note)	**1,732**	–
	2,202	2,944

Note: The amount represents the annual imputed interest expenses on the amount due to a related company.

9. DIRECTORS' REMUNERATION

Directors' remuneration, disclosed pursuant to the Listing Rules and Section 161 of the Companies Ordinance, is as follows:

For the year ended 31 March 2014

	Fees HK$'000	Basic salaries, housing benefits, other allowances and benefits in kind HK$'000	Pension contributions HK$'000	Total HK$'000
Executive directors:				
Mr. Cheung Ngan	–	1,059	15	1,074
Mr. Chan Chung Chun, Arnold	–	351	15	366
Mr. Zhau Chong Dei*	–	335	–	335
Mr. Lee Ming Zang*	–	335	–	335
Sub-total	–	2,080	30	2,110
Non-executive director:				
Mr. Li Shaofeng	–	–	–	–
Independent non-executive directors:				
Mr. Chan Francis Ping Kuen	100	–	–	100
Mr. Hu Guang	100	–	–	100
Mr. Chan Chak Paul	100	–	–	100
Sub-total	300	–	–	300
Total	300	2,080	30	2,410

* On 19 May 2014 and 9 June 2014, Mr. Zhau Chong Dei and Mr. Lee Ming Zang resigned as executive directors of the Company respectively.

9. DIRECTORS' REMUNERATION (Continued)

For the year ended 31 March 2013

	Fees HK$'000	Basic salaries, housing benefits, other allowances and benefits in kind HK$'000	Pension contributions HK$'000	Total HK$'000
Executive directors:				
Mr. Cheung Ngan	–	1,059	14	1,073
Mr. Chan Chung Chun, Arnold	–	351	14	365
Mr. Zhau Chong Dei	–	327	–	327
Mr. Lee Ming Zang	–	327	–	327
Sub-total	–	2,064	28	2,092
Non-executive director:				
Mr. Li Shaofeng	–	–	–	–
Independent non-executive directors:				
Mr. Chan Francis Ping Kuen	100	–	–	100
Mr. Hu Guang	100	–	–	100
Mr. Chan Chak Paul	100	–	–	100
Sub-total	300	–	–	300
Total	300	2,064	28	2,392

Except for Mr. Li Shaofeng who unconditionally waived his entitlement to director's fee of HK$100,000 in respect of each of the years ended 31 March 2014 and 2013, there were no arrangements under which a director waived or agreed to waive any remuneration for the years ended 31 March 2014 and 2013. No remuneration was paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office during the years ended 31 March 2014 and 2013.

During the years ended 31 March 2014 and 2013, no share option was granted to the directors.

10. FIVE HIGHEST PAID INDIVIDUALS

The five highest paid individuals during the year included one (2013: two) director, details of whose remuneration are set out in Note 9 to the financial statements. The details of the remuneration of the remaining four (2013: three) non-director highest paid individuals are as follows:

	2014 **HK$'000**	2013 HK$'000
Basic salaries, allowances and benefits in kind	**3,356**	2,592
Pension contributions	**33**	29
	3,389	2,621

The number of non-director highest paid individuals whose remuneration fell within the following band is as follows:

	2014 **Number of employees**	2013 Number of employees
HK$Nil to HK$1,000,000	**3**	2
HK$1,000,001 to HK$1,500,000	**1**	1
	4	3

No share option was granted to these highest paid individuals during the years ended 31 March 2014 and 2013.

10. FIVE HIGHEST PAID INDIVIDUALS (Continued)

Members of senior management during the year comprised only of the directors whose remuneration as set out in Note 9 to the financial statements fell within the following bands:

	2014 Number of directors	2013 Number of directors
HK$Nil to HK$1,000,000	7	7
HK$1,000,001 to HK$1,500,000	1	1
	8	8

11. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging:

	2014 HK$'000	2013 HK$'000
Auditor's remuneration	1,205	886
Write-off of prepayments	459	3,945
Write-off of other receivables	–	235
Exchange losses, net	–	269
Operating lease rentals on leasehold land and buildings	3,703	3,408
Depreciation of property, plant and equipment	3,695	7,192
Staff costs (including directors' remuneration – Note 9)		
– Salaries and allowances	11,046	11,866
– Other benefits	1,046	941
– Share-based payments	–	2,633
– Pension contributions	193	297
	12,285	15,737

12. INCOME TAX

(a) Overseas taxes on assessable profits of the group companies, if any, are calculated at the rates of tax prevailing in the respective jurisdictions in which they operate, based on the prevailing legislation, interpretations and practices in respect thereof.

As at 31 March 2014, subject to the agreement by the Hong Kong Inland Revenue Department, the Group had unused tax losses of HK$38,456,000 (2013: HK$46,031,000) available for offsetting against future profits. No deferred tax asset has been recognised in respect of these losses and temporary differences due to the unpredictability of future profit streams. Such losses may be carried forward indefinitely.

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

	2014	2013
	HK$'000	HK$'000
Loss before income tax	**(41,013)**	(27,281)
Tax credit at the applicable rates	**(7,467)**	(4,638)
Non-taxable revenue	**(7)**	–
Non-deductible expenses	**6,015**	3,657
Share of loss of an associate	**11**	13
Effect of tax losses and temporary differences not recognised	**1,448**	968
Income tax for the year	**–**	–

13. LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY

The loss attributable to owners of the Company includes a loss of HK$28,331,000 (2013: HK$17,732,000) which has been dealt with in the financial statements of the Company.

14. DIVIDEND

No dividend has been proposed or paid by the Company in respect of the year ended 31 March 2014 (2013: Nil).

15. LOSS PER SHARE

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

	2014	2013
	HK$'000	HK$'000
Loss for the year attributable to owners of the Company	**(35,986)**	(23,209)

	2014	2013
	Number	Number
Weighted average number of ordinary shares in issue*	**1,843,904,355**	1,384,396,800

* The calculation of weighted average number of ordinary shares include the weighted average number of 3.88 billion ordinary shares to be issued upon full conversion of the Convertible Notes issued on 28 February 2014 for the acquisition of South China Mining Investments Limited ("South China Mining") as set out in Note 27 on the basis that ordinary shares will unavoidably be issued under the Convertible Notes unless the Company's option to redeem in cash is exercised.

The basic and diluted loss per share are the same for both years presented as the potential shares issuable under the share options are anti-dilutive.

16. PROPERTY, PLANT AND EQUIPMENT

The Group

	Freehold land HK$'000	Freehold land and buildings HK$'000	Leasehold improvements HK$'000	Plant and machinery HK$'000	Furniture, fixtures, equipment and motor vehicles HK$'000	Total HK$'000
Cost:						
At 1 April 2012	6,691	2,185	2,811	46,624	8,373	66,684
Additions	–	–	–	–	33	33
Write-off	–	–	–	–	(1)	(1)
Disposal	–	–	–	(368)	–	(368)
Exchange realignment	187	62	–	1,297	117	1,663
At 31 March 2013	6,878	2,247	2,811	47,553	8,522	68,011
Additions	–	–	–	–	675	675
Acquisition of subsidiaries	–	–	950	–	1,089	2,039
Exchange realignment	(980)	(320)	(9)	(6,772)	(624)	(8,705)
At 31 March 2014	**5,898**	**1,927**	**3,752**	**40,781**	**9,662**	**62,020**
Accumulated depreciation:						
At 1 April 2012	–	546	2,658	37,228	6,949	47,381
Charge for the year	–	110	153	6,181	748	7,192
Write off	–	–	–	–	(1)	(1)
Disposal	–	–	–	(368)	–	(368)
Exchange realignment	–	18	–	1,172	96	1,286
At 31 March 2013	–	674	2,811	44,213	7,792	55,490
Charge for the year	–	103	22	3,038	532	3,695
Exchange realignment	–	(103)	(3)	(6,492)	(555)	(7,153)
At 31 March 2014	**–**	**674**	**2,830**	**40,759**	**7,769**	**52,032**
Carrying amount:						
At 31 March 2014	**5,898**	**1,253**	**922**	**22**	**1,893**	**9,988**
At 31 March 2013	6,878	1,573	–	3,340	730	12,521

16. PROPERTY, PLANT AND EQUIPMENT (Continued)

The Group (Continued)

(i) The freehold land held by the Group is situated in Chile.

(ii) Since the cost of the freehold land and buildings cannot be allocated reliably between the land and building elements, the entire amount of freehold land is included in the cost of freehold land and buildings. The freehold land and buildings of the Group are situated in Chile.

The Company

	Equipment HK$'000
Cost:	
At 1 April 2012 and 31 March 2013 and 31 March 2014	71
Accumulated depreciation:	
At 1 April 2012 and 31 March 2013 and 31 March 2014	71
Carrying amount:	
At 31 March 2014	**–**
At 31 March 2013	–

17. CONSTRUCTION IN PROGRESS

	The Group	
	2014	2013
	HK$'000	HK$'000
At 1 April	**96,485**	93,896
Exchange realignment	**(13,545)**	2,589
At 31 March	**82,940**	96,485

17. CONSTRUCTION IN PROGRESS (Continued)

Construction in progress represents properties under construction for the processing of copper ores in Chile. The ores processing and trading business is being carried out by the Company's subsidiary, Minera Catania Verde S.A. ("Verde") in Chile and is the only business of Verde. Cost capitalised in the course of construction comprises the direct costs of construction, related staff costs and professional fees, depreciation of machinery used for construction, attributable borrowing costs on general borrowings and after deducting any incidental income generated from the construction work being carried out during the period of construction.

The directors combined the carrying values of construction in progress and other assets under the cash generating unit ("CGU") of the ores processing and trading business of Verde and assessed them for impairment at the CGU level. As detailed in Note 20, based on the results of the assessment, the directors are of the opinion that there was no impairment on construction in progress as at 31 March 2014 and 2013.

18. INTERESTS IN SUBSIDIARIES

	The Company	
	2014	2013
	HK$'000	HK$'000
Unlisted shares, at cost	**138,421**	138,421
Amounts due from subsidiaries	**3,500,903**	736,787
Amounts due to subsidiaries	**(23,431)**	(22,990)
	3,477,472	713,797
	3,615,893	852,218
Less: Provision for impairment	**(739,854)**	(717,291)
	2,876,039	134,927

Amounts due from/(to) subsidiaries are unsecured, interest free and repayable on demand. The Company manages the funding of the subsidiaries collectively and the net balances due from subsidiaries in substance forms part of the Company's interests in the subsidiaries in the form of quasi-equity loans.

18. INTERESTS IN SUBSIDIARIES (Continued)

Particulars of the principal subsidiaries as at 31 March 2014 are as follows:

Name of subsidiary	Place of incorporation/ registration and operations	Particulars of issued and paid-up capital/ paid-up registered capital	Attributable equity interest 2014	Attributable equity interest 2013	Principal Activities
Directly held by the Company					
China Elegance Holdings Limited	British Virgin Islands	1,000 shares	**100%**	100%	Investment holding
Indirectly held by the Company					
Apex Winner Limited	Hong Kong	1 share	**100%**	100%	Provision of management services
CE Investment Limited	Samoa	1 share	**100%**	100%	Investment holding
China Elegance Mining Company Limited	British Virgin Islands/PRC	1 share	**100%**	100%	Trading of metals and minerals
China Elegance Resources Limited	British Virgin Islands	1 share	**100%**	100%	Investment holding
Dynamic Union International Limited	British Virgin Islands	1,000 shares	**51%**	–	Investment holding
Green Dynamic Electric Vehicle Limited	Hong Kong	1 share	**51%**	–	Development in energy saving and environmental protection products

18. INTERESTS IN SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ registration and operations	Particulars of issued and paid-up capital/ paid-up registered capital	Attributable equity interest 2014	Attributable equity interest 2013	Principal Activities
Hong Kong Cable Services Co. Limited	Hong Kong/PRC	100,000 shares	**100%**	100%	Trading of computer hardware and software, provision of computer maintenance services and software development
Loyal Dragon Development Limited	Hong Kong	1 share	**60%**	60%	Provision of office accommodations to group companies
Minera Catania Verde S.A.	Chile	100,000,000 shares	**60%**	60%	Processing and trading of copper ores
Sinocop New Energy Technology (International) Company Limited	British Virgin Islands	100 shares	**75%**	–	Investment holding
Sinocop New Energy Technology Company Limited	Hong Kong	100 shares	**75%**	–	Development of new energy technology and product
Sino Copper Resources (Holdings) Limited	Hong Kong	2 shares	**100%**	100%	Trading of metals and minerals
South China Mining Investments Limited	British Virgin Islands	100 shares	**100%**	–	Investment holding

18. INTERESTS IN SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ registration and operations	Particulars of issued and paid-up capital/ paid-up registered capital	Attributable equity interest 2014	Attributable equity interest 2013	Principal Activities
Tong Guan La Plata Company Limited ("TGLP")	British Virgin Islands	5,000 shares	**60%**	60%	Investment holding
Wise Goal Enterprises Limited	Hong Kong	1 share	**100%**	–	Investment holding
天津中銅新能源科技有限公司 Tinjin Sinocop New Energy Technology Company Limited*	PRC	RMB6,286,400	**75%**	–	Development of new energy technology and product
廣西威日礦業有限責任公司 Guangxi Weiri Mining Company Limited*	PRC	RMB42,458,900	**100%**	–	Mining and sale of mineral resources in the PRC

* The English names of the subsidiaries are for identification only.

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

19. INTERESTS IN ASSOCIATES

	The Group	
	2014	2013
	HK$'000	HK$'000
Share of net assets	**511**	613

Particulars of the Group's associates as at 31 March 2014 are as follows:

Name of associate	Business structure	Place of incorporation/ registration and operations	Percentage of equity attributable to the Group		Principal activities
			2014	2013	
China Anshan Corporation Sdn. Bhd.# *	Corporate	Malaysia	**49%**	49%	Investment holding
Terengganu Anshan Iron & Steel Sdn. Bhd.# *	Corporate	Malaysia	**24%**	24%	Dormant
TAM Mining Sdn. Bhd.*	Corporate	Malaysia	**25%**	25%	Mining and refining of iron ores

As at 31 March 2014, these associates had deficiency in net assets in excess of the Group's costs of investments and were not equity accounted for. The Group had accounted for the losses of these associates to the extent of the investment costs. The Group's unrecognised share of net losses of these associates for the year was HK$6,000 (2013: net losses of HK$8,000) and unrecognised share of losses cumulatively was HK$524,000 (2013: HK$549,000).

* Not audited by BDO Limited or other member firms of BDO International.

19. INTERESTS IN ASSOCIATES (Continued)

The summarised financial information of the Group's associates that are not individually material is as follows:

	2014 **HK$'000**	2013 HK$'000
Group's share of loss for the year	**(69)**	(80)
Group's share of other comprehensive income	**(33)**	7
Group's share of total comprehensive income	**(102)**	(73)

20. GOODWILL

	The Group	
	2014 **HK$'000**	2013 HK$'000
At 1 April	**48,324**	47,009
Acquired through business combination (Note 32)	**3,613**	–
Exchange realignment	**(6,882)**	1,315
At 31 March	**45,055**	48,324

The goodwill is tested for impairment at least annually.

20. GOODWILL (Continued)

Impairment testing of goodwill

For the purpose of impairment testing, goodwill is allocated to the CGU identified as follows:

	The Group	
	2014	2013
	HK$'000	HK$'000
Development of electric bus business	**3,613**	–
Ores processing and trading business	**41,442**	48,324
	45,055	48,324

In the opinion of the directors, there is no impairment on the goodwill relating to the development of electric bus business due to the proximity of the acquisition date of the related CGU of 5 March 2014 and the reporting date of 31 March 2014.

As set out in Note 17 to the financial statements, the directors combined the carrying values of the assets under the CGU of the ores processing and trading business of Verde and assessed them for impairment at the CGU level. The assets under the CGU primarily comprise construction in progress, goodwill, land and buildings, water use rights and plant and machinery. The combined carrying value was approximately HK$171 million (2013: HK$205 million) as at 31 March 2014.

The directors determined the recoverable amount of the CGU as at 31 March 2014 from its fair value less costs to sell based on a valuation of Verde's ores processing and trading business performed by an independent firm of professional valuers using the income approach.

Based on directors' best estimates at the date of the report, the commencement date of the project on Verde's ores processing and trading business shall be delayed until 2018.

The income approach is based on the projection of future cash flows of the ores processing and trading business prepared from the financial budgets covering a seventeen-year period from 2018 to 2034 to reflect the length of time management is committed to exploit the economic benefits of the ores processing and trading business and the expected useful lives of the processing plant and machinery the Group has invested and will continue to invest. The projected future cash flows are discounted to its present value by the weighted-average-cost-of-capital determined from market data.

20. GOODWILL (Continued)

Below are the key assumptions used for the discounted cash flow calculation:

	2014 Percentage	2013 Percentage
Gross profit margin	**32.12**	39.13
Discount rate	**18.26**	18.05
Income growth rate within the projected period	**3.70**	3.87
Costs growth rate within the projected period	**2.96**	2.94

Management determined the budgeted gross profit margin based on relevant data pertaining to the ores processing industry in Chile. The growth rates represent the expected inflation rate based on the geometric average consumer price index of advanced economies, emerging market and developing economies projection in the period from 2011 to 2019 for income and geometric average consumer price index in Chile in the period from 2011 to 2019 for costs. Management believes the Group can attain maximum production capacity based on planned resources within one year of commercial production and sustain such capacity throughout the remaining projected period. The discount rate used reflects the specific risks associated with the ores processing and trading business of Verde, including scarcity of water supply in Chile.

As the fair value less costs to sell of the CGU of the ores processing and trading business exceeded the combined carrying value of the assets under this CGU, the directors are of the opinion that there was no impairment on construction in progress, goodwill, water use rights, land and buildings and plant and machinery as at 31 March 2014 and 2013.

21. MINING ASSETS

	Mining right HK$'000 (Note 33)
Cost and net carrying value:	
On acquisition and at 31 March 2014	**2,832,944**

Mining assets have not been amortised since acquisition as the mine has not yet commenced operation since then.

22. OTHER INTANGIBLE ASSETS

	The Group			
	Technical know-how HK$'000	Water use rights HK$'000	Other HK$'000	Total HK$'000
At 1 April 2012	–	14,931	16	14,947
Exchange realignment	–	417	1	418
At 31 March 2013	–	15,348	17	15,365
Acquired through business combination (Note 32)	12,128	–	–	12,128
Exchange realignment	–	(2,186)	(2)	(2,188)
At 31 March 2014	**12,128**	**13,162**	**15**	**25,305**

The water use rights were acquired to secure an economic supply of underground water for the ores processing and trading business of Verde and represent the perpetual rights for the use of local underground water supply in Chile. These rights have indefinite useful lives and are stated at cost and tested for impairment annually.

Technical know-how on development of electric power supply system on electric bus was acquired as part of the acquisition of Dynamic Union International Limited (as set out in Note 32), and has an estimated useful life of 10 years, over which the asset is amortised.

23. INTEREST IN JOINT VENTURE

	The Group		The Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Unlisted shares, at cost	**–**	–	**–**	–
Share of net assets	**–**	–	**–**	–
Amount due from joint venture	**2,550**	–	**2,500**	–
At end of year	**2,550**	–	**2,500**	–

Particulars of the Group's joint venture as at 31 March 2014 are as follows:

Name of joint venture	Business structure	Place of incorporation/ registration and operations	Percentage of equity attributable to the Group 2014	Percentage of equity attributable to the Group 2013	Principal activities
Sinocop Environtech Energy Resources Limited ("Sinocop Environtech")	Corporate	British Virgin Islands/ Hong Kong	**51%**	100%	Investment holding

The contractual arrangement provides the Group with only the rights to the net assets of the joint arrangement, with the rights to the assets and obligation for the liabilities of the joint arrangement resting primarily with Sinocop Environtech. Under HKFRS 11 this joint arrangement is classified as a joint venture and has been included in the consolidated financial statements using the equity method.

As at 31 March 2014, the joint venture had deficiency in net assets in excess of the Group's costs of investments and were not equity accounted for. The Group had accounted for the losses of this joint venture to the extent of the investment costs. The Group's unrecognised share of net losses of this joint venture for the year and unrecognised share of losses cumulatively was HK$147,000.

23. INTEREST IN JOINT VENTURE (Continued)

The summarised financial information of the Group's joint venture that is not material is as follows:

	2014	2013
	HK$'000	HK$'000
Group's share of loss for the year	**–**	–
Group's share of other comprehensive income	**–**	–
Group's share of total comprehensive income	**–**	–

24. ACCOUNTS RECEIVABLE

The ageing analysis of accounts receivable at the end of the reporting period, based on the invoice date, was as follows:

	The Group	
	2014	2013
	HK$'000	HK$'000
Within 1 month	**2,020**	22,737

The credit period granted by the Group to customers is 30 days.

As at 31 March 2014, accounts receivable of HK$2,020,000 (2013: HK$22,737,000) were neither past due nor impaired.

25. ACCOUNTS PAYABLE

The ageing analysis of accounts payable at the end of the reporting period, based on the invoice date, was as follows:

	The Group	
	2014	2013
	HK$'000	HK$'000
Within 1 month	**–**	22,737

The credit period from the Group's trade creditors is 30 days.

26. AMOUNT DUE TO A RELATED COMPANY

The amount represents a loan from Sino PowerHouse Corporation which is the former shareholder of South China Mining. At the completion date of the acquisition of South China Mining as further detailed in Note 33 to the financial statements, a Deed of Confirmation and Guarantee (the "Deed") was executed. Pursuant to the Deed, the loan principal is HK$186,696,000 and is interest free and repayable within two years from the date of completion of the acquisition of South China Mining.

At the date of completion of the acquisition, the estimated fair value of the above loan of approximately HK$138,565,000 (Note 33) is determined using an imputed interest rate of 15% per annum which is the actual interest rate of a loan obtained from a finance company in the PRC.

27. CONVERTIBLE NOTES

On 28 February 2014, the Company issued zero-coupon convertible notes (the "Convertible Notes") at a principal amount of HK$2,910,000,000 as part of the consideration of the acquisition of a group of company holding mining license as further detailed in Note 33 to the financial statements. The Convertible Notes have a maturity period of ten years from the date of issue and can be converted into ordinary shares of the Company at HK$0.75 per share at the option of the holders of the Convertible Notes subject to the conversion restriction set out in the terms of the Convertible Notes in relation to the compliance with the relevant requirements of the Hong Kong Code on Takeovers and Mergers and the Listing Rules. The Company shall have the right to redeem the entire or part of the principal amount of the Convertible Notes before the maturity date but not the holder of the Convertible Notes.

Convertible Notes are equity instruments in that the Company has the option to issue conversion shares at the conversion price on the maturity date and has no obligation to settle in cash. The fair value of the Convertible Notes as at 28 February 2014 which is determined as the fair value of the net assets of the group companies acquired less the fair value of the consideration shares amounted to HK$2,570,158,000 is credited to the "Convertible notes equity reserve" on the issuance of the Convertible Notes. During the year, Convertible Notes in principal amount of HK$75,000,000 were converted into 100,000,000 ordinary shares of the Company.

28. SHARE CAPITAL

	2014 Number of shares	2014 HK$'000	2013 Number of shares	2013 HK$'000
Authorised:				
Ordinary shares of HK$0.01 each	**50,000,000,000**	**500,000**	50,000,000,000	500,000
Issued and fully paid:				
At beginning of year	**1,384,396,800**	**13,844**	1,384,396,800	13,844
Placing of shares (note (i))	**605,350,000**	**6,053**	–	–
Consideration shares issued for the acquisition of subsidiaries (Note 33)	**120,000,000**	**1,200**	–	–
Conversion of convertible notes (note (ii))	**100,000,000**	**1,000**	–	–
Exercise of share options (note (iii))	**1,000,000**	**10**	–	–
At end of year	**2,210,746,800**	**22,107**	1,384,396,800	13,844

Notes:

(i) During the year ended 31 March 2014, 605,350,000 new ordinary shares of par value of HK$0.01 each were issued at a subscription price of HK$0.6 each to independent third parties at an aggregate consideration of HK$352,285,000 (net of share issue expenses of HK$10,925,000) of which approximately HK$6,053,000 was credited to share capital and the remaining balance of approximately HK$346,231,000 (net of share issue expenses) was credited to share premium account.

(ii) As set out in Note 27, the Company's convertible notes in principal amount of HK$75,000,000 were converted into 100,000,000 ordinary shares of the Company at the conversion price of HK$0.75 per share, of which HK$1,000,000 was credited to share capital and the remaining balance of HK$65,241,000 was credited to share premium account.

(iii) During the year ended 31 March 2014, options were exercised to subscribe for 1,000,000 ordinary shares in the Company at a total consideration of HK$460,000 of which HK$10,000 was credited to share capital and HK$877,000 was credited to the share premium account. An amount of HK$427,000 was transferred from the share options reserve to the share premium account following the exercise of the options (Notes 29 and 30).

There was no exercise of options during the year ended 31 March 2013.

29. SHARE-BASED PAYMENT TRANSACTIONS

The Company operates a share option scheme (the "Old Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operation.

The Old Scheme, which was adopted by an ordinary resolution of the shareholders at the special general meeting of the Company on 5 January 2004 (the "Adoption Date"), constitutes a share option scheme governed by Chapter 17 of the Listing Rules and will remain in force for 10 years from the Adoption Date.

Pursuant to the Old Scheme, the board of directors is empowered, at its discretion, to invite any full-time employees of the Company or any of its subsidiaries or associates, including any executive directors and non-executive directors of the Company or of any of its subsidiaries or associates, to take up options to subscribe for shares in the Company. The period during which an option may be exercised will be determined by the directors at their discretion, save that no option may be exercised later than 10 years after it has been granted. Acceptance of the offer shall be within 21 days after the date of offer of the grant of options, upon payment of a nominal consideration of HK$1. The maximum number of shares in respect of which options may be granted under the Old Scheme may not exceed 10% of the aggregate of the shares of the Company in issue as at 5 August 2011, the date upon which the limit was refreshed by an ordinary resolution of the shareholders. Pursuant to the Old Scheme, the above limit can be further refreshed by the shareholders. However, the total number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Old Scheme shall not exceed 30% of the shares in issue from time to time. The subscription price of the share options shall not be less than the higher of (i) the closing price of the shares on the Stock Exchange on the date of offer; (ii) the average closing price of the shares on the Stock Exchange for the five trading days immediately preceding the date of offer; and (iii) the nominal value of the shares.

A new share option scheme (the "New Scheme") was adopted by an ordinary resolution of the shareholders at annual general meeting of the Company on 30 August 2013 (the "New Adoption Date"). The New Scheme constitutes a share option scheme governed by Chapter 17 of the Listing Rules and will remain in force for 10 years from the New Adoption Date. As a result of the adoption of the New Scheme on 30 August 2013, the Old Scheme was terminated. Upon termination of the Old Scheme, no further option can be offered thereafter but any options granted prior to such termination but not yet exercised shall continue to be valid and exercisable in accordance with the Old Scheme.

29. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

Pursuant to the New Scheme, the board of directors is empowered, at its discretion, to invite any participant (defined in the New Scheme) to take up options to subscribe for shares in the Company. The period during which an option may be exercised will be determined by the directors at their discretion, save that no option may be exercised later than 10 years after it has been granted. Acceptance of the offer shall be within 21 days after the date of offer of the grant of options, upon payment of a nominal consideration of HK$1. The maximum number of shares in respect of which options may be granted under the New Scheme may not exceed 10% of the aggregate of the shares of the Company in issue as at 30 August 2013, the date of approval of the New Scheme by an ordinary resolution of the shareholders. Pursuant to the New Scheme, the above limit can be further refreshed by the shareholders. However, the total number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Scheme shall not exceed 30% of the shares in issue from time to time. The subscription price of the share options shall not be less than the higher of (i) the closing price of the shares on the Stock Exchange on the date of offer; (ii) the average closing price of the shares on the Stock Exchange for the five trading days immediately preceding the date of offer; and (iii) the nominal value of the shares.

There was no share option granted under the New Scheme during the year.

The movements in the number of share options under the Old Scheme during the year were as follows:

Date of offer of grant	At 01/04/2012	Exercised during the year	Lapsed/ forfeited during the year	At 31/03/2013	Exercised during the year	Lapsed/ forfeited during the year	At 31/03/2014	Exercise price	Closing price at date of offer of grant	Exercise period	Vesting period
11/07/2007	43,500,000	–	–	43,500,000	–	(10,500,000)	33,000,000	HK$0.86	HK$0.86	11/07/2007 to 10/07/2017	N/A
18/09/2007	5,000,000	–	–	5,000,000	–	–	5,000,000	HK$2.95	HK$2.90	18/09/2007 to 17/09/2017	01/04/2008 to 31/03/2013
16/12/2009	65,900,000	–	–	65,900,000	(1,000,000)	(500,000)	64,400,000	HK$0.46	HK$0.45	16/12/2009 to 15/12/2019	N/A
	114,400,000	–	–	114,400,000	(1,000,000)	(11,000,000)	102,400,000				

The weighted average remaining contractual life of options outstanding at the end of the year was 4.83 years (2013: 5.69 years).

29. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

Of the total number of options outstanding at the end of the year, 102,400,000 (2013: 114,400,000) were exercisable at the end of the year.

In respect of the share options exercised during the year ended 31 March 2014, the weighted average share price at the dates of exercise was HK$0.76 (2013: Nil).

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on Black-Scholes model. The contractual life of the share options and expectations of early exercise of the share options are incorporated into the model.

Fair value of share options and assumptions:

	Offer of grant at		
	11 July 2007	**18 September 2007**	**16 December 2009**
Fair value at measurement date	HK$0.65	HK$2.63	HK$0.43
Share price at the date of offer of grant	HK$0.86	HK$2.90	HK$0.45
Exercise price	HK$0.86	HK$2.95	HK$0.46
Expected volatility	160.11%	163.08%	125.98%
Expected life	2 years	2.53 to 6.53 years	10 years
Expected dividend rate	0%	0%	0%
Risk-free interest rate	4.757%	4.272%	2.387%

There is no equity-settled share-based payment expense (2013: HK$2,633,000) recognised during the year.

30. RESERVES

The Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 47 of the annual report.

The nature and purposes of reserves are set out below:

(a) Share premium

The application of the share premium account is governed by Section 40 of the Companies Act 1981 of Bermuda (as amended) (the "Companies Act 1981").

(b) Contributed surplus

The contributed surplus represents the excess of the fair value of the shares of the subsidiary acquired over the nominal value of the Company's shares issued in exchange thereof, at the time of the Group reorganisation in preparation for the listing of the Company's shares.

Under the Companies Act 1981, contributed surplus is available for distributions to its equity holders. However, the Company cannot declare or pay a dividend or make a distribution out of contributed surplus if:

– it is or would after the payment be unable to pay its liabilities as they fall due; or

– the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium account.

(c) Share options reserve

Share options reserve comprises the fair value of the estimated number of unexercised share options granted to employees of the Group recognised in accordance with the accounting policy adopted for share-based payments in Note 4(q).

(d) Foreign currency translation reserve

Foreign currency translation reserve represents foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policy set out in Note 4(o).

30. RESERVES (Continued)

The Group (Continued)

(e) *Capital reserve*

Capital reserve represents the excess of the net assets of the subsidiaries acquired by the Group from its shareholder over the consideration paid. The excess is accounted for as contributions from shareholder and credited to capital reserve.

(f) *Convertible notes equity reserve*

Convertible notes equity reserve represents the fair value of outstanding convertible notes issued by the Company recognised in accordance with the accounting policy adopted for convertible notes in Note 4(j)(iii).

The Company

	Share premium HK$'000	Contributed surplus HK$'000	Convertible notes equity reserve HK$'000	Share options reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2012	178,418	87,109	–	66,859	(196,457)	135,929
Loss and total comprehensive income for the year	–	–	–	–	(17,732)	(17,732)
Share-based payments (Note 29)	–	–	–	2,633	–	2,633
At 31 March 2013	178,418	87,109	–	69,492	(214,189)	120,830
Loss and total comprehensive income for the year	–	–	–	–	(28,331)	(28,331)
Placing of shares	357,156	–	–	–	–	357,156
Share issue expenses	(10,925)	–	–	–	–	(10,925)
Issue of convertible notes for the acquisition of assets and liabilities through acquisition of subsidiaries (Note 27)	–	–	2,570,158	–	–	2,570,158
Issue of shares for the acquisition of assets and liabilities through acquisition of subsidiaries (Note 33)	103,200	–	–	–	–	103,200
Exercise of share options	877	–	–	(427)	–	450
Conversion of convertible notes (Note 28(ii))	65,241	–	(66,241)	–	–	(1,000)
Forfeited share options	–	–	–	(7,026)	7,026	–
At 31 March 2014	**693,967**	**87,109**	**2,503,917**	**62,039**	**(235,494)**	**3,111,538**

31. NON-CONTROLLING INTERESTS

The table below shows details of non-wholly-owned subsidiaries of the Company that have material non-controlling interests:

Name of subsidiary	Proportion of ownership interests held by non-controlling interests 2014	2013	Profit/(loss) allocated to non-controlling interests 2014 HK$'000	2013 HK$'000	Accumulated non-controlling interests 2014 HK$'000	2013 HK$'000
Dynamic Union International Limited	**49%**	–	**(416)**	–	**15,329**	–
Tong Guan La Plata Company Limited	**40%**	40%	**(11,230)**	(2,596)	**90,653**	101,883
Individually immaterial subsidiaries with non-controlling interests					**(1,404)**	–
					104,578	101,883

Summarised financial information in respect of the Company's subsidiaries that has material non-controlling interest is set out below. The summarised financial information below represents amounts before intra-group eliminations.

	2014 HK$'000	2013 HK$'000
Dynamic Union International Limited		
Current assets	**18,703**	–
Non-current assets	**12,625**	–
Current liabilities	**(45)**	–
Equity attributable to owners of the Company	**15,954**	–
Non-controlling interests	**15,329**	–
Revenue	**–**	–
Expenses	**–**	–
Loss for the year	**(849)**	–

31. NON-CONTROLLING INTERESTS (Continued)

	2014 HK$'000	2013 HK$'000
Dynamic Union International Limited (Continued)		
Loss attributable to owners of the Company	(433)	–
Loss attributable to the non-controlling interests	(416)	–
Loss for the year	(849)	–
Total comprehensive income attributable to owners of the Company	(433)	–
Total comprehensive income attributable to the non-controlling interests	(416)	–
Total comprehensive income for the year	(849)	–
Dividends paid to non-controlling interests	–	–
Net cash outflow from operating activities	(11,936)	–
Net cash inflow from financing activities	20,004	–
Net cash inflow	8,068	–
Tong Guan La Plata Company Limited		
Current assets	114,866	120,773
Non-current assets	183,061	217,999
Current liabilities	(2,224)	(3,523)
Equity attributable to owners of the Company	205,050	233,366
Non-controlling interests	90,653	101,883
Revenue and other income	3,918	13,268
Expenses	(11,971)	(23,451)
Loss for the year	(8,053)	(10,183)

31. NON-CONTROLLING INTERESTS (Continued)

	2014 HK$'000	2013 HK$'000
Tong Guan La Plata Company Limited (Continued)		
Loss attributable to owners of the Company	**(4,831)**	(6,110)
Loss attributable to the non-controlling interests	**(3,222)**	(4,073)
Loss for the year	**(8,053)**	(10,183)
Other comprehensive income attributable to owners of the Company	**(23,485)**	3,529
Other comprehensive income attributable to the non-controlling interests	**(8,008)**	2,352
Other comprehensive income for the year	**(31,493)**	5,881
Total comprehensive income attributable to owners of the Company	**(28,316)**	(2,581)
Total comprehensive income attributable to the non-controlling interests	**(11,230)**	(1,721)
Total comprehensive income for the year	**(39,546)**	(4,302)
Dividends paid to non-controlling interests	**–**	–
Net cash (outflow)/inflow from operating activities	**(27,295)**	978
Net cash (outflow)/inflow from investing activities	**(3)**	494
Net cash (outflow)/inflow	**(27,298)**	1,472

32. BUSINESS COMBINATION

On 5 March 2014, the Group subscribed 510 newly issued ordinary shares of Dynamic Union International Limited ("Dynamic Union"), in consideration of HK$20,000,000 and held 51% equity interest of Dynamic Union thereafter. The principal activities of Dynamic Union and its subsidiary, Green Dynamic Electric Vehicle Limited ("Green Dynamic"), are to carry out a research and development project to co-develop localised electric buses with the Hong Kong Productivity Council. The purpose of the acquisition is to diversify the Group's businesses to new energy sector.

The fair value of identifiable assets and liabilities of the acquiree as at 5 March 2014, the date of acquisition, were:

	HK$'000	HK$'000
Technical know-how recognised upon fair value adjustments	12,128	
Other receivables	4	
Cash and bank balances	20,000	
Non-controlling interests	(15,745)	
		16,387
The fair value of consideration transferred:		
Cash and bank balances	20,000	
		20,000
Goodwill (Note 20)		3,613
Net cash outflow arising on acquisition:		
Cash consideration paid		(20,000)
Cash and cash equivalents acquired		20,000
		–

The fair value of technical know-how of HK$12,128,000 at the date of acquisition was determined by an independent professional valuer.

32. BUSINESS COMBINATION (Continued)

The goodwill of HK$3,613,000, which is not deductible for tax purposes, comprises the acquired workforce and the value of expected synergies arising from the combination of the acquired business with the existing operations of the Group.

Since the acquisition date, Dynamic Union has no revenue and contributed loss of HK$849,000 to the Group's profit or loss. If the acquisition had occurred on 1 April 2013, the Group's revenue and loss would have been the same as the Group's revenue and loss for the year ended 31 March 2014 because Dynamic Union had no revenue or loss prior to its acquisition date.

Subsequent to the subscription of new shares on 5 March 2014, the Dynamic Union non-controlling interests ("NCIs") own 49% of the issued share capital of Dynamic Union.

On 12 March 2014, the Dynamic Union NCIs granted a call option to CE Investment Limited ("CEI"), a wholly-owned subsidiary of the Company, to call the entire 49% equity interest in Dynamic Union owned by the Dynamic Union NCIs ("Call Option"). Completion of the granting of Call Option is subject to obtaining the approval of the Company's shareholders in a special general meeting and the listing approval from the Stock Exchange. Exercisable period of the Call Option is 5 years from the date of the Call Option. Upon exercise of the Call Option, CEI has to arrange 267 million shares of the Company at a consideration price of HK$0.95 each. The total consideration is HK$253,650,000.

On the same date, CEI wrote a put option to the Dynamic Union NCIs to put the entire 49% equity interest in Dynamic Union owned by the Dynamic Union NCIs to CEI ("Put Option"). Completion of the granting of Put Option is subject to obtaining the approval of the Company's shareholders in a special general meeting and the listing approval from the Stock Exchange. The special general meeting was held and the shareholders' approval was obtained on 5 May 2014. Exercisable period of the Put Option is 5 years from the date of the Put Option. Upon exercise of the Put Option, the exercise price shall be equal to 49% of the target value (which represents 6 times of the average of audited annual consolidated net profit after taxation and before extraordinary items of the acquired group in three consecutive financial years within the exercisable period) but not more than HK$253,650,000 to be settled by the issue of 267 million shares of the Company at consideration price of HK$0.95 each.

As at the end of the reporting period, the Call Option and Put Option were subject to the fulfillment of certain conditions precedents and not exercisable.

33. ACQUISITION OF ASSETS AND LIABILITIES THROUGH ACQUISITION OF SUBSIDIARIES

Details of the fair value of net assets acquired in respect of the acquisition of South China Mining and its subsidiaries are as follows:

	HK$'000	HK$'000
Net assets acquired:		
Property, plant and equipment	2,039	
Mining assets (Note 21)	2,832,944	
Other receivables, deposits and prepayments	13,413	
Cash and bank balances	5,013	
		2,853,409
Less: Loan from former shareholder of South China Mining (Note 26)	(138,565)	
Other payables and accruals	(2,082)	
Amount due to a related company	(38,204)	
		(178,851)
		2,674,558
Consideration satisfied by:		
Issue of new shares of the Company, at fair value (Note (i))		104,400
Issue of Convertible Notes (Note 27)		2,570,158
Total consideration, at fair value		2,674,558
Net cash inflow arising on acquisition:		
Cash and cash equivalents acquired		5,013

Note:

(i) The fair value of 120,000,000 ordinary shares of the Company issued as part of the consideration was determined with reference to the market price of HK$0.87 of the Company's shares at the completion date. Out of the total fair value of HK$104,400,000, HK$1,200,000 was credited to share capital and the remaining balance of HK$103,200,000 was credited to the share premium account.

33. ACQUISITION OF ASSETS AND LIABILITIES THROUGH ACQUISITION OF SUBSIDIARIES (Continued)

On 28 February 2014, the Group acquired the entire issued share capital of South China Mining at a total nominal consideration of HK$3 billion of which (i) HK$90 million was settled by the allotment and issue of 120 million consideration shares at the issue price of HK$0.75 per consideration share to the vendors; (ii) HK$2.91 billion was settled by the issue of Convertible Notes to the vendor. The principal activity of South China Mining is investment holding and owns the Glauberite mine through its direct shareholding in its subsidiaries. One of the vendors of South China Mining is a corporate jointly owned by two directors of the Company. Further details are set out in the Company's circular dated 11 October 2013.

The acquisition of South China Mining and its subsidiaries did not constitute an integrated set of activities and assets as no significant process was acquired. In the opinion of the directors of the Company, the acquisition was in substance an acquisition of assets and liabilities, being holding of mining rights in Guangxi Province in the PRC and its associated assets and liabilities through acquisition of subsidiaries.

Since the acquisition was considered as an acquisition of assets and liabilities and the consideration is settled by the Company's equity instruments comprising the Company's shares and Convertible Notes which was an equity-settled share-based payment transaction and accordingly the fair value of the equity instruments recognised in the acquisition should be determined based on the fair value of the assets and liabilities acquired.

34. COMMITMENTS

(a) Capital commitments

At the end of the reporting period, the Group had the following capital commitments contracted but not provided for in these financial statements:

	2014 HK$'000	2013 HK$'000
Acquisition of property, plant and equipment	3,489	3,464
Capital expenditure in respect of the construction of the ores processing plant	3,739	3,771
Capital expenditure in respect of the mining operations	216	–
	7,444	7,235

(b) Operating lease commitments

As lessee

At the end of the reporting period, the Group was committed to make the following future minimum lease payments in respect of land and buildings under non-cancellable operating leases which fall due as follows:

	2014 HK$'000	2013 HK$'000
Within one year	5,171	2,630
After one year but within five years	5,252	474
	10,423	3,104

The Group is the lessee in respect of a number of properties held under operating leases. The leases typically run for an initial period of one to three years. None of the leases includes contingent rentals.

34. COMMITMENTS (Continued)

(b) Operating lease commitments (Continued)

As lessor

The Group leases its water use rights and freehold land under operating lease. Rental income earned during the year was HK$2,740,000 (2013: HK$2,698,000). There are no direct operating expenses arising on the water use rights in the year.

At the end of the reporting period, the Group's total future minimum lease receivable under non-cancellable operating leases is as follows:

	2014	2013
	HK$'000	HK$'000
Within one year	**1,588**	2,912
After one year but within five years	**654**	3,758
	2,242	6,670

As at 31 March 2014, the Group had received CLP94,965,000 (equivalent to approximately HK$1,340,000) (2013: CLP164,593,000, equivalent to approximately HK$2,709,000) rental income from tenant in advance and included in receipts in advance in the consolidated financial statements.

35. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in these financial statements, the Group had the following major transactions with related parties during the years ended 31 March 2014 and 2013:

(a) Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation.

(b) On 16 October 2007, Verde entered into a master agreement (the "Master Agreement") with CAH Reserve S.A. ("CAH"), a related company in which Mr. Cheung Ngan and Mr. Chan Chung Chun, Arnold jointly and indirectly own 44% effective interest. Pursuant to the Master Agreement, Verde agrees to purchase and CAH agrees to exclusively supply and sell the copper ores extracted from CAH's mining concessions in Chile to Verde, free from all liens, charges and encumbrances.

The Master Agreement will subsist until terminated by Verde (at the discretion of Verde) by giving CAH not less than 6 months' written notice of termination any time after the 3rd anniversary of the Master Agreement.

There were no purchases from CAH during the years ended 31 March 2014 and 2013.

This related party transaction also constitutes continuing connected transactions in respect of which the Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

(c) Members of key management during the year comprised only of the directors whose remuneration is set out in Note 9.

36. BANKING FACILITIES

The Company's directors Mr. Cheung Ngan and Mr. Chan Chung Chun, Arnold, have provided an unlimited personal guarantee to a bank as a security for bank borrowings provided to the Group for its trading activities from time to time. The Group did not have any outstanding borrowings as at 31 March 2014 and 2013.

37. CAPITAL RISK MANAGEMENT

The Group's objective of managing capital is to safeguard its ability to continue as a going concern to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders or issue new shares.

The capital structure of the Group consists of equity attributable to owners of the Company only, comprising share capital and reserves.

38. FINANCIAL RISK MANAGEMENT

Exposure to credit, liquidity, interest rate and currency risks arise in the normal course of the Group's business. These risks are limited by the Group's financial risk management policies and practices described below.

Credit risk

The Group's bank deposits and balances are deposits with banks in Hong Kong, Chile and the PRC. The credit risk on these liquid funds is limited because the counterparties are banks with good credit-rating.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry and country in which customers operate also has an influence on credit risk but to a lesser extent. At 31 March 2014, the Group had a significant concentration of credit risk as trade receivables were due entirely from one customer within the development of electric bus segment (2013: one customer within the metal and minerals trading segment).

In order to minimise credit risk, senior management of the Group is directly responsible for the determination of credit limits, credit approvals and other monitoring procedures. In addition, senior management reviews the recoverable amount of each individual trade and other debts regularly to ensure that adequate impairment losses are recognised for irrecoverable debts. In this regard, management considers that the Group's credit risk is significantly reduced.

38. FINANCIAL RISK MANAGEMENT (Continued)

Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the parent company's board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The Group

	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000
2014				
Other payables and accruals	**(11,370)**	**(11,370)**	**(11,370)**	**–**
Amount due to a related company	**(128,603)**	**(175,002)**	**–**	**(175,002)**
	(139,973)	**(186,372)**	**(11,370)**	**(175,002)**
2013				
Accounts payable	(22,737)	(22,737)	(22,737)	–
Other payables and accruals	(15,810)	(15,810)	(15,810)	–
	(38,547)	(38,547)	(38,547)	–

As at 31 March 2014 and 2013, the contractual undiscounted cash flows of the non-derivative financial liabilities of the Company were non-interest bearing and due for payment within two years or on demand.

38. FINANCIAL RISK MANAGEMENT (Continued)

Interest rate risk

The Group's interest rate risk arises primarily from borrowings. Borrowings issued at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively.

The Group's cash flow interest rate risk mainly arises from short term bank borrowings issued at variable rates for financing its purchase and freight and transaction costs in the ordinary course of business. The Group has not used any financial instruments to hedge potential fluctuations in interest rates. At the end of the reporting period, the Group had no borrowings which bear fixed or floating interest rates.

Foreign currency risk

The Group is exposed to currency risk primarily through transactions that are denominated in currencies other than the functional currency of the operations to which they relate. The currencies giving rise to this risk is primarily United States dollars.

The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The following table details the Group's and the Company's exposure at the end of the reporting period to currency risk arising from forecast transactions or recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate.

The Group

	Liabilities		**Assets**	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Renminbi ("RMB")	**1,802**	–	**22,142**	223
United States dollars ("USD")	**5,974**	52,155	**36,107**	93,216
Japanese Yen ("JPY")	**–**	–	**760**	–

38. FINANCIAL RISK MANAGEMENT (Continued)

Foreign currency risk (Continued)

The Company

	Liabilities		Assets	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
USD	**–**	–	**779**	8

The Group regards the exposure to United States dollars against Hong Kong dollars is minimal as the pegged rate between Hong Kong dollars and United States dollars would not have any material changes.

Market price risk

At the end of the reporting period, the Group is not exposed to any significant equity securities risk or commodity price risk.

Fair value risk

All financial instruments are carried at amounts not materially different from their fair values as at 31 March 2014 and 2013.

39. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

The carrying amounts of the Group's financial assets and financial liabilities as recognised at 31 March 2014 and 2013 may be categorised as follows:

	2014	2013
	HK$'000	HK$'000
Financial assets		
Loans and receivables (including cash and bank balances)	**305,680**	64,970
Financial liabilities		
Financial liabilities measured at amortised cost	**139,973**	38,547

40. EVENTS AFTER THE REPORTING PERIOD

(i) In a special general meeting held on 5 May 2014, the Company's shareholders approved CEI which is a wholly-owned subsidiary of the Company to enter into an option deed to grant the Put Option to the non-controlling interests of Dynamic Union to sell the 49% equity interest in Dynamic Union at the consideration equal to 49% of 6 times of the average of audited annual consolidated net profit after taxation and before extraordinary items of Dynamic Union in three consecutive financial years, at a consideration not exceeding HK$253,650,000.

(ii) The Company entered into a subscription agreement on 18 June 2014 with the subscriber, pursuant to which the subscriber conditionally agreed to subscribe for and the Company conditionally agreed to issue an aggregate of 96,000,000 subscription shares at a price of HK$0.92 per subscription share. Further details are set out in the Company's announcement on 18 June 2014.

41. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 23 June 2014.