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)

Annual Report

2015

Contents

Corporate Information

DIRECTORS

Executive Directors
Mr. Cheung Ngan *(Chairman)*
Mr. Lai Kwok Wai (appointed on 27 April 2015)

Non-Executive Directors
Mr. Li Shaofeng
Mr. Zhao Hong Feng
(appointed on 1 September 2014)
Mr. Zhou Jin Kai (appointed on 1 September 2014)

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

BDO Limited
25th Floor, Wing On Centre
111 Connaught Road Central
Hong Kong

LEGAL ADVISOR IN HONG KONG

TC & Co.
Units 2201-3, 22/F,
Tai Tung Building, 8 Fleming Road
Wanchai, Hong Kong

BRANCH REGISTRAR IN HONG KONG

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

STOCK CODE

0476

REGISTERED OFFICE

Clarendon House
2 Church Street, Hamilton HM 11
Bermuda

PRINCIPAL REGISTRAR

Appleby Management (Bermuda) Ltd.
Canon's Court, 22 Victoria Street
Hamilton HM 12
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

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Wanchai, Hong Kong

COMPANY SECRETARY

Ms. Lo Lai Man, *CPA*

PRINCIPAL BANKER

Hang Seng Bank Limited

WEBSITE

www.chinadynamics.com

I am pleased to present the annual report of China Dynamics (Holdings) Limited (the "Company") and its subsidiaries (the "Group") for the year ended 31 March 2015.

RESULTS

During the year ended 31 March 2015, the Group recorded a turnover of approximately HK$19.0 million (2014: HK$68.2 million) which is derived from sales of motor vehicles in the People's Republic of China (the "PRC"). As compared to last year, of which the turnover was generated from sales of nickel ores, turnover has decreased since the Group did not have any turnover in nickel ores trading during the year. The decrease in nickel ores trading is due to the continued fluctuation and decrease in the selling price of global metal and minerals market. The turnover of motor vehicle selling is derived from a subsidiary acquired by the Group in December 2014 and thus limited turnover and profit margin of 3.1% was contributed to the Group during the year ended 31 March 2015.

The Group recorded a loss of approximately HK$60.7 million for the year as compared to a loss of approximately HK$41.0 million for last year. Such an increase in loss was mainly due to the decrease in turnover and gross profit as discussed above and the increase in administrative expenses to approximately HK$85.9 million (2014: HK$45.1 million). The increase in administrative expenses during the year was due to administrative expenses incurred by certain subsidiaries in the PRC which were acquired in February 2014 and during the year ended 31 March 2015, and the share-based payment expense of approximately HK$16.9 million (2014: HK$Nil) recognised during the current year. Other income and gains increased to approximately HK$51.0 million (2014: HK$4.2 million), it was mainly derived from the gain on bargain purchase of approximately HK$41.1 million (2014: HK$Nil) on the acquisition of certain subsidiaries in the PRC during the year.

Finance costs of approximately HK$22.6 million (2014: HK$1.7 million) during the year represents the non-cash annual imputed interest expenses on the amount due to a related company arising from the acquisition of a subsidiary in February 2014.

The loss attributable to the owners of the Company was HK$48.4 million (2014: HK$36.0 million). Basic and diluted loss per share for the year was HK$0.02 per share (2014: HK$0.02 per share).

DIVIDEND

The directors of the Company do not recommend the payment of any dividend for the year ended 31 March 2015.

BUSINESS REVIEW

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

Environment deterioration with heavy photochemical smog and haze in the PRC has been continuing during the year. One of the reasons of such continuing deterioration is due to increasing transportation and thus raising the emission levels. Electrification of cars is inevitably a global trend towards a feasible solution in improving such deterioration. In addition, electrification will also have the benefit of less dependence on crude oil-led fuels and thus a better energy security. As such, the PRC Government was determined to promote and develop electric vehicles as the main strategic orientation during the whole "Twelfth Five Plan". Among all vehicle sectors, buses are the most pollution emitting vehicles and they are mostly used as public transport. Electric buses including hybrid and fuel cell variations, have been observed to be almost the only solution for emission controls from public transport. The Group believes that electric buses and vehicles is definitely a global trend in vehicle transportation industry and thus offering good business opportunity.

As discussed in last annual report, the Group has successfully bidded a tender from the Hong Kong Productivity Council (the "HKPC") in February 2014 for the design, supply and fabrication of 4 sets of Permanent Magnet Synchronised Motor System and Power Battery System to be used for HKPC Electric Buses Project (the "eBus Project"). The successful bid reflects the unique advantage of our Power Battery System which is in solid state, intense power density, able to achieve high power output, light in weight and safety. The advantages also enable the Group to commence business in the new energy industry as it can resolve the hindrance that general power battery system may cause to electric vehicles, especially the leaking of electrolyte in liquid state battery which may result in severe safety concern. The deliverables of the relevant tender were submitted to HKPC during the year ended 31 March 2015.

In addition to the successful bid of the above tender, the Group in last year also acquired Green Dynamic Electric Vehicle Limited (the "GDEV") which was responsible for the eBus Project as mentioned above. The Group then became fully in control of integrating our Power Battery System in the whole eBus Project according to HKPC requirement standard. The eBus project represented 12-meter long single deck pure electric buses with highest Hong Kong quality standard. Those eBus were delivered and are currently under HKPC evaluation procedure.

In view of the tremendous market potential in EV market, the Group acquired a company in Chongqing during the year, Chongqing Suitong Industrial Company Limited (the "Chongqing Suitong"), which is principally engaged in manufacturing of whole eBus with all electric power system and control system, manufacturing of other buses, marketing and selling the components of vehicles. The Board is of the view that it is a stepping stone for the Group to develop the new energy industry in the PRC. Chongqing Suitong became a subsidiary of the Company in December 2014 and hence its contributed to the Group represents the first quarter's turnover from sale of motor vehicles. Chongqing Suitong is currently applying for the new energy specialty buses production license and is expected to complete in the third quarter of 2015.

The Group had completed the subscription of 10% enlarged shareholdings in Rimac Automobili d.o.o. (the "Rimac") during the year. Although it does not have any positive contribution yet, the Group believes that the subscription represents good horizontal business expansion opportunity into passenger EV markets in addition to the eBus markets, as well as providing opportunity for technology exchange which can benefit our eBus development as discussed below.

After 31 March 2015, the Group had entered into a Strategic Cooperation Agreement and a New Energy Vehicle Cooperation Agreement (the "Agreements") with Chongqing Liangjian New Area Innovation Venture Investment and Development Company Limited (the "Chongqing Liangjian") to develop new energy vehicles. Chongqing Liangjian is a state owned company established in Chongqing to promote research and development, and commercialisation of innovative technology projects including EVs. The Board believes that the entering into the Agreements will i) enhance its competitive strength and optimize the research and development capabilities of the Company by the establishment of a research and development platform with the support of Chongqing Liangjian; and ii) strengthen its presence in the new energy vehicle market in the PRC, especially in Chongqing.

Chongqing Suitong is the eBus production base of the Group and its production capacities is able to meet the current regional market demand. Moreover, the local government has further reserved a piece of land of approximately 153,000 square meters for its expansion. Together with Chongqing Liangjian as described above, the Group is well positioned to open up eBus market in Chongqing as well as in South-western provinces. The Board is also confident that the Group, with its strong research and technical competency as well as established production capabilities, is able to procure and take up eBus market opportunities in other provinces in the PRC such as Beijing, Hebei and Hubei. The Group is extremely confident to conclude sales order of 600 to 1,000 units of eBus with various sizes in the second half of 2015.

The Board is optimistic that the Group is well positioned to develop the PRC eBus and EVs market in a rather fast pace, and is also able to seek for expansion and capture opportunity from time to time.

Mining and production of mineral products

The Group had completed the acquisition of a subsidiary, Guangxi Weiri Mining Company Limited (the "Guangxi Weiri"), which is the beneficiary of a glauberite mine located in Guangxi, the PRC, on 28 February 2014.

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.

The glauberite mine is currently undergoing development preparation in accordance with its development plan. Since the processes of land acquisitions for the factory as well as for the road access are much slower than expected and therefore during the year ended 31 March 2015, there is no significant exploration, development or production activity conducted for the glauberite mine. The mineral resources has not changed since its acquisition, details of the resources are stated in the "Mineral resources and ore reserves" section below.

During the year, Guangxi Weiri completed the purchase of a land use right of 63,118 square meters for HK$9.6 million. Another HK$9.7 million was paid for approximately 100,000 square meters of land for factory site but relevant land use rights has not been issued yet due to local governmental land management process. Procedure for approximately 41,500 square meters of land for road access has also been done but no payment was made yet since the land use rights of the second parcel of land above is still pending.

In view of the lands legal availability situation, Guangxi Weiri has postponed the purchase of production equipment from a Europe supplier and its China production base. The terms of the relevant purchase contract has been concluded but not yet committed. Guangxi Weiri will try every effort to speed up the development process and will work closely with local government to sort out any hindrance.

Mineral resources and ore reserves

As at 31 March 2015, 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 2015.

Wireframe	Classification	Tonnes ('000)	Na_2SO_4 (%)	Na_2SO_4 Metal tonnage ('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**

Note:

(1) The effective date of the Mineral Resource 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 Resource 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 resource 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 resource been depleted through mining, the resource as at 31 March 2015 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. Louis Bucci and Mr. Danny 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. Danny Kentwell is a Fellow of the Australasian Institute of Mining and Metallurgy. 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. Dr. Louis Bucci was a full time employee of SRK from August 2004 until June 2014.

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.

Metals and minerals trading

During the year, the metal and mineral industry did not have enough momentum to drive significant rebound in demand. Hence the Group's metals and minerals trading business was inevitably been affected by the slack economy and its prevailing slim or even no margin business nature. As such, the Group had not concluded any trading contract on metal ores during the year to avoid any possible risk.

The Group believes that the current slow demand is a normal economic cycle, and is confident that the economy of the PRC will continue to grow and urbanisation will keep pace, and thus a continuous demand in metals and minerals. In the meantime, the Group will also put its efforts to identify and pursue other resources type trading business and believe that the Group will be able to take up such opportunities when they arise.

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, 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 years 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 prioritise 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 Chile government has appointed a Presidential Delegate for water resources 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 in 2015 from Chilean lawyer regarding the current situation of the water resources, which advised that the decree in 2013 is no longer in force but the situation of scarcity remains and inhabitants still continued to use this decree to extract water and hence this 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 maintained the decision to delay 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.

MATERIAL ACQUISITIONS

On 11 July 2014, the Company entered into an Investment Agreement with Mate Rimac, pursuant to which the Company has conditionally agreed to invest in 10% equity interest of a target company, Rimac Automobili d.o.o., a company incorporated in the Republic of Croatia with limited liability, at an aggregate consideration of i) cash EUR5,000,000 (approximately HK$50,200,000) by way of capital injection to Rimac; and ii) HK$20,000,000 by the issue of 20,000,000 consideration shares to Mate Rimac at the issue price of HK$1.00 per Consideration Share. The closing price of the shares of the Company was HK$0.94 on the last trading day as at 11 July 2014. Rimac 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, in each case, for such powertrains and battery technology systems. Mate Rimac is a director and substantial shareholder of Rimac. The investment was completed on 3 November 2014. Since the Group has captured the technology of the battery system for eBus and commencing the market position in the new energy industry, the directors consider that the investment represents a good opportunity for the Group to further invest in such industry and expand into the market in Europe. The Group believes that the investment represents a good horizontal business expansion opportunity into passenger EVs markets in addition to the eBus public transport fleet markets.

On 17 November 2014, Chongqing Sinocop New Energy Vehicle Technology Company Limited (the "Chongqing Sinocop"), an indirect wholly-owned subsidiary of the Company, entered into the Investment Framework Agreement with the vendors, to acquire 70% issued equity of a target company, Chongqing Suitong, at an aggregate consideration of i) RMB20 million by way of capital injection to Chongqing Suitong; and ii) RMB8 million to the vendors. Chongqing Suitong is a company established in the PRC and is principally engaged in manufacturing of buses, marketing and selling the components of vehicles. Chongqing Suitong had also obtained relevant confirmation from the PRC government authority on 6 August 2014 which allows Chongqing Suitong to apply for specialised vehicles production license. This specialised vehicles license shall cover various types of vehicles such as mini van, garbage lorry etc. Chongqing Suitong is qualified to extend the specialised vehicles production license to include new energy buses, as such Chongqing Suitong can apply for new energy buses production license together with the specialised vehicles production license. Chongqing Suitong became a subsidiary of the Company in December 2014. The Group believes that the transaction demonstrates the execution capacity in the new energy industry and facilitates good future development opportunity in EVs markets.

Save as disclosed above, there was no other material acquisition during the year.

LIQUIDITY AND FINANCIAL RESOURCES

The directors have considered various ways of raising funds and consider that the placings and subscription of shares 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 2015, the Group has earned continuous support to raise funds by placing and subscribing new shares. These additional funds serve as significant financial support for enhancing liquidity and future development. Details of the placings and subscription are summarised as below:

i) On 7 April 2014, the Company issued 450,000,000 new shares of HK$0.01 each to not less than six independent third parties at a price of HK$0.83 per share under the specific mandate granted to the directors of the Company at the special general meeting of the Company held on 2 April 2014. Such placing was announced on 4 March 2014 and the placing price was determined on 17 March 2014 whereas the closing price of the shares of the Company was HK$0.84 on the last trading day as at 4 March 2014. The net proceeds of approximately HK$362.1 million were intended to be used as to (i) approximately HK$200,000,000 for the projects relating to development of EVs; (ii) approximately HK$55,000,000 for the acquisition for interest in Rimac; and (iii) the remaining balance for the glauberite mine project, the future potential investments of the Group, if any, and working capital of the Group. Up to the date of this report, approximately HK$60.0 million had been used for the development of eBus and EVs and the subscription for interest in Rimac, and the balance is currently kept in an interest bearing bank account pending for usage.

ii) On 27 June 2014, the Company issued 96,000,000 new shares of HK$0.01 each to a subscriber at a price of HK$0.92 per share under the general mandate granted to the directors of the Company at the special general meeting of the Company held on 5 May 2014. Such subscription was announced on 18 June 2014 and the closing price of the shares of the Company was HK$0.98 on the last trading day as at 18 June 2014. The net proceeds of approximately HK$88.3 million were intended to be used as the general working capital for the development of EVs, the glauberite mine development in Guangxi and future potential investments of the Group. Up to the date of this report, the net proceeds are currently kept in an interest bearing bank account pending for usage.

On 28 February 2014, the Company issued zero-coupon convertible notes at a principal amount of HK$2,910,000,000 as part of the consideration of the acquisition of South China Mining Investments Limited. 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. During the year, the Company's convertible notes in principal amount of HK$592,500,000 (2014: HK$75,000,000) were converted into 790,000,000 ordinary shares (2014: 100,000,000 ordinary shares) of the Company at the conversion price of HK$0.75 per share.

As at 31 March 2015, the net asset value of the Group amounted to approximately HK$3,676 million (2014: HK$3,212 million). The gearing ratio of the Group was 1.9% (2014: 4.1%), based on the bank borrowing and amount due to a related company totaling HK$66.6 million (2014: HK$128.6 million) and the equity attributable to the owners of the Company was HK$3,544 million (2014: HK$3,108 million). The Group's total borrowings of HK$66.6 million is due within one year (2014: HK$128.6 million is due within two years).

During the year, the Group repaid HK$97.0 million (2014: HK$11.7 million) to a related company.

As at 31 March 2015, the Group had cash and bank balances of approximately HK$392.0 million (2014: HK$276.0 million) and no bank deposit (2014: HK$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

In accordance with the "Twelfth Five Plan" of the PRC government, green environmental policy is vital to the country. It is clear to make effort on reducing PM2.5, whereas the fine particles of pollutants is the 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. Together with the overall consistency of the PRC economic performance, the Group is confident that the eBus and EVs business will offer a good business opportunity and prospect.

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.

Although the current slack economy will inevitably affect the demand of metal and minerals, nevertheless, the world's economy continued a moderate recovery. The Group will closely monitor the situation from time to time and vitalise any potential trading activities.

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.

SHARE REPURCHASE

Consistent with the management's commitment in enhancing the net asset value of the Company and protecting its long-term interest, a share repurchase exercise was implemented. 5,000,000 of its ordinary shares were acquired at an aggregate price of HK$3,501,000. The Company has repurchased another 5,700,000 ordinary shares on 30 March 2015 at an aggregate price of HK$2,928,000. The repurchased shares have subsequently been cancelled. Consequent to these two share repurchase exercises, the Company has acquired and cancelled approximately 0.3% of the total number of issued shares of the Company immediately prior to such repurchases and cancellations. As the Board considers that the value of the Company's shares is consistently undervalued, it trusts that the action taken will go towards addressing this trend. The Board also believes that given the current financial resource of the Company, the share repurchase will not materially affect the Company's financial position.

CHARGES ON THE GROUP'S ASSETS AND CONTINGENT LIABILITIES

At 31 March 2015, the Group has pledged a land in Chongqing with amortised cost of approximately HK$1,655,000 to secure a bank borrowing of approximately HK$12,416,000. Save as disclosed herein, there was no other charge on the Group's assets and the Group did not have any significant contingent liabilities.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2015, the Group employed 351 (2014: 71) 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 legislations. 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.

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 2015

The directors herein present their report and the audited financial statements of the Company and the Group for the year ended 31 March 2015.

CHANGE OF COMPANY NAME

Pursuant to the special resolution passed at the special general meeting held 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, development of new energy business, trading of metals and mineral, and processing of raw ores and mineral resource.

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 2015 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 49 to 140.

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				
	2015	2014	2013	2012	2011
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
TURNOVER	**18,978**	68,233	261,613	144,226	312,408
LOSS BEFORE INCOME TAX	**(60,714)**	(41,013)	(27,281)	(25,909)	(52,890)
Income tax (expense)/credit	**(6)**	–	–	564	–
LOSS FOR THE YEAR	**(60,720)**	(41,013)	(27,281)	(25,345)	(52,890)
ATTRIBUTABLE TO:					
Owners of the Company	**(48,414)**	(35,986)	(23,209)	(21,289)	(43,077)
Non-controlling interests	**(12,306)**	(5,027)	(4,072)	(4,056)	(9,813)
	(60,720)	(41,013)	(27,281)	(25,345)	(52,890)

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	As at 31 March				
	2015	2014	2013	2012	2011
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
TOTAL ASSETS	**3,814,378**	3,353,674	293,507	262,331	289,340
TOTAL LIABILITIES	**(138,093)**	(141,313)	(56,054)	(5,227)	(6,157)
NON-CONTROLLING INTERESTS	**(132,167)**	(104,578)	(101,883)	(104,479)	(109,827)
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	**3,544,118**	3,107,783	135,570	152,625	173,356

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 19 and 23 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 34 to the financial statements.

SHARE OPTIONS

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.

During the year, no ordinary shares (2014: 1,000,000 ordinary shares of HK$0.01 each at an exercise price of HK$0.46 per share) were issued in relation to the share options exercised by employees under the share option scheme of the Company.

Details of movements in the Company's share options during the year are set out in Note 35 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 36 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 52.

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 2015 (2014: 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	12.5%
– Five largest customers combined	47.0%
Purchases	
– The largest supplier	50.2%
– Five largest suppliers combined	78.5%

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	(deceased on 8 May 2015)
Mr. Lai Kwok Wai	(appointed on 27 April 2015)
Mr. Zhau Chong Dei	(resigned on 19 May 2014)
Mr. Lee Ming Zang	(resigned on 9 June 2014)

Non-executive directors

Mr. Li Shaofeng	
Mr. Zhao Hong Feng	(appointed on 1 September 2014)
Mr. Zhou Jin Kai	(appointed on 1 September 2014)

Independent non-executive directors

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

Mr. Chan Francis Ping Kuen, Mr. Hu Guang, Mr. Lai Kwok Wai, Mr. Zhao Hong Feng and Mr. Zhou Jin Kai 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 "New Scheme"), which was adopted by an ordinary resolution of the shareholders at annual general meeting of the Company on 30 August 2013 (the "Adoption Date"), constitutes 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") and will remain in force for 10 years from the Adoption Date.

Pursuant to the New Scheme, the Board is empowered, at its discretion, to invite any participant, including but not limited to any executive directors, non-executive directors and employees 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 35 to the financial statements.

On 11 April 2014, the Company granted 100,000,000 share options under the New Scheme 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.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

Movements of the outstanding share options to the directors as at 31 March 2015 were as follows:

Name of Director	Date of grant	Exercise Price (HK$)	Number of share options At 1 April 2014	Granted	At 31 March 2015
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. Zhao Hong Feng	11 April 2014	1.15	–	10,000,000	10,000,000
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

No share option was exercised by the directors during the year ended 31 March 2015.

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 2015 and 2014 are set out in Note 40 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% effective 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 40(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 2015, 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:

Name of Director	Capacity/ Nature of interest	Number of shares or underlying shares Long position	Short position	Approximate percentage of shareholding in the Company/ associated company
Mr. Cheung Ngan	Beneficial owner & interest of controlled corporation	2,722,432,469 (Note 1)	–	76.33%
	Interest of controlled corporation	1,000 (Note 2)	–	20%
Mr. Chan Chung Chun, Arnold	Beneficial owner & interest of controlled corporation	2,733,232,469 (Note 3)	–	76.63%
	Interest of controlled corporation	1,000 (Note 4)	–	20%
Mr. Li Shaofeng	Beneficial owner	12,000,000 (Note 5)	–	0.36%

Name of Director	Capacity/ Nature of interest	Number of shares or underlying shares Long position	Short position	Approximate percentage of shareholding in the Company/ associated company
Mr. Zhao Hong Feng	Beneficial owner	10,000,000 (Note 5)	–	0.30%
Mr. Zhou Jin Kai	Beneficial owner	940,000,000 (Note 6)	–	26.35%
Mr. Chan Francis Ping Kuen	Beneficial owner	1,200,000 (Note 5)	–	0.04%
Mr. Hu Guang	Beneficial owner	1,200,000 (Note 5)	–	0.04%

Notes:

1) The 2,722,432,469 shares include:

   a. the number of shares of 390,000,000 held by Mr. Cheung Ngan;

   b. 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

   c. the number of shares of 95,232,469 and underlying shares of 2,236,000,000 from conversion of convertible notes with principal amount of HK$1,677,000,000 held by Sino PowerHouse Corporation, which was beneficially owned as to 51% by Faith Profit Holding Limited. Mr. Cheung Ngan held 100% interest in Faith Profit Holding Limited.

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. Faith Profit Holding Limited held 50% interest in Great Base Holdings Limited. Mr. Cheung Ngan held 100% interest in Faith Profit Holding Limited and 51% interest in CM Universal Corporation.

3) The 2,733,232,469 shares include:

   a. the number of shares of 390,000,000 held by Entrust Limited, which was wholly owned by Mr. Chan Chung Chun, Arnold;

   b. 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

   c. the number of shares of 95,232,469 and underlying shares of 2,236,000,000 from conversion of convertible notes with principal amount of HK$1,677,000,000 held by Sino PowerHouse Corporation, which was beneficially owned as to 49% by Entrust Limited. Mr. Chan Chung Chun, Arnold held 100% interest in Entrust Limited.

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. Entrust Limited held 50% interest in Great Base Holdings Limited. Mr. Chan Chung Chun, Arnold held 100% interest in Entrust 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.

6) The number of shares of 36,000,000 and underlying shares of 904,000,000 from conversion of convertible notes with principal amount of HK$678,000,000.

Save as disclosed above, as at 31 March 2015, 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 21 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 2015, 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	2,722,432,469 (Note 1)	–	76.33%
Faith Profit Holding Limited	Interest of controlled corporation	2,331,232,469 (Note 1)	–	65.36%
Mr. Chan Chung Chun, Arnold	Beneficial owner & interest of controlled corporation	2,733,232,469 (Note 2)	–	76.63%
Entrust Limited	Beneficial owner & interest of controlled corporation	2,721,232,469 (Note 2)	–	76.29%
Sino PowerHouse Corporation	Beneficial owner	2,331,232,469 (Note 3)	–	65.36%
Mr. Zhou Jin Kai	Beneficial owner	940,000,000 (Note 4)	–	26.35%
北京汽車城投資管理有限公司	Beneficial owner	174,860,000 (Note 5)	–	4.90%

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
北京匯濟投資中心	Interest of controlled corporation	174,860,000 (Note 5)	–	4.90%
北京市順義區政府	Interest of controlled corporation	174,860,000 (Note 5)	–	4.90%

Note:

1) The 2,722,432,469 shares include:

   a. the shares of 390,000,000 held by Mr. Cheung Ngan;

   b. the underlying shares of 1,200,000 from the share options granted to Mr. Cheung Ngan; and

   c. the shares of 95,232,469 and underlying shares of 2,236,000,000 from conversion of convertible notes with principal amount of HK$1,677,000,000 held by Sino PowerHouse Corporation, which was beneficially owned as to 51% by Faith Profit Holding Limited. Mr. Cheung Ngan held 100% interest in Faith Profit Holding Limited. Accordingly, Faith Profit Holding Limited and Mr. Cheung Ngan are deemed to be interested in the shares in which Sino PowerHouse Corporation is interested by virtue of the SFO.

2) The 2,733,232,469 shares include:

   a. the shares of 390,000,000 held by Entrust Limited, which was wholly owned by Mr. Chan Chung Chun, Arnold. Accordingly, Mr. Chan Chung Chun, Arnold is deemed to be interested in the shares in which Entrust Limited is interested by virtue of the SFO;

   b. the underlying shares of 12,000,000 from the share options granted to Mr. Chan Chung Chun, Arnold; and

   c. the shares of 95,232,469 and underlying shares of 2,236,000,000 from conversion of convertible notes with principal amount of HK$1,677,000,000 held by Sino PowerHouse Corporation, which was beneficially owned as to 49% by Entrust Limited. Mr. Chan Chung Chun, Arnold held 100% interest in Entrust Limited. Accordingly, Entrust Limited and Mr. Chan Chung Chun, Arnold are deemed to be interested in the shares in which Sino PowerHouse Corporation is interested by virtue of the SFO.

3) The shares of 95,232,469 and underlying shares of 2,236,000,000 from conversion of convertible notes with principal amount of HK$1,677,000,000 held by Sino PowerHouse Corporation.

4) The shares of 36,000,000 and underlying shares of 904,000,000 from conversion of convertible notes with principal amount of HK$678,000,000.

5) The 174,860,000 shares include:

   a. the shares of 75,970,000 held by 北京汽車城投資管理有限公司; and

   b. the shares of 98,890,000 held by 首航國際（香港）投資有限公司. 首航國際（香港）投資有限公司 was 100% owned by 北京汽車城投資管理有限公司.

   北京汽車城投資管理有限公司 was 96.95% owned by 北京匯濟投資中心. 北京匯濟投資中心 was 100% owned by 北京市順義區政府. Accordingly, 北京匯濟投資中心 and 北京市順義區政府 are deemed to be interested in the shares in which 首航國際（香港）投資有限公司 and 北京汽車城投資管理有限公司 are interest by virtue of the SFO.

BIOGRAPHICAL DETAILS IN RESPECT OF DIRECTORS

Name	Age	Position held	Number of years of service	Business experience
Mr. Cheung Ngan	58	Chairman, Executive Director	17	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 30 years' working experience in corporate management and investments in the PRC.

Name	Age	Position held	Number of years of service	Business experience
Mr. Chan Chung Chun, Arnold (deceased on 8 May 2015)	55	Deputy Chairman, Executive Director	20	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.
Mr. Lai Kwok Wai (appointed on 27 April 2015)	54	Executive Director	–	Joined the Group in 2000 and is the Financial Controller of the Group. Mr. Lai was subsequently appointed as an executive director of the Company in April 2015. Mr. Lai is an associate member of the Hong Kong Institute of Certified Public Accountants, a fellow member of the Chartered Association of Certified Accountants and an associate of the Institute of Chartered Accountants in England and Wales. Mr. Lai holds a Master's Degree in Business Administration from University of Toronto in Canada. He had worked for the audit department of Ernst & Young for several years.

Name	Age	Position held	Number of years of service	Business experience
Mr. Li Shaofeng	48	Non-Executive Director	8	Appointed as non-executive director of the Company in October 2007. Mr. Li holds a Bachelor Degree in automation from the University of Science and Technology Beijing. Mr. Li is the chairman of each of Shougang Concord International Enterprises Company Limited, Shougang Fushan, Shougang Concord Grand (Group) Limited, Shougang Century and Global Digital. He is also an executive director of BeijingWest Industries International Limited and a non-executive director of Mount Gibson Iron Limited, a company listed on the Australian Securities Exchange. Mr. Li has extensive experience in management of listed companies, sino-foreign joint ventures and market financing.

Name	Age	Position held	Number of years of service	Business experience
Mr. Zhao Hong Feng (appointed on 1 September 2014)	44	Non-Executive Director	1	Mr. Zhao graduated from the Beijing University of Agriculture, majoring in agricultural economics. Mr. Zhao had been serving the PRC government since 1993, primarily in the field of economic development and trade cooperation. Mr. Zhao joined the Committee of Economics of Shunyi District, Beijing, in 2000, and later took the position as the chief of the Department of Automobile of the Industrial Bureau of Shunyi District in 2005. In 2007, he was appointed as the deputy general manager of the Beijing Automobile City Investment & Management Co., Limited (the "Beijing Automobile City") and was subsequently promoted as the general manager in 2010. During his years of service in Beijing Automobile City, Mr. Zhao was responsible for the supervision and coordination of investment, advancement and progression of the industrial projects in the Beijing Automobile Production Base (the "BJAPB"). In 2012, Mr. Zhao became the director of the Management Committee of BJAPB.

Name	Age	Position held	Number of years of service	Business experience
Mr. Zhou Jin Kai (appointed on 1 September 2014)	62	Non-Executive Director	1	Mr. Zhou is an experienced investor who has substantial experience in the PRC markets. Mr. Zhou has shown to the Company his remarkable business acumen, by sharing his keen insights on the prospects of the PRC market as well as introducing to the Company investment opportunities.
Mr. Chan Francis Ping Kuen	56	Independent Non-Executive Director	10	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 a member of The Institute of Chartered Accountants in Australia and also a 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 an independent non-executive director of Earnest Investments Holdings Limited.

Name	Age	Position held	Number of years of service	Business experience
Mr. Hu Guang	48	Independent Non-Executive Director	10	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.
Mr. Chan Chak Paul	54	Independent Non-Executive Director	10	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

The Company purchased 10,700,000 shares at an aggregate cost of HK$6,429,000 during the year. Other than these purchase, 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 2015

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 2015 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 2015.

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, three non-executive director and three independent non-executive directors. The directors who served the Board during the year ended 31 March 2015 and up to the date of this annual report are as follows:

Executive directors

Mr. Cheung Ngan	*(Chairman)*
Mr. Chan Chung Chun, Arnold	(deceased on 8 May 2015)
Mr. Lai Kwok Wai	(appointed on 27 April 2015)
Mr. Zhau Chong Dei	(resigned on 19 May 2014)
Mr. Lee Ming Zang	(resigned on 9 June 2014)

Non-executive directors

Mr. Li Shaofeng

Mr. Zhao Hong Feng (appointed on 1 September 2014)

Mr. Zhou Jin Kai (appointed on 1 September 2014)

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 non-executive directors and independent non-executive directors 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 non-executive directors and independent non-executive directors 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 2015 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)*	20/20	3/3
Mr. Chan Chung Chun, Arnold (deceased on 8 May 2015)	20/20	3/3
Mr. Lai Kwok Wai (appointed on 27 April 2015)	0/0	0/0
Mr. Zhau Chong Dei (resigned on 19 May 2014)	3/4	0/2
Mr. Lee Ming Zang (resigned on 9 June 2014)	3/6	0/2
Non-executive directors		
Mr. Li Shaofeng	20/20	0/3
Mr. Zhao Hong Feng (appointed on 1 September 2014)	8/8	0/0
Mr. Zhou Jin Kai (appointed on 1 September 2014)	8/8	0/0
Independent non-executive directors		
Mr. Chan Francis Ping Kuen	20/20	2/3
Mr. Hu Guang	19/20	0/3
Mr. Chan Chak Paul	20/20	1/3

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 member of the Remuneration Committee during the year ended 31 March 2015 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 2015 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 Note 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 communicates 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 member of the Audit Committee during the year ended 31 March 2015 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	1/2

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 2015 includes:

i) reviewed the interim report for the six months ended 30 September 2014 and the related results announcements;

ii) reviewed the annual financial statements for the year ended 31 March 2015 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 2015 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 director, 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 reappointment of directors and succession planning for directors.

The summary of work of the Nomination Committee during the year ended 31 March 2015 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) identified individuals to become board members and make recommendation for directorship during the year;

iii) reviewed the retirement of directors by rotation and the re-appointment of the retiring directors at the 2014 AGM;

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

v) 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 2015 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 auditors BDO Limited regarding their report responsibilities is set out in the Independent Auditor's Report on pages 47 and 48 of this report. For the year ended 31 March 2015, the remuneration paid/payable to BDO Limited in respect of their audit services were as follow:

Services rendered	**Fee paid/payable HK$'000**
Audit services	1,463

COMPANY SECRETARY

During the year ended 31 March 2015, the Company Secretary, Mr. Chan Chung Chun, plays a 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 and is also responsible for ensuring the procedures of the Board meetings are observed.

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

Mr. Chan deceased on 8 May 2015 and Ms. Lo Lai Man was appointed as the Company Secretary on 13 May 2015. Ms. Lo joined the Company as the accounting manager in July 2008. She holds a bachelor's degree in Accountancy and is a member of the Hong Kong Institute of Certified Public Accountants. She had worked for international accounting firms in Hong Kong. Ms. Lo has over 10 years of professional experience in accounting, auditing, financial management and handling the corporate secretarial duties for listed companies in Hong Kong.

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 practise 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 meetings 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 2015, three shareholders' general meeting were held, including the Annual General Meeting ("AGM") held on 25 August 2014 and two Special General Meetings ("SGMs") held on 2 April 2014 and 5 May 2014. 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, one non-executive director and one independent non-executive directors could not attend the AGM during the year ended 31 March 2015.

Explanation of detail procedures of voting by poll was given at the commencement of the AGM and SGMs, 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 they are available on the websites of the Company and the Stock Exchange.

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永安中心25樓

TO THE SHAREHOLDERS OF CHINA DYNAMICS (HOLDINGS) LIMITED

(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of China Dynamics (Holdings) Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 49 to 140, which comprise the consolidated and company statements of financial position as at 31 March 2015, 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, Cap. 32, 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 2015 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance, Cap.32.

BDO Limited
Certified Public Accountants

Li Pak Ki
Practising Certificate Number: P01330

Hong Kong, 23 June 2015

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2015

	Notes	2015 HK$'000	2014 HK$'000
Turnover	7	**18,978**	68,233
Cost of sales		**(18,395)**	(66,064)
Gross profit		**583**	2,169
Other income and gains	7	**51,002**	4,170
Selling and distribution expenses		**(236)**	–
Administrative expenses		**(85,914)**	(45,081)
Change in fair value of financial assets at fair value through profit or loss		**(3,335)**	–
Finance costs	8	**(22,867)**	(2,202)
Share of profit/(loss) of an associate	23	**53**	(69)
Loss before income tax	11	**(60,714)**	(41,013)
Income tax	12(b)	**(6)**	–
Loss for the year		**(60,720)**	(41,013)
Other comprehensive income for the year			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(1,490)**	(27,093)
Share of other comprehensive income of associates	23	**(61)**	(33)
Other comprehensive income for the year		**(1,551)**	(27,126)
Total comprehensive income for the year		**(62,271)**	(68,139)
Loss attributable to:			
– Owners of the Company		**(48,414)**	(35,986)
– Non-controlling interests		**(12,306)**	(5,027)
		(60,720)	(41,013)
Total comprehensive income attributable to:			
– Owners of the Company		**(44,373)**	(55,089)
– Non-controlling interests		**(17,898)**	(13,050)
		(62,271)	(68,139)
Loss per share			
– Basic and diluted (HK$)	15	**(0.02)**	(0.02)

Consolidated Statement of Financial Position

As at 31 March 2015

	Notes	2015 HK$'000	2014 HK$'000
Non-current assets			
Property, plant and equipment	16	**92,384**	9,988
Construction in progress	17	**72,878**	82,940
Prepaid lease payments for land	18	**28,242**	–
Goodwill	20	**39,943**	45,055
Mining assets	21	**2,850,531**	2,832,944
Other intangible assets	22	**66,641**	25,305
Interests in associates	23	**503**	511
Interest in joint venture	24	**4,380**	2,550
Available-for-sale investments	25	**69,802**	–
Value-added-tax recoverable		**9,896**	11,956
Total non-current assets		**3,235,200**	3,011,249
Current assets			
Inventories	26	**36,432**	–
Accounts receivable	27	**5,142**	2,020
Other receivables, deposits and prepayments		**131,813**	64,383
Financial asset at fair value through profit or loss	28	**13,200**	–
Prepaid lease payments for land	18	**604**	–
Cash and bank balances		**391,987**	276,022
Total current assets		**579,178**	342,425
Total assets		**3,814,378**	3,353,674
Current liabilities			
Accounts payable	29	**8,399**	–
Other payables and accruals		**43,338**	11,370
Receipts in advance		**2,365**	1,340
Bank borrowings	30	**12,416**	–
Total current liabilities		**66,518**	12,710
Net current assets		**512,660**	329,715
Total assets less current liabilities		**3,747,860**	3,340,964
Non-current liabilities			
Amount due to a related company	31	**54,163**	128,603
Deferred tax liabilities	32	**17,412**	–
Total non-current liabilities		**71,575**	128,603
Total liabilities		**138,093**	141,313
NET ASSETS		**3,676,285**	3,212,361

Consolidated Statement of Financial Position

As at 31 March 2015

	Notes	2015 HK$'000	2014 HK$'000
Equity			
Share capital	34	**35,617**	22,107
Reserves		**3,508,501**	3,085,676
Equity attributable to owners of the Company		**3,544,118**	3,107,783
Non-controlling interests	37	**132,167**	104,578
TOTAL EQUITY		**3,676,285**	3,212,361

On behalf of the Board

Cheung Ngan
Director

Lai Kwok Wai
Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2015

	Attributable to owners of the Company											
	Share capital HK$'000 (Note 34)	**Share premium** HK$'000 (Note 36(a))	**Contributed surplus** HK$'000 (Note 36(b))	**Convertible notes equity reserve** HK$'000 (Note 33)	**Share options reserve** HK$'000 (Note 36(c))	**Foreign currency translation reserve** HK$'000 (Note 36(d))	**Capital reserve** HK$'000 (Note 36(e))	**Treasury reserve** HK$'000 (Note 36(f))	**Accumulated losses** HK$'000	**Total** HK$'000	**Non-controlling interests** HK$'000 (Note 37)	**Total equity** HK$'000
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	–	–	–	–	–	–	–	–	–	–	15,745	15,745
Issue of convertible notes for the acquisition of assets and liabilities through acquisition of subsidiaries	–	–	–	2,570,158	–	–	–	–	–	2,570,158	–	2,570,158
Issue of shares for the acquisition of assets and liabilities through acquisition of subsidiaries	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
At 1 April 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
Loss for the year	–	–	–	–	–	–	–	–	(48,414)	(48,414)	(12,306)	(60,720)
Other comprehensive income	–	–	–	–	–	4,041	–	–	–	4,041	(5,592)	(1,551)
Total comprehensive income	–	–	–	–	–	4,041	–	–	(48,414)	(44,373)	(17,898)	(62,271)
Placing of shares	4,500	369,000	–	–	–	–	–	–	–	373,500	–	373,500
Share issue expenses	–	(11,235)	–	–	–	–	–	–	–	(11,235)	–	(11,235)
Acquisition of subsidiaries (Note 38)	–	–	–	–	–	–	–	–	–	–	39,210	39,210
Capital contribution from non-controlling interests	–	–	–	–	–	–	–	–	–	–	6,277	6,277
Subscription of shares	960	87,360	–	–	–	–	–	–	–	88,320	–	88,320
Issue of shares for the acquisition of available-for-sale investments	200	19,400	–	–	–	–	–	–	–	19,600	–	19,600
Conversion of convertible notes	7,900	515,405	–	(523,305)	–	–	–	–	–	–	–	–
Repurchase of shares	–	–	–	–	–	–	–	(6,429)	–	(6,429)	–	(6,429)
Cancellation of repurchased shares	(50)	(3,451)	–	–	–	–	–	3,501	–	–	–	–
Share-based payments	–	–	–	–	16,952	–	–	–	–	16,952	–	16,952
At 31 March 2015	**35,617**	**1,670,446**	**20,566**	**1,980,612**	**78,991**	**(3,584)**	**687**	**(2,928)**	**(236,289)**	**3,544,118**	**132,167**	**3,676,285**

Consolidated Statement of Cash Flows

For the year ended 31 March 2015

	Notes	2015 HK$'000	2014 HK$'000
OPERATING ACTIVITIES			
Loss before income tax		**(60,714)**	(41,013)
Adjustments for:			
Interest income	7	**(2,870)**	(43)
Finance costs	8	**22,867**	2,202
Depreciation of property, plant and equipment	11	**2,914**	3,695
Amortisation of prepaid lease payments for land	11	**103**	–
Amortisation of other intangible assets	11	**1,213**	–
Share-based payments	11	**16,952**	–
Gain on bargain purchase	38	**(41,056)**	–
Write off of prepayments	11	**–**	459
Change in fair value of financial assets at fair value through profit or loss		**3,335**	–
Loss on disposal of property, plant and equipment	11	**33**	–
Share of (profit)/loss of an associate	23	**(53)**	69
Operating cash flows before movements in working capital		**(57,276)**	(34,631)
(Increase)/decrease in accounts receivable		**(2,731)**	20,717
Increase in other receivables, deposits and prepayments		**(61,594)**	(9,526)
Decrease in value-added-tax recoverable		**622**	544
Increase in inventory		**(28,242)**	–
Increase in financial assets at fair value through profit or loss		**(16,535)**	–
Increase/(decrease) in accounts payable		**4,141**	(22,737)
Decrease in customers' deposits		**–**	(14,798)
Increase/(decrease) in other payables and accruals		**1,565**	(6,396)
Increase/(decrease) in receipts in advance		**1,025**	(1,051)
Cash used in operations		**(159,025)**	(67,878)
Income tax paid		**(6)**	–
NET CASH USED IN OPERATING ACTIVITIES		**(159,031)**	(67,878)

Consolidated Statement of Cash Flows

For the year ended 31 March 2015

	Notes	2015 HK$'000	2014 HK$'000
INVESTING ACTIVITIES			
Payments to acquire property, plant and equipment		**(12,049)**	(675)
Proceeds from disposal of property, plant and equipment		**77**	–
Acquisition of subsidiaries		**(9,715)**	5,013
Acquisition of prepaid lease payments for land		**(9,552)**	–
Advance to a related company		**–**	(38,204)
Purchase of available-for-sale investments		**(50,200)**	–
Advance to a joint venture		**(1,830)**	(2,550)
Capital contribution from non-controlling interests		**6,277**	–
Interest received		**2,418**	43
NET CASH USED IN INVESTING ACTIVITIES		**(74,574)**	(36,373)
FINANCING ACTIVITIES			
Proceeds from exercise of share options		**–**	460
Interest paid		**(314)**	(470)
Repayment to a related company		**(96,993)**	(11,694)
Proceeds from bank borrowing		**6,335**	–
Repayment of bank borrowing		**(6,335)**	–
Proceeds from placing of shares		**373,500**	363,209
Payment of issue expenses for placing of shares		**(11,235)**	(10,925)
Proceeds from subscription of shares		**88,320**	–
Repurchase of shares		**(3,501)**	–
NET CASH GENERATED FROM FINANCING ACTIVITIES		**349,777**	340,580
NET INCREASE IN CASH AND CASH EQUIVALENTS		**116,172**	236,329
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**276,022**	40,629
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		**(207)**	(936)
CASH AND CASH EQUIVALENTS AT END OF YEAR		**391,987**	276,022
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		**391,987**	276,022

Statement of Financial Position

As at 31 March 2015

	Notes	2015 HK$'000	2014 HK$'000
Non-current assets			
Property, plant and equipment	16	**–**	–
Interests in subsidiaries	19	**3,155,473**	2,876,039
Interest in joint venture	24	**4,600**	2,500
Available-for-sale investments	25	**69,802**	–
Total non-current assets		**3,229,875**	2,878,539
Current assets			
Other receivables and prepayments		**720**	252
Cash and bank balances		**333,836**	256,097
Total current assets		**334,556**	256,349
Total assets		**3,564,431**	3,134,888
Current liabilities			
Accruals		**4,228**	1,243
Total current liabilities		**4,228**	1,243
Net current assets		**330,328**	255,106
NET ASSETS		**3,560,203**	3,133,645
Equity			
Share capital	34	**35,617**	22,107
Reserves	36	**3,524,586**	3,111,538
TOTAL EQUITY		**3,560,203**	3,133,645

On behalf of the Board

Cheung Ngan
Director

Lai Kwok Wai
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 new energy business, mining, trading of metals and minerals and processing of raw ores.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") AND DISCLOSURE REQUIREMENTS OF NEW HONG KONG COMPANIES ORDINANCE

(a) Adoption of amendments to HKFRSs – effective on 1 April 2014

Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
HK (IFRIC) – Int 21	Levies

As explained below, the adoption of these amendments and interpretation has no material impact on the Group's financial statements.

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.

The adoption of the amendment has no impact on these financial statements as the Group does not have any offsetting arrangements.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") AND DISCLOSURE REQUIREMENTS OF NEW HONG KONG COMPANIES ORDINANCE (Continued)

(a) Adoption of amendments to HKFRSs – effective on 1 April 2014 (Continued)

HK (IFRIC) – Int 21 – Levies

HK (IFRIC) – Int 21 clarifies that an entity recognises a liability to pay a levy imposed by government when the activity that triggers payment, as identified by the relevant legislation, occurs. The interpretation has been applied retrospectively.

The adoption of HK (IFRIC) – Int 21 has no impact on these financial statements as the interpretation is consistent with the Group's previous application of its accounting policies on provisions.

(b) 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.

HKFRSs (Amendments)	Annual Improvements 2010-2012 Cycle[2]
HKFRSs (Amendments)	Annual Improvements 2011-2013 Cycle[1]
HKFRSs (Amendments)	Annual Improvements 2012-2014 Cycle[3]
Amendments to HKAS 1	Disclosure Initiative[3]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[3]
Amendments to HKFRS 10 and HKAS 28 (2011)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[3]
HKFRS 9 (2014)	Financial Instruments[5]
HKFRS 15	Revenue from Contracts with Customers[4]

1 Effective for annual periods beginning on or after 1 July 2014
2 Effective for annual periods beginning, or transactions occurring, on or after 1 July 2014
3 Effective for annual periods beginning on or after 1 January 2016
4 Effective for annual periods beginning on or after 1 January 2017
5 Effective for annual periods beginning on or after 1 January 2018

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") AND DISCLOSURE REQUIREMENTS OF NEW HONG KONG COMPANIES ORDINANCE (Continued)

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

Annual Improvements 2010-2012 Cycle, 2011-2013 Cycle and 2012-2014 Cycle

The amendments issued under the annual improvements process make small, non-urgent changes to a number of standards where they are currently unclear. They include amendments to HKAS 16 Property, Plant and Equipment to clarify how the gross carrying amount and accumulated depreciation are treated where an entity uses the revaluation model. The carrying amount of the asset is restated to revalued amount. The accumulated depreciation may be eliminated against the gross carrying amount of the asset. Alternatively, the gross carrying amount may be adjusted in a manner consistent with the revaluation of the carrying amount of the asset and the accumulated depreciation is adjusted to equal the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

Amendments to HKAS 1 – Disclosure Initiative

The amendments are designed to further encourage companies to apply professional judgement in determining what information to disclose in their financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Furthermore, the amendments clarify that companies should use professional judgement in determining where and in what order information is presented in the financial disclosures.

Amendments to HKAS 16 and HKAS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to HKAS 16 prohibit the use of a revenue-based depreciation method for items of property, plant and equipment. The amendments to HKAS 38 introduce a rebuttable presumption that amortisation based on revenue is not appropriate for intangible assets. This presumption can be rebutted if either the intangible asset is expressed as a measure of revenue or revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") AND DISCLOSURE REQUIREMENTS OF NEW HONG KONG COMPANIES ORDINANCE (Continued)

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

Amendments to HKFRS 10 and HKAS 28 (2011) – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify the extent of gains or losses to be recognised when an entity sells or contributes assets to its associate or joint venture. When the transaction involves assets that do not constitute a business the gain or loss is recognised only to the extent of the unrelated investors' interests in the joint venture or associate.

Amendments to HKAS 27 – Equity Method in Separate Financial Statements

The amendments allow an entity to apply the equity method in accounting for its investments in subsidiaries, joint ventures and associates in its separate financial statements.

HKFRS 9 (2014) – Financial Instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at Fair Value through Other Comprehensive Income (FVTOCI) if the objective of the entity's business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at Fair Value through Profit and Loss (FVTPL).

HKFRS 9 includes a new expected loss impairment model for all financial assets not measured at FVTPL replacing the incurred loss model in HKAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") AND DISCLOSURE REQUIREMENTS OF NEW HONG KONG COMPANIES ORDINANCE (Continued)

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

HKFRS 9 (2014) – Financial Instruments *(Continued)*

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the 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.

HKFRS 15 – Revenue from Contracts with Customers

The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and related interpretations.

HKFRS 15 requires the application of a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to each performance obligation
- Step 5: Recognise revenue when each performance obligation is satisfied

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") AND DISCLOSURE REQUIREMENTS OF NEW HONG KONG COMPANIES ORDINANCE (Continued)

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

HKFRS 15 – Revenue from Contracts with Customers *(Continued)*

The Group is in the process of making an assessment of the potential impact of these new/revised HKFRSs but is not yet in a position to state whether they could have material financial impact on the Group's financial statements.

(c) New Hong Kong Companies Ordinance provisions relating to the preparation of financial statements

The provisions of the new Hong Kong Companies Ordinance, Cap. 622, in relation to the disclosure requirements for financial statements will apply to the Company in the financial year ending 31 March 2016.

The directors consider that there will be no impact on the Group's financial position or performance, however the disclosure requirements of the Hong Kong Companies Ordinance, Cap. 622, would have impacts on the presentation and disclosures in the consolidated financial statements. The statement of financial position of the Company will be presented in the notes rather than a separate statement and the related notes need not be included, while generally the statutory disclosures will be simplified.

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, Cap. 32. 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 except for certain financial instruments, which are measured at fair values.

(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, investments 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 interests in joint ventures in the same manner as investments 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 investment in joint venture. Where there is objective evidence that the investment in a 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 interests in joint ventures are stated at cost less impairment losses, if any. Results of joint ventures 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 situated in Chile 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) Payments for leasehold land held for own use under operating leases

Payments for leasehold land held for own use under operating leases represent up-front payments to acquire long-term interests in lessee-occupied properties. These payments are stated at cost and are amortised over the period of the lease on a straight-line basis as an expense.

(h) 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(j)). Technical know-how is amortised on the straight-line basis over a period of 5 to 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.

(i) Mining assets

Mining assets are stated at cost less accumulated amortisation and any impairment losses (Note 4(j)). 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)

(j) 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, investment in subsidiaries, associates and joint venture, mining rights 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)

(k) 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.

Financial assets at fair value through profit or loss

These assets include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value, with changes in fair value recognised in profit or loss in the period in which they arise.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(k) Financial instruments (Continued)

(i) Financial assets (Continued)

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.

Available-for-sale financial assets

These assets are non-derivative financial assets that are designated as available-for-sale or are not included in other categories of financial assets. Subsequent to initial recognition, these assets are carried at fair value with changes in fair value recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses on monetary instruments, which are recognised in profit or loss.

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses.

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.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(k) Financial instruments (Continued)

(i) Financial assets (Continued)

Impairment of financial assets (Continued)

For loan and receivables

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. The carrying amount of financial asset is reduced through the use of an allowance account. When any part of financial asset is determined as uncollectible, it is written off against the allowance account for the relevant financial asset.

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 years.

For available-for-sale financial assets

Where a decline in the fair value constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognised in profit or loss.

For available-for-sale equity investment, any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income.

For available-for-sale equity investment that is carried at cost, the amount of impairment loss is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss is not reversed.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(k) Financial instruments (Continued)

(i) Financial assets (Continued)

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.

Income is recognised on an effective interest basis for debt instruments.

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.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(k) Financial instruments (Continued)

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

Financial liabilities

Financial liabilities, including borrowings, 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.

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 South China Mining Investments Limited 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 balance stated in convertible notes equity reserve will be transferred to share premium. Where the conversion options embedded in the convertible notes remain unexercised on the maturity date, the remaining balance in convertible notes equity reserve will be transferred to retained earnings. No gain or loss is recognised upon conversion or expiration of the conversion options embedded in the convertible notes.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(l) 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.

(m) 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.

(n) 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)

(o) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and appropriate portion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

(p) 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 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.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(p) Income tax (Continued)

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

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.

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.

(q) 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.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(q) Foreign currencies (Continued)

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 exchange 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, and on the 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 case, the exchange differences are also recognised in other comprehensive income.

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 expense 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.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(r) Employees' 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 Scheme 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 Scheme 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 operated 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.

(s) 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.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(s) Equity-settled share-based payments (Continued)

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.

(t) Capitalisation of borrowing costs

Borrowing costs attributable directly to the acquisition, construction or production of qualifying asset, which require a substantial period of time to be ready for their intended use or sale, are capitalised as part of the cost of those assets. Income earned on temporary investments of specific borrowings pending their expenditure on those assets is deducted from borrowing costs capitalised. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(u) 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)

(u) 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)

(v) 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 are 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.

Scarcity 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. The lack of an economic source of water supply may have a direct 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. Based on the legal advice received by management, the following are latest developments in the water supply situation in Chile:

i) The area where the mine is situated is no longer declared as a water scarcity zone;

ii) The Government of Chile is analysing a legal reform of the water rights regulations. It is anticipated that this reform will not involve a deprivation of water rights currently owned by the Group, but several restrictions will be introduced reducing the right to use, purchase and dispose existing water rights;

iii) Mining companies nearby have been subject to legal actions filed by the Regional Government of Chile and by the communities, for the impact caused by the use of water which is detrimental to agriculture or consumption; and

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

Scarcity of water supply in Chile (Continued)

iv) The Environmental Authorities of Chile have raised the standard to approve the projects in the area where the mine is situated.

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.

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

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' results that are used by the chief operating decision-maker for assessment of segment performance.

6. SEGMENT REPORTING (Continued)

(a) Reportable segments

	Development of electric vehicles		Mining		Metal and minerals trading		Ores processing and trading		Total	
	2015 HK$'000	2014 HK$'000	2015 HK$'000	2014 HK$'000	2015 HK$'000	2014 HK$'000	2015 HK$'000	2014 HK$'000	2015 HK$'000	2014 HK$'000
Revenue from external customers	18,978	–	–	–	–	68,233	–	–	18,978	68,233
Reportable segment profit/(loss)	1,277	(6,404)	(11,233)	(2,443)	(7,475)	(11,473)	(791)	(8,059)	(18,222)	(28,379)
Share of profit/(loss) of an associate	–	–	–	–	53	(69)	–	–	53	(69)
Interest income	24	–	3	–	–	–	89	–	116	–
Unallocated income									2,754	43
Total interest income									2,870	43
Depreciation	(1,940)	–	(591)	(48)	–	–	(248)	(3,620)	(2,779)	(3,668)
Unallocated expenses									(135)	(27)
Total depreciation									(2,914)	(3,695)
Amortisation	(1,316)	–	–	–	–	–	–	–	(1,316)	–
Write off of prepayments	–	–	–	–	–	–	–	(459)	–	(459)
Reportable segment assets	320,310	41,456	2,883,290	2,854,360	33,576	33,433	146,971	162,369	3,384,147	3,091,618
Interests in associates	–	–	–	–	503	511	–	–	503	511
Additions to non-current assets	145,770	12,654	10,002	2,834,992	–	–	141	4	155,913	2,847,650
Unallocated assets									3,215	136
Total additions to non-current assets									159,128	2,847,786
Reportable segment liabilities	(74,467)	(2,065)	(56,052)	(130,405)	(58)	(5,273)	(2,372)	(2,210)	(132,949)	(139,953)

6. SEGMENT REPORTING (Continued)

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

	2015 HK$'000	2014 HK$'000
Revenue		
Reportable segment revenue and consolidated revenue	**18,978**	68,233
Loss before income tax		
Reportable segment loss	**(18,222)**	(28,379)
Unallocated other income and gains	**2,913**	267
Change in fair value of financial assets at fair value through profit or loss	**(3,335)**	–
Unallocated share-based payments	**(1,017)**	–
Unallocated other corporate expenses	**(18,186)**	(10,699)
Finance costs	**(22,867)**	(2,202)
Consolidated loss before income tax	**(60,714)**	(41,013)
Assets		
Reportable segment assets	**3,384,147**	3,091,618
Unallocated corporate assets*	**430,231**	262,056
Consolidated total assets	**3,814,378**	3,353,674
Liabilities		
Reportable segment liabilities	**132,949**	139,953
Unallocated corporate liabilities	**5,144**	1,360
Consolidated total liabilities	**138,093**	141,313

* Unallocated corporate assets as at 31 March 2015 mainly represent cash and bank balances held by the Company of approximately HK$333,836,000 (2014: HK$256,097,000) and available for sale investments of HK$69,802,000 (2014: Nil).

6. SEGMENT REPORTING (Continued)

(c) Geographic information

During the years ended 31 March 2015 and 2014, the Group's 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	
	2015	2014
	HK$'000	HK$'000
PRC, including Hong Kong	**3,027,944**	2,853,937
Chile	**136,951**	156,801
Asia Pacific	**503**	511
	3,165,398	3,011,249

(d) Information about major customers

During the year ended 31 March 2015, no sales were generated from the metal and minerals trading segment, whereas two customers contributed revenue of HK$4,682,000 to the development of electric vehicle segment.

For the year ended 31 March 2014, sales to two customers in the metal and minerals trading segment was HK$28,034,000 and HK$40,199,000 respectively which accounted for 100% of the Group's revenue.

7. TURNOVER, OTHER INCOME AND GAINS

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

	2015 HK$'000	2014 HK$'000
Turnover		
Sale of motor vehicles	17,867	–
Sale of batteries	1,111	–
Sale of metals and minerals	–	68,233
	18,978	68,233
Other income and gains		
Gain on bargain purchase (Note 38)	41,056	–
Service fee income	3,348	–
Interest income	2,870	43
Rental income	2,867	2,740
Income from trading ore in Chile	673	1,000
Sundry income	123	228
Exchange gain, net	65	159
	51,002	4,170

8. FINANCE COSTS

	2015 HK$'000	2014 HK$'000
Interest expenses (Note)	22,553	1,732
Bank borrowings interest	312	–
Bank overdraft interest	2	–
Bank charges and trust receipt loans interest	–	470
	22,867	2,202

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

9. DIRECTORS' REMUNERATION

Directors' remuneration paid or payable to each of the directors was as follows:

For the year ended 31 March 2015

	Fees HK$'000	Basic salaries, housing benefits, other allowances and benefits in kind HK$'000	Share-based payments## HK$'000	Pension contributions HK$'000	Total HK$'000
Executive directors:					
Mr. Cheung Ngan	–	1,047	–	17	1,064
Mr. Chan Chung Chun, Arnold (Deceased on 8 May 2015)	–	351	–	17	368
Mr. Zhau Chong Dei (Resigned on 19 May 2014)	28	–	–	–	28
Mr. Lee Ming Zang (Resigned on 9 June 2014)	55	–	–	–	55
Sub-total	83	1,398	–	34	1,515
Non-executive directors:					
Mr. Li Shaofeng	–	–	–	–	–
Mr. Zhao Hong Feng#	–	–	1,695	–	1,695
Mr. Zhou Jin Kai#	–	–	–	–	–
	–	–	1,695	–	1,695
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	383	1,398	1,695	34	3,510

On 1 September 2014, Mr. Zhao Hong Feng and Mr. Zhou Jin Kai were appointed as non-executive directors of the Company.

This represents the fair value of share options issued under the share option scheme (Note 35) amortised to profit and loss during the year.

9. DIRECTORS' REMUNERATION (Continued)

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

Each of Mr. Li Shaofeng, Mr. Zhao Hong Feng and Mr. Zhou Jin Kai unconditionally waived their entitlement to director's fee for the year ended 31 March 2015. Mr. Li Shaofeng unconditionally waived his entitlement to director's fee in respect of the year ended 31 March 2014. Save for the waiver of directors' fee by non-executive director, there were no arrangements under which a director waived or agreed to waive any remuneration for the years ended 31 March 2015 and 2014. 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 2015 and 2014.

During the years ended 31 March 2015, 10,000,000 share options were granted to a director, Mr. Zhao Hong Feng. During the year ended 31 March 2014, no share option was granted to the directors.

10. FIVE HIGHEST PAID INDIVIDUALS

The five highest paid individuals during the year included one (2014: one) director, details of whose remuneration are set out in Note 9 to the financial statements. The details of the remuneration of the remaining four (2014: four) non-director highest paid individuals are as follows:

	2015 **HK$'000**	2014 HK$'000
Basic salaries, allowances and benefits in kind	**2,984**	3,356
Share-based payments	**6,272**	–
Pension contributions	**17**	33
	9,273	3,389

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

	2015 **Number of employees**	2014 Number of employees
HK$Nil to HK$1,000,000	**–**	3
HK$1,000,001 to HK$1,500,000	**1**	1
HK$1,500,001 to HK$2,000,000	**2**	–
HK$4,500,001 to HK$5,000,000	**1**	–
	4	4

During the year ended 31 March 2015, share options were granted to four non-director, highest paid individuals in respect of their services to the Group under the share option scheme of the company, further details of which are disclosed in Note 35 to the financial statements. The fair value of such options, which has been recognised in profit or loss and included in the above disclosure of five highest paid individuals, was determined as at the date of grant of options. No share option was granted to these highest paid individuals during the years ended 31 March 2014.

10. FIVE HIGHEST PAID INDIVIDUALS (Continued)

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

	2015 Number of directors	2014 Number of directors
HK$Nil to HK$1,000,000	**3**	3
HK$1,000,001 to HK$1,500,000	**1**	1
	4	4

11. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging/(crediting):

	2015 HK$'000	2014 HK$'000
Auditor's remuneration	**1,463**	1,205
Amortisation of prepaid lease payments for land	**103**	–
Amortisation of other intangible assets	**1,213**	–
Exchange gain, net	**(65)**	(159)
Research and development cost	**527**	–
Write-off of prepayments	**–**	459
Loss on disposal of property, plant and equipment	**33**	–
Operating lease rentals on leasehold land and buildings	**8,397**	3,703
Depreciation of property, plant and equipment	**2,914**	3,695
Staff costs (including directors' remuneration – Note 9)		
– Salaries and allowances	**22,769**	11,046
– Other benefits	**780**	1,046
– Share-based payments (Note 35)	**16,952**	–
– Pension contributions	**606**	193
	41,107	12,285

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 2015, subject to the agreement by the Hong Kong Inland Revenue Department, the Group had unused tax losses of HK$43,240,000 (2014: HK$38,456,000) available for offsetting against future profits. No deferred tax asset has been recognised in respect of these losses 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:

	2015	2014
	HK$'000	HK$'000
Loss before income tax	**(60,714)**	(41,013)
Tax credit at the applicable rates	**(10,049)**	(7,467)
Tax effect of non-taxable revenue	**(10,745)**	(7)
Tax effect of non-deductible expenses	**19,652**	6,015
Tax effect of share of (profit)/loss of an associate	**(9)**	11
Tax effect of tax losses and temporary differences not recognised	**1,157**	1,448
Income tax for the year	**6**	–

13. CONSOLIDATED LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY

The consolidated loss attributable to owners of the Company includes a loss of HK$5,210,000 (2014: HK$5,768,000) 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 2015 (2014: 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:

	2015 **HK$'000**	2014 HK$'000
Loss for the year attributable to owners of the Company	**(48,414)**	(35,986)

	2015 **Number**	2014 Number
Weighted average number of ordinary shares in issue	**3,151,864,608**	1,507,679,429

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

16. PROPERTY, PLANT AND EQUIPMENT

The Group

	Freehold land HK$'000 Note (i)	Freehold land and buildings HK$'000 Note (ii)	Leasehold improvements HK$'000	Plant and machinery HK$'000	Furniture, fixtures, equipment and motor vehicles HK$'000	Total HK$'000
Cost:						
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
Additions	–	–	4,026	5,739	2,284	12,049
Acquired through business combination (Note 38)	–	–	5,700	67,244	1,063	74,007
Disposal	–	–	–	(117)	(2)	(119)
Exchange realignment	(728)	(238)	38	(4,820)	(430)	(6,178)
At 31 March 2015	**5,170**	**1,689**	**13,516**	**108,827**	**12,577**	**141,779**
Accumulated depreciation:						
At 1 April 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
Charge for the year	–	90	470	1,450	904	2,914
Disposal	–	–	–	(9)	–	(9)
Exchange realignment	–	(88)	4	(5,020)	(438)	(5,542)
At 31 March 2015	**–**	**676**	**3,304**	**37,180**	**8,235**	**49,395**
Carrying amount:						
At 31 March 2015	**5,170**	**1,013**	**10,212**	**71,647**	**4,342**	**92,384**
At 31 March 2014	5,898	1,253	922	22	1,893	9,988

The Group owns 2 plots of land in Chile:

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

(ii) Another plot of freehold land is also situated in Chile. However, as the cost of the freehold land cannot be allocated reliably between the land and building elements, the entire amount of freehold land is recognised under freehold land and buildings.

16. PROPERTY, PLANT AND EQUIPMENT (Continued)

The Company

	Equipment HK$'000
Cost:	
At 1 April 2013 and 31 March 2014 and 31 March 2015	71
Accumulated depreciation:	
At 1 April 2013 and 31 March 2014 and 31 March 2015	71
Carrying amount:	
At 31 March 2015	**–**
At 31 March 2014	–

17. CONSTRUCTION IN PROGRESS

	The Group	
	2015 **HK$'000**	2014 HK$'000
At 1 April	**82,940**	96,485
Exchange realignment	**(10,062)**	(13,545)
At 31 March	**72,878**	82,940

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.

17. CONSTRUCTION IN PROGRESS (Continued)

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 2015 and 2014.

18. PREPAID LEASE PAYMENTS FOR LAND

	The Group	
	2015	2014
	HK$'000	HK$'000
Carrying amount:		
Acquired through business combination (Note 38)	**19,345**	–
Addition	**9,552**	–
Amortisation	**(103)**	–
Exchange realignment	**52**	–
At 31 March	**28,846**	–

The Group's carrying amount of the prepaid lease payments for land is analysed as follows:

	The Group	
	2015	2014
	HK$'000	HK$'000
Leasehold land situated in the PRC held under:		
Medium term lease	**28,846**	–
Analysed for reporting purposes as:		
Non-current	**28,242**	–
Current	**604**	–
	28,846	–

The Group has pledged prepaid lease payments for land with aggregate carrying amount as at 31 March 2015 of approximately HK$19,245,000 to secure banking borrowings granted to the Group as set out in Note 30.

19. INTERESTS IN SUBSIDIARIES

	The Company	
	2015	2014
	HK$'000	HK$'000
Unlisted equity, at cost	**155,373**	138,421
Amounts due from subsidiaries	**3,811,856**	3,500,903
Amounts due to subsidiaries	**(22,962)**	(23,431)
	3,788,894	3,477,472
	3,944,267	3,615,893
Less: Provision for impairment	**(788,794)**	(739,854)
	3,155,473	2,876,039

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 form part of the Company's interests in the subsidiaries in the form of quasi-equity loans.

19. INTERESTS IN SUBSIDIARIES (Continued)

Particulars of the principal subsidiaries as at 31 March 2015 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 2015	Attributable equity interest 2014	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%**	51%	Investment holding
Green Dynamic Electric Vehicle Limited	Hong Kong	1 share	**51%**	51%	Development in energy saving and environmental protection products

19. 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 2015	2014	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
China Green Dynamics (Holdings) Limited (formerly Hero Gain Limited)	Hong Kong	100 shares	**100%**	100%	Investment holding
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%**	75%	Investment holding
Sinocop New Energy Technology Company Limited	Hong Kong	100 shares	**75%**	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%**	100%	Investment holding

19. 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 2015	2014	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%**	100%	Investment holding
天津中銅新能源科技有限責任公司 Tianjin Sinocop New Energy Technology Company Limited	PRC	HK$30,000,000	**75%**	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	RMB60,329,123	**100%**	100%	Mining and sale of mineral resources in the PRC
河北中銅鋰能電池有限公司 Hebei Sinocop Lithium Battery Company Limited*	PRC	RMB30,000,000	**52.5%**	–	Lithium batteries manufacturing and trading
重慶中銅新能源汽車技術有限公司 Chongqing Sinocop New Energy Vehicle Technology Company Limited*	PRC	RMB30,000,000	**100%**	–	Investment holding and motor vehicles assembly
重慶穗通實業股份有限公司 Chongqing Suitong Industrial Company Limited*	PRC	RMB40,000,000	**70%**	–	Motor vehicles manufacturing and trading

* 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.

20. GOODWILL

	The Group	
	2015	2014
	HK$'000	HK$'000
At 1 April	**45,055**	48,324
Acquired through business combination	**–**	3,613
Exchange realignment	**(5,112)**	(6,882)
At 31 March	**39,943**	45,055

The goodwill is tested for impairment at least annually.

Impairment testing of goodwill

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

	The Group	
	2015	2014
	HK$'000	HK$'000
Development of electric bus business	**3,613**	3,613
Ores processing and trading business	**36,330**	41,442
	39,943	45,055

The directors determined the recoverable amount of the CGU as at 31 March 2015 from its fair value less costs to sell based on a valuation of electric bus business and Verde's ores processing and trading business performed by an independent firm of professional valuers (the "Valuers") using the income approach.

20. GOODWILL (Continued)

Electric bus business

The income approach is based on the projection of future cash flows generated from the development of electric bus business prepared from the financial budgets covering a period of 5 years. The fair value of the CGU has been determined through the application of cost of equity plus project specific risk premium to discount the projected net sales multiplied by the net profit margin.

No impairment test on goodwill has been performed in 2014 due to the proximity of the acquisition date of the related CGU of 5 March 2014 and the reporting date of 31 March 2014.

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

	2015	2014
	Percentage	Percentage
Pre-tax net profit margin	**2**	N/A
Discount rate	**19.62**	N/A
Sales growth rate	**4.25**	N/A

As the fair value less costs to sell of the CGU of electrical bus business exceeded the combined carrying value of the assets including goodwill and technical knowhow (Note 22) under this CGU, the directors are of the opinion that there was no impairment on goodwill as at 31 March 2015 and 2014.

Ores processing and trading business

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$150 million (2014: HK$171 million) as at 31 March 2015.

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.

20. GOODWILL (Continued)

Ores processing and trading business (Continued)

The income approach is based on the projection of future cash flows of the ores processing and trading business prepared from the financial budgets approved by senior management 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.

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

	2015 Percentage	2014 Percentage
Gross profit margin	**27.45**	32.12
Discount rate	**22.12**	18.26
Income growth rate within the projected period	**3.56**	3.70
Costs growth rate within the projected period	**3.04**	2.96

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 economics, emerging market and developing economies projection in the period from 2012 to 2020 for income and geometric average consumer price index in Chile in the period from 2012 to 2020 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 2015 and 2014.

21. MINING ASSETS

Cost and net carrying value:

	The Group	
	2015	2014
	HK$'000	HK$'000
At 1 April	**2,832,944**	–
Acquisition	**–**	2,832,944
Exchange realignment	**17,587**	–
At 31 March	**2,850,531**	2,832,944

Mining assets have not been amortised since acquisition as the mine has not yet commenced operation since then. In the opinion of management, the mining project is ongoing and is currently in the process of acquisition of land for the processing factory. The mining operation will be commenced upon the completion of such development.

22. OTHER INTANGIBLE ASSETS

	The Group			
	Technical know-how	**Water use rights**	**Other**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2013	–	15,348	17	15,365
Acquired through business combination	12,128	–	–	12,128
Exchange realignment	–	(2,186)	(2)	(2,188)
At 31 March 2014	12,128	13,162	15	25,305
Acquired through business combination (Note 38)	44,175	–	–	44,175
Amortisation	(1,213)	–	–	(1,213)
Exchange realignment	–	(1,623)	(3)	(1,626)
At 31 March 2015	**55,090**	**11,539**	**12**	**66,641**

22. OTHER INTANGIBLE ASSETS (Continued)

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. The directors determined the recoverable amount of the water rights as at 31 March 2015 from its fair value less costs to sell based on valuation performed by an independent firm of professional valuers (the "Valuers") using the income approach. Details of the impairment assessment are set out in Note 20.

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 in 2014, and has an estimated useful life of 10 years, over which the assets are amortised. Details of the impairment assessment together with goodwill on acquisition of Dynamic Union International Limited are set out in Note 20.

Technical know-how on the use of aluminum body frame for electrical motor bus was acquired as part of the acquisition of Chongqing Suitong Industrial Company Limited during the year as detailed in Note 38, and has an estimated useful life of 5 years, over which the assets are amortised.

23. INTERESTS IN ASSOCIATES

	The Group	
	2015	2014
	HK$'000	HK$'000
Share of net assets	**503**	511

Particulars of the Group's associates as at 31 March 2015 are as follows:

Name of associate	Business structure	Place of incorporation and operations	Percentage of equity attributable to the Group		Principal activities
			2015	2014	
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

23. INTERESTS IN ASSOCIATES (Continued)

As at 31 March 2015, 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 loss of these associates for the year was HK$6,000 (2014: net losses of HK$6,000) and unrecognised share of losses cumulatively was HK$463,000 (2014: HK$524,000).

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

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

	2015	2014
	HK$'000	HK$'000
Group's share of profit/(loss) for the year	**53**	(69)
Group's share of other comprehensive income	**(61)**	(33)
Group's share of total comprehensive income	**(8)**	(102)

24. INTEREST IN JOINT VENTURE

	The Group		**The Company**	
	2015	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000
Unlisted shares, at cost	**–**	–	**–**	–
Share of net assets	**–**	–	**–**	–
Amount due from joint venture	**4,380**	2,550	**4,600**	2,500
At 31 March	**4,380**	2,550	**4,600**	2,500

24. INTEREST IN JOINT VENTURE (Continued)

Particulars of the Group's joint venture as at 31 March 2015 are as follows:

Name of joint venture	Business structure	Place of incorporation and operations	Percentage of equity attributable to the Group 2015	2014	Principal activities
Sinocop Environtech Energy Resources Limited ("Sinocop Environtech")	Corporate	British Virgin Islands/ Hong Kong	**51%**	51%	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 2015, the joint venture had deficiency in net assets in excess of the Group's cost of investments and was not equity accounted for. The Group had accounted for the losses of this joint venture to the extent of the investment cost. The Group's unrecognised share of net losses of this joint venture for the year was HK$888,000 (2014:HK$147,000) and unrecognised share of losses cumulatively was HK$1,035,000 (2014: HK$147,000).

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

	2015 HK$'000	2014 HK$'000
Group's share of loss for the year	**–**	–
Group's share of other comprehensive income	**–**	–
Group's share of total comprehensive income	**–**	–

25. AVAILABLE-FOR-SALE INVESTMENTS

	2015 HK$'000	2014 HK$'000
Unlisted equity investments outside Hong Kong, at cost	**69,802**	–

The Group acquired 10% equity interest in two Croatia companies, Rimac Automobili d.o.o. and Greyp Bikes d.o.o. during the year. These companies are principally engaged in research, designing, developing, manufacturing, marketing and selling of vehicles, powertrains and battery technology systems for using in vehicles, bikes, and other motor vehicles.

26. INVENTORIES

	2015 HK$'000	2014 HK$'000
Raw materials	**14,156**	–
Work in progress	**21,912**	–
Finished goods	**364**	–
	36,432	–

27. 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	
	2015 HK$'000	2014 HK$'000
0 – 30 days	**1,307**	2,020
31 – 60 days	**3,835**	–
	5,142	2,020

27. ACCOUNTS RECEIVABLE (Continued)

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

The ageing analysis of accounts receivable at the end of the reporting period, that are neither individually nor collectively considered to be impaired, was as follows:

	The Group	
	2015	2014
	HK$'000	HK$'000
Not past due	**1,307**	2,020
Less than one month past due	**3,835**	–
	5,142	2,020

Based on past experience, management believes that no impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

28. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

	The Group	
	2015	2014
	HK$'000	HK$'000
Equity securities held for trading and listed in Hong Kong	**13,200**	–

The fair values of the equity securities are determined based on Level 1 of fair value hierarchy: the quoted market prices in active market. During the year, a loss on change in fair value of approximately HK$3,335,000 (2014: Nil) was recognised in profit or loss.

29. 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	
	2015	2014
	HK$'000	HK$'000
0 – 30 days	**1,861**	–
31 – 90 days	**3,021**	–
91 – 180 days	**3,474**	–
181 days – 365 days	**39**	–
More than 1 year	**4**	–
	8,399	–

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

30. BANK BORROWINGS

	The Group	
	2015	2014
	HK$'000	HK$'000
Secured bank loans repayable within one year	**12,416**	–

The average effective interest rates of the bank borrowings ranged from 7.84% to 8.4% per annum.

As 31 March 2015, the Group did not have undrawn committed borrowing facilities.

The bank borrowings of the Group are secured by prepaid lease payments for land as set out in Note 18 and personal guarantee provided by a non-controlling equity owner of the Company's non-wholly owned subsidiary, Chongqing Suitong Industrial Company Limited.

The Group's bank loans were denominated in functional currency of the relevant group entity and is therefore exposed to minimal foreign exchange rate risk.

31. AMOUNT DUE TO A RELATED COMPANY

The amount represents a loan from Sino PowerHouse Corporation, which is the former shareholder of South China Mining Investments Limited ("South China Mining"). At the completion date of the acquisition of South China Mining on 28 February 2014, 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 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.

32. DEFERRED TAX LIABILITIES

Details of the deferred tax liabilities recognised and movement during the year:

	Intangible assets	Revaluation of land and building	Total
	HK$'000	HK$'000	HK$'000
At 31 March 2013 and 1 April 2014	–	–	–
Acquisition of subsidiaries (Note 38)	11,043	6,369	17,412
At 31 March 2015	11,043	6,369	17,412

33. 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. 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.

33. CONVERTIBLE NOTES (Continued)

The Company has the option to issue conversion shares at the conversion price on the maturity date or to redeem the outstanding principal amount of the Convertible Notes. The Convertible Notes are an equity instrument as the company 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$592,500,000 were converted into 790,000,000 ordinary shares of the Company.

34. SHARE CAPITAL

	2015 Number of shares	**2015** HK$'000	2014 Number of shares	2014 HK$'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	**2,210,746,800**	**22,107**	1,384,396,800	13,844
Conversion of Convertible Note (note i)	**790,000,000**	**7,900**	100,000,000	1,000
Placing of shares (note ii)	**450,000,000**	**4,500**	605,350,000	6,053
Subscription of shares (note iii)	**96,000,000**	**960**	–	–
Consideration shares issued for the acquisition of available-for-sale investments	**20,000,000**	**200**	–	–
Cancellation of repurchased shares (note iv)	**(5,000,000)**	**(50)**	–	–
Consideration shares issued for the acquisition of subsidiaries	**–**	**–**	120,000,000	1,200
Exercise of share options	**–**	**–**	1,000,000	10
At end of year	**3,561,746,800**	**35,617**	2,210,746,800	22,107

34. SHARE CAPITAL (Continued)

Notes:

(i) The Company's Convertible Notes with principal value of HK$592,500,000 were converted into 790,000,000 ordinary shares of the Company at the conversion price of HK$0.75 per share, of which HK$7,900,000 was credited to share capital and the remaining balance of HK$515,405,000 was credited to share premium account.

(ii) During the year ended 31 March 2015, 450,000,000 new ordinary shares of nominal value of HK$0.01 each were issued at a subscription price of HK$0.83 each to independent third parties at an aggregate consideration of HK$362,265,000 (net of share issue expenses of HK$11,235,000) of which HK$4,500,000 was credited to share capital and the remaining balance of approximately HK$357,765,000 (net of share issue expenses) was credited to share premium account.

(iii) During the year ended 31 March 2015, the Company entered into a subscription agreement with the subscriber pursuant to which the subscriber agreed to subscribe for and the Company agreed to issue an aggregate of 96,000,000 subscription shares at a price of HK$0.92 per subscription share. An amount of HK$960,000 was credited to share capital and the remaining balance of approximately HK$87,360,000 was credited to share premium account.

(iv) On 23 December 2014, the Company repurchased 5,000,000 shares of the Company in the open market at a consideration of HK$3,501,000 and all such shares were cancelled after the repurchase.

35. SHARE-BASED PAYMENT TRANSACTIONS

The Company operates a share option 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.

35. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

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, which was adopted by the Company on 5 January 2004, 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.

35. 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 25 August 2014, the date upon which the limit was refreshed 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 100,000,000 share options granted under the New Scheme during the year.

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

Date of offer of grant	At 01/04/2013	Exercised during the year	Lapsed/ forfeited during the year	At 31/03/2014	Granted during the year	At 31/03/2015	Exercise price	Closing price at date of offer of grant	Exercise period	Vesting period
Under the Old Scheme										
11/07/2007	43,500,000	–	(10,500,000)	33,000,000	–	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	01/04/2008 to 17/09/2017	01/04/2008 to 31/03/2013
16/12/2009	65,900,000	(1,000,000)	(500,000)	64,400,000	–	64,400,000	HK$0.46	HK$0.45	16/12/2009 to 15/12/2019	N/A
Under the New Scheme										
11/04/2014	–	–	–	–	100,000,000	100,000,000	HK$1.15	HK$1.11	12/04/2016 to 10/04/2024	12/04/2016 to 12/04/2020
	114,400,000	(1,000,000)	(11,000,000)	102,400,000	100,000,000	202,400,000				

35. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

The weighted average remaining contractual life of options outstanding at the end of the year was 6.4 years (2014: 4.83 years). The weighted average exercise price of options outstanding at the end of the year was HK$0.93 (2014: HK$0.71).

Of the total number of options outstanding at the end of the year, 102,400,000 (2014: 102,400,000) 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. There was no exercise of share options for the year ended 31 March 2015.

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 under the Old Scheme is measured based on Black-Scholes model and the New Scheme is measured based on Binominal method. 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**	**11 April 2014**
Fair value at measurement date	HK$0.65	HK$2.63	HK$0.43	HK$0.63
Share price at the date of offer of grant	HK$0.86	HK$2.90	HK$0.45	HK$1.11
Exercise price	HK$0.86	HK$2.95	HK$0.46	HK$1.15
Expected volatility	160.11%	163.08%	125.98%	63.33%
Expected life	2 years	2.53 to 6.53 years	10 years	10 years
Expected dividend rate	0%	0%	0%	0%
Risk-free interest rate	4.757%	4.272%	2.387%	2.048%

An equity-settled share-based payment expense of approximately HK$16,952,000 (2014: Nil) was recognised during the year.

36. 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 52 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(s).

36. RESERVES (Continued)

The Group (Continued)

(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(q).

(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) Treasury reserve

During the year ended 31 March 2015, the Group repurchased in aggregate 10,700,000 of its ordinary shares at an aggregate consideration of HK$6,429,000. 5,000,000 ordinary shares repurchased were cancelled during the year ended 31 March 2015 and 5,700,000 ordinary shares repurchased were cancelled after the year ended 31 March 2015.

	2015		2014	
	Number of shares	**Amount HK$'000**	Number of shares	Amount HK$'000
Treasury shares				
As at 1 April	**–**	**–**	–	–
Repurchased during the year	**10,700,000**	**6,429**	–	–
Cancellation of repurchased shares	**(5,000,000)**	**(3,501)**	–	–
As at 31 March	**5,700,000**	**2,928**	–	–

(g) Convertible notes equity reserve

The balance represents the equity component of outstanding convertible notes issued by the Company recognised in accordance with the accounting policy adopted for convertible notes in Note 4(k)(iii).

36. RESERVES (Continued)

The Company

	Share premium HK$'000	Contributed surplus HK$'000	Convertible notes equity reserve HK$'000	Share options reserve HK$'000	Treasury reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 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	–	–	2,570,158	–	–	–	2,570,158
Issue of shares for the acquisition of assets and liabilities through acquisition of subsidiaries	103,200	–	–	–	–	–	103,200
Exercise of share options	877	–	–	(427)	–	–	450
Conversion of convertible notes	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
Loss and total comprehensive income for the year	–	–	–	–	–	(54,150)	(54,150)
Placing of shares	369,000	–	–	–	–	–	369,000
Share issue expenses	(11,235)	–	–	–	–	–	(11,235)
Subscription of shares	87,360	–	–	–	–	–	87,360
Issue of shares for the acquisition of available-for-sale investment	19,400	–	–	–	–	–	19,400
Conversion of convertible notes	515,405	–	(523,305)	–	–	–	(7,900)
Share repurchased	–	–	–	–	(6,429)	–	(6,429)
Cancellation of repurchased shares	(3,451)	–	–	–	3,501	–	50
Share-based payments	–	–	–	16,952	–	–	16,952
At 31 March 2015	**1,670,446**	**87,109**	**1,980,612**	**78,991**	**(2,928)**	**(289,644)**	**3,524,586**

37. 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		Loss allocated to non-controlling interests		Accumulated non-controlling interests	
	2015	2014	**2015**	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Dynamic Union International Limited	**49%**	49%	**(7,531)**	(416)	**14,179**	15,329
Tong Guan La Plata Company Limited	**40%**	40%	**(314)**	(3,222)	**84,513**	90,653
Sinocop New Energy Technology (International) Company Limited	**25%**	25%	**(3,931)**	(1,389)	**6,995**	(1,404)
Chongqing Suitong Industrial Company Limited	**30%**	–	**(530)**	–	**26,480**	–
					132,167	104,578

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

37. NON-CONTROLLING INTERESTS (Continued)

	2015 HK$'000	2014 HK$'000
Dynamic Union International Limited		
Current assets	35,829	18,703
Non-current assets	21,147	12,625
Current liabilities	(27,846)	(45)
Equity attributable to owners of the Company	14,951	15,954
Non-controlling interests	14,179	15,329
Revenue	–	–
Loss for the year	(15,205)	(849)
Loss attributable to owners of the Company	(7,674)	(433)
Loss attributable to the non-controlling interests	(7,531)	(416)
Loss for the year	(15,205)	(849)
Other comprehensive income attributable to owners of the Company	81	–
Other comprehensive income attributable to the non-controlling interests	104	–
Other comprehensive income for the year	185	–
Total comprehensive income attributable to owners of the Company	(7,593)	(433)
Total comprehensive income attributable to the non-controlling interests	(7,427)	(416)
Total comprehensive income for the year	(15,020)	(849)
Dividends paid to non-controlling interests	–	–

37. NON-CONTROLLING INTERESTS (Continued)

	2015 HK$'000	2014 HK$'000
Dynamic Union International Limited (Continued)		
Net cash outflow from operating activities	**(14,162)**	(11,936)
Net cash outflow from investing activities	**(7,399)**	–
Net cash inflow from financing activities	**20,600**	20,004
Net cash (outflow)/inflow	**(961)**	8,068
Tong Guan La Plata Company Limited		
Current assets	**114,428**	114,866
Non-current assets	**168,910**	183,061
Current liabilities	**(2,391)**	(2,224)
Equity attributable to owners of the Company	**196,434**	205,050
Non-controlling interests	**84,513**	90,653
Revenue and other income	**7,128**	3,918
Loss for the year	**(786)**	(8,053)
Loss attributable to owners of the Company	**(472)**	(4,831)
Loss attributable to the non-controlling interests	**(314)**	(3,222)
Loss for the year	**(786)**	(8,053)
Other comprehensive income attributable to owners of the Company	**(32,799)**	(23,485)
Other comprehensive income attributable to the non-controlling interests	**(5,826)**	(8,008)
Other comprehensive income for the year	**(38,625)**	(31,493)

37. NON-CONTROLLING INTERESTS (Continued)

	2015 HK$'000	2014 HK$'000
Tong Guan La Plata Company Limited (Continued)		
Total comprehensive income attributable to owners of the Company	**(33,271)**	(28,316)
Total comprehensive income attributable to the non-controlling interests	**(6,140)**	(11,230)
Total comprehensive income for the year	**(39,411)**	(39,546)
Dividends paid to non-controlling interests	**–**	–
Net cash inflow/(outflow) from operating activities	**911**	(27,295)
Net cash outflow from investing activities	**(140)**	(3)
Net cash inflow from financing activities	**4,904**	–
Net cash inflow/(outflow)	**5,675**	(27,298)
Sinocop New Energy Technology (International) Company Limited		
Current assets	**36,589**	6,487
Non-current assets	**27,685**	29
Current liabilities	**(50,090)**	(12,128)
Equity attributable to owners of the Company	**7,189**	(4,208)
Non-controlling interests	**6,995**	(1,404)
Revenue	**6,228**	–
Loss for the year	**(15,170)**	(5,554)

37. NON-CONTROLLING INTERESTS (Continued)

	2015 HK$'000	2014 HK$'000
Sinocop New Energy Technology (International) Company Limited (Continued)		
Loss attributable to owners of the Company	(11,239)	(4,165)
Loss attributable to the non-controlling interests	(3,931)	(1,389)
Loss for the year	(15,170)	(5,554)
Other comprehensive income attributable to owners of the Company	177	(43)
Other comprehensive income attributable to the non-controlling interests	91	(15)
Other comprehensive income for the year	268	(58)
Total comprehensive income attributable to owners of the Company	(11,062)	(4,208)
Total comprehensive income attributable to the non-controlling interests	(3,840)	(1,404)
Total comprehensive income for the year	(14,902)	(5,612)
Dividends paid to non-controlling interests	–	–
Net cash outflow from operating activities	(15,095)	(9,463)
Net cash (outflow)/inflow from investing activities	(671)	30
Net cash inflow from financing activities	29,601	10,108
Net cash inflow	13,835	615

37. NON-CONTROLLING INTERESTS (Continued)

	18 December 2014 (date of acquisition) to 31 March 2015 HK$'000
Chongqing Suitong Industrial Company Limited	
Current assets	34,699
Non-current assets	75,237
Current liabilities	(39,415)
Equity attributable to owners of the Company	44,041
Non-controlling interests	26,480
Revenue	17,867
Loss for the period	(1,766)
Loss attributable to owners of the Company	(1,236)
Loss attributable to the non-controlling interests	(530)
Loss for the period	(1,766)

37. NON-CONTROLLING INTERESTS (Continued)

	18 December 2014 (date of acquisition) to 31 March 2015 HK$'000
Chongqing Suitong Industrial Company Limited (Continued)	
Other comprehensive income attributable to owners of the Company	95
Other comprehensive income attributable to the non-controlling interests	39
Other comprehensive income for the period	134
Total comprehensive income attributable to owners of the Company	(1,141)
Total comprehensive income attributable to the non-controlling interests	(491)
Total comprehensive income for the period	(1,632)
Dividends paid to non-controlling interests	–
Net cash outflow from operating activities	(11,369)
Net cash inflow from investing activities	12,179
Net cash outflow from financing activities	(316)
Net cash inflow	494

38. BUSINESS COMBINATION

On 13 February 2015, the Group acquired 70% equity interests in Hebei Sinocop Lithium Battery Company Limited (the "Hebei Sinocop") through Sinocop New Energy Technology (International) Company Limited, a 75% owned subsidiary, at a consideration of RMB1. The principal activities of Hebei Sinocop are the manufacturing and trading of Lithium batteries. The purpose of the acquisition is to achieve vertical integration of the Group's development of electric vehicle.

38. BUSINESS COMBINATION (Continued)

The fair value of identifiable assets and liabilities of the acquiree as at 13 February 2015, the date of acquisition, were:

	HK$'000	HK$'000
Property, plant and equipment	26,608	
Prepayments, deposits and other receivable	1,005	
Inventories	2,160	
Cash and bank balances	245	
Accounts payable	(97)	
Other payables and accruals	(4,155)	
Non-controlling interests	(12,239)	
Fair value of identifiable net assets acquired:		13,527
Cash consideration		–
Gain on bargain purchase		13,527
Net cash inflow arising on acquisition:		
Cash consideration paid		–
Cash and cash equivalents acquired		245
		245

Since the acquisition date, Hebei Sinocop has no revenue and contributed loss of HK$614,000 to the Group's profit or loss. If the acquisition had occurred on 1 April 2014, the Group's revenue and loss would have been increased by HK$11,940,000 and HK$4,240,000 respectively. This pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 April 2014, nor is it intended to be a projection of future performance.

A gain on bargain purchase of HK$13,527,000 was recognised in the transaction. As the development of Hebei Sinocop required a significant capital expenditure while the previous owners of Hebei Sinocop were short of required financial resources, the previous owners invited the Group to acquire 70% equity interest of Hebei Sinocop at a consideration of RMB1 so as to leverage on the financial resources of the Group to fund future development of Hebei Sinocop and to share the expected return of Hebei Sinocop in the future.

38. BUSINESS COMBINATION (Continued)

On 18 December 2014, the Group acquired 70% equity interests in Chongqing Suitong Industrial Company Limited ("Chongqing Suitong") at a consideration of HK$35,403,000. The principal activities of Chongqing Suitong is the manufacturing and trading of motor vehicle. The purpose of the acquisition is to expand the Group's development in electric vehicle.

The fair value of identifiable assets and liabilities of the acquiree as at 18 December 2014, the date of acquisition, were:

	HK$'000	HK$'000
Property, plant and equipment	47,399	
Other intangible assets	44,175	
Prepaid lease payments for land	19,345	
Accounts receivable	391	
Prepayment	4,508	
Inventories	6,030	
Cash and bank balance	25,443	
Bank borrowings	(12,391)	
Accounts payable	(4,161)	
Other payables	(23,424)	
Deferred tax liabilities	(17,412)	
Non-controlling interests	(26,971)	
Fair value of identifiable net assets acquired:		62,932
Cash consideration		35,403
Gain on bargain purchase		27,529
Net cash outflow arising on acquisition:		
Cash consideration paid		(35,403)
Cash and cash equivalents acquired		25,443
		(9,960)

38. BUSINESS COMBINATION (Continued)

Since the acquisition date, Chongqing Suitong has generated revenue of HK$17,867,000 and contributed loss of HK$1,766,000 to the Group's profit or loss. If the acquisition had occurred on 1 April 2014, the Group's revenue and loss would have been increased by HK$50,927,000 and HK$3,965,000 respectively. This pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 April 2014, nor is it intended to be a projection of future performance.

A gain on bargain purchase was recognised in the transaction as the previous owners of Chongqing Suitong were lack of financial resources to fund the future development of Chongqing Suitong.

39. 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:

	2015	2014
	HK$'000	HK$'000
Acquisition of property, plant and equipment	**13,144**	3,489
Capital expenditure in respect of the construction of the ores processing plant	**3,706**	3,739
Capital expenditure in respect of the mining operations	**5,815**	216
	22,665	7,444

39. COMMITMENTS (Continued)

(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:

	2015 **HK$'000**	2014 HK$'000
Within one year	**11,578**	5,171
After one year but within five years	**9,963**	5,252
	21,541	10,423

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.

As lessor

The Group leases its water use rights (also included freehold land in 2014) under operating lease. Rental income earned during the year was HK$2,867,000 (2014: HK$2,740,000). 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:

	2015 **HK$'000**	2014 HK$'000
Within one year	**–**	1,588
After one year but within five years	**–**	654
	–	2,242

39. COMMITMENTS (Continued)

(b) Operating lease commitments (Continued)

***As lessor** (Continued)*

As at 31 March 2015, the Group had received CLP122,524,000 (equivalent to approximately HK$1,516,000) (2014: CLP94,965,000, equivalent to approximately HK$1,340,000) rental income from tenant in advance and included in receipts in advance in the consolidated financial statements.

40. RELATED PARTY TRANSACTIONS

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

Save as disclosed elsewhere in these financial statements, the Group had the following major transactions with related parties during the years ended 31 March 2015 and 2014:

(a) During the year ended 31 March 2015, motor vehicles amounting to approximately HK$16,739,000 were purchased from a company owned by the non-controlling equity owner of the Company's non-wholly owned subsidiary, Chongqing Suitong. The purchase price was arrived at arm's length negotiation between the parties with reference to the current price the supplier charged to other customers.

(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 2015 and 2014.

40. RELATED PARTY TRANSACTIONS (Continued)

(b) (Continued)

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 executive directors whose remuneration is set out in Note 9 to the financial statements.

41. 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 debts, which includes the borrowings disclosed in Note 30, cash and cash equivalents and total equity. The Group's risk management reviews the capital structure on a semi-annual basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital.

41. CAPITAL RISK MANAGEMENT (Continued)

The gearing ratio at the end of reporting period was as follows:

	2015	2014
	HK$'000	HK$'000
Debt	**120,681**	141,313
Cash and cash equivalents	**391,987**	276,022
Net debt	**(271,306)**	(134,709)
Equity	**3,676,285**	3,212,361
Net debt to equity ratio	**N/A**	N/A

As the cash and cash equivalents exceeded the amount of debt, management considered that the risk in capital is minimal.

42. 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 People's Republic of China ("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 2015, the Group had a significant concentration of credit risk as trade receivables were due entirely from three customers within the development of electric bus segment (2014: one customer within the development of electric bus 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.

42. 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
2015				
Accounts payable	**(8,399)**	**(8,399)**	**(8,399)**	**–**
Other payables and accruals	**(29,974)**	**(29,974)**	**(29,974)**	**–**
Bank borrowings	**(12,416)**	**(12,831)**	**(12,831)**	**–**
Amount due to a related company	**(54,163)**	**(78,009)**	**(78,009)**	**–**
	(104,952)	**(129,213)**	**(129,213)**	**–**
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)

As at 31 March 2015, the contractual undiscounted cash flows of the non-derivative financial liabilities of the Group were due for payment within one year or on demand.

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

42. 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 in the ordinary course of business. The interest rates and terms of repayment of the Group's borrowings are disclosed in Note 30 to the financial statements. The Group has not used any financial instruments to hedge potential fluctuations in 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	
	2015	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000
Renminbi ("RMB")	**58**	1,802	**222**	22,142
United States dollars ("USD")	**724**	5,974	**38,719**	36,107
Japanese Yen ("JPY")	**–**	–	**–**	760

42. FINANCIAL RISK MANAGEMENT (Continued)

Foreign currency risk (Continued)

The Company

	Liabilities		Assets	
	2015	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000
United States dollars ("USD")	**–**	–	**1,322**	779

The Group regards the exposure to United States dollars is minimal as the exchange rate between United States dollars and Hong Kong dollars is pegged.

As at 31 March 2015 and 2014, a subsidiary whose functional currency is Chilean Peso had other receivables, cash and bank balances and accruals denominated in United States dollars. The Group believes that its exposure to any possible foreign exchange rate changes on translation of these balances in Chilean Peso is minimal as the total amount of these balances was not significant as at the end of the reporting period.

Equity price risk

The Group is exposed to equity price changes arising from equity instruments classified as financial asset at fair value through profit or loss.

The Group's listed investments are listed on the Stock Exchange. Decision to buy and sell trading securities are based on daily monitoring of the performance of individual securities compared to that of the industry indicator, as well as the Group's liquidity needs.

42. FINANCIAL RISK MANAGEMENT (Continued)

Equity price risk (Continued)

The sensitivity analysis on equity price risk includes the Group's financial instruments, which fair value or future cash flows will fluctuate because of change in their corresponding or underlying asset's equity price. If the prices of the respective equity instruments had been 5% higher/lower, loss for the year would decrease/increase by HK$577,500.

Fair value risk

All financial instruments measured at fair value are carried at amounts not materially different from their fair values as at 31 March 2015 and 2014.

43. 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 2015 and 2014 may be categorised as follows:

	2015	2014
	HK$'000	HK$'000
Financial assets		
Loans and receivables (including cash and bank balances)	**433,101**	305,680
Fair value through profit or loss		
– listed investment held for trading	**13,200**	–
Available-for-sale investments, at cost	**69,802**	–
	516,103	305,680
Financial liabilities		
Financial liabilities, at amortised cost	**104,952**	139,973

43. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY (Continued)

(a) Financial instruments not measured at fair value

Financial instruments not measured at fair value include items classified as loans and receivables, available-for-sale investments and financial liabilities.

The directors of the Company considered that the carrying amounts of the financial assets and financial liabilities recorded at amortised costs in the consolidated financial statements approximate to their corresponding fair value.

Available-for-sales investments were measured at cost net of impairment recognised. The balance cannot be reliably measured at fair value as the equity instruments do not have a quoted market price in an active market for an identical instrument and there was no sufficient comparables, in terms of size and technology, in the same industry which can be used in fair value measurement.

(b) Financial instruments measured at fair value

Financial instruments carried at fair value by level of fair value hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

At 31 March 2015, the Group's financial asset at fair value through profit or loss are measured at fair value and classified as Level 1. There were no transfers between levels during the year.

44. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 23 June 2015.