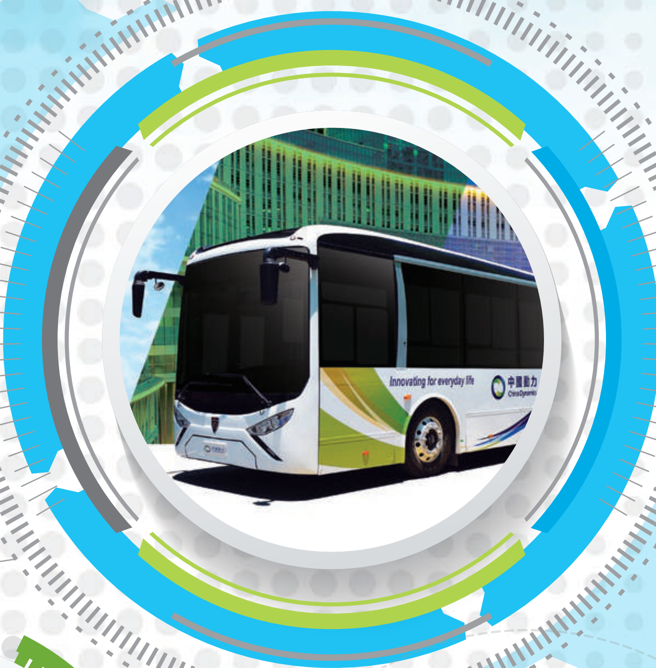
中國動力
China Dynamics

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 2016

Contents

DIRECTORS

Executive Directors
Mr. Cheung Ngan *(Chairman)*
Ms. Chan Hoi Ying (appointed on 12 May 2016)

Non-Executive Directors
Mr. Zhao Hong Feng
Mr. Zhou Jin Kai

Independent Non-Executive Directors
Mr. Chan Francis Ping Kuen
Mr. Hu Guang
Dato' Tan Yee Boon (appointed on 17 June 2016)

AUDIT COMMITTEE

Mr. Chan Francis Ping Kuen
Mr. Hu Guang
Dato' Tan Yee Boon (appointed on 17 June 2016)

AUDITOR

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LEGAL ADVISOR IN HONG KONG

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STOCK CODE

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PRINCIPAL REGISTRAR

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(formerly known as Appleby Management (Bermuda) Ltd.)
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Hamilton HM 12
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

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COMPANY SECRETARY

Ms. Lo Lai Man, CPA

PRINCIPAL BANKER

Hang Seng Bank Limited

WEBSITE

www.chinadynamics.com

On behalf of the Board of Director (the "Board"), 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 2016.

RESULTS

During the year ended 31 March 2016, the Group recorded a turnover of approximately HK$330.2 million (2015: HK$19.0 million) derived from sales of motor vehicles of HK$188.5 million (2015: HK$19.0 million) and sales of iron ores of HK$141.8 million (2015: HK$nil).

Gross profit margin increased to approximately HK$14.7 million (2015: HK$0.6 million). Gross profit ratio increased to 4.5% (2015: 3.1%) was contributed from the sales of motor vehicle with gross profit ratio of 7.2% (2015: 3.1%) and the sales of iron ores with the gross profit ratio of 0.8% (2015: nil). The increase in gross profit ratio on the sales of motor vehicle resulted from the increase in sales order and hence lead to better economy of scale. The selling price of global metal and minerals is still fluctuating and lead to the gross profit margin from the sales of iron ores of 0.8% during the current year.

The Group recorded a loss of approximately HK$145.1 million for the year as compared to a loss of approximately HK$60.7 million for last year. Such an increase in loss was mainly due to the increase in administrative expenses to approximately HK$130.2 million (2015: HK$85.9 million) and the decrease in other income and gains to approximately HK$6.3 million (2015: HK$51.0 million). The increase in administrative expenses was mainly due to administrative expenses incurred by the subsidiaries in the People's Republic of China (the "PRC") acquired by the Group in December 2014 and February 2015, and the share-based payment expenses of approximately HK$22.9 million (2015: HK$16.9 million) recognised during the current year. Other income and gains in the previous year was mainly derived from the gain on bargain purchase of approximately HK$41.1 million on the acquisition of certain subsidiaries in the PRC in previous year.

Finance costs of approximately HK$24.7 million (2015: HK$22.9 million) during the year mainly represents the non-cash imputed interest expenses of HK$10.4 million (2015: HK$22.6 million) on the amount due to a related company arising from the acquisition of a subsidiary in February 2014 and the unwind interest on early extinguishment on amount due to a related company of HK$13.4 million (2015: HK$nil) resulted from the full and early settlement during the current year.

The loss attributable to the owners of the Company was HK$120.1 million (2015: HK$48.4 million). Basic and diluted loss per share for the year was HK$0.03 per share (2015: 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 2016.

BUSINESS REVIEW

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

Heavy photochemical smog and haze in the PRC has been continuing during the year under review. 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. The benefits of electric vehicles are clear and the PRC Government is dedicated to reiterate its support by emphasizing the building of infrastructure such as charging stations to sufficiently cater for the number of electric vehicles by year 2020. The unveiling of the "Thirteenth Five-Year Plan" proposal also emphasizes to promote green development such as using cleaner energy. Among all vehicle sectors, buses are the vehicles with the most polluting emission and they are mostly used for public transportation. 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 previous annual reports, the Group was the successful bidder for 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 safe. 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.

In addition to the successful bid of the above tender, the Group also acquired Green Dynamic Electric Vehicle Limited (the "GDEV") in last year, GDEV 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 aimed to develop 12-meter long single deck pure electric buses to comply with highest Hong Kong quality requirement. The eBus was delivered and had already gone through vigorous testing by HKPC over a period of eight months, and also testing by an HKPC recognized independent third party for another three months. All testings, both in Chongqing and HK, were successfully completed by late 2015. According to HKPC, the ebus has four distinctive features – light body, extended range, intelligent and localized design. It fully caters to the unique traffic condition of Hong Kong and the operation model of local franchised bus companies.

Unfortunately, the eBus was damaged and lost in a fire incident in mid-December 2015. The incident happened when the eBus was in a transitional parking area waiting for the arrangement and preparation of customs documentation for returning it to Dongguan to carry out maintenance work as requested by HKPC. After a few months' investigation by HKPC, the incident was due to some PRC technical support staff who has compromised the water sealing of battery casings during tuning and inspection. As such, subsequent water seepage leads to short circuit and ultimately the fire incident. Although the incident will inevitably affect and delay the Group's marketing plan in Hong Kong, the Group is confident that with the superb performance of eBus, it still offers the Group a distinct advantage to develop eBus market both in Hong Kong and the PRC.

Chongqing Suitong New Energy Vehicle Production Company Limited (the "Chongqing Suitong"), a subsidiary 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, continues to contribute turnover to the Group for the year under review. Chongqing Suitong has already got the new energy buses production license and has already successfully got the production license and sales approval from the Ministry of Industry and Information Technology of the PRC for the Group's pure electric logistic vehicles, 6-meter and 10.5-meter buses. The full new energy vehicles production license will equip Chongqing Suitong with production permit of new energy vehicles including large and medium buses, large and medium lorries, mini buses as well as specialty vehicles such as garbage truck.

Subsequent to 30 September 2015, the Group had obtained a sales order of 90 units at 8-meter long and 10 units of 10.48-meter long pure electric buses from Xingtai People's Government ("Xingtai") in the PRC and had delivered by end of 2015. The Group believes that this is the first order from Xingtai with more orders to follow, as it is an important demonstration city in new energy vehicles changeover among the "Beijing-Tianjin-Hebei Metropolitan Region". As such, the Group is confident to rapidly develop the new energy vehicles market among the Region.

Although our ebus sales orders was slower than the expected timeframe as discussed in last annual report, with the confirmation of recent Xingtai sales order and eBus Project development, the Group is very confident that after Chongqing Suitong successfully obtained the new energy buses production license recently, the ebus business will grow rapidly as the bottleneck of the ebus business segment is no longer a hindrance. The Group also expects sales orders from various provinces in the PRC will increase in a rather fast pace in coming years.

In May 2016, the Company had entered into a non-legally binding investment agreement with Qijiang District of Chongqing to acquire a parcel of land for industrial purposes in the Qijiang District, Chongqing with a size of approximately 800 mu. The investment outlined a construction plan of a new production facility for the manufacture of new energy vehicles and buses with an annual production capacity of 5,000 units. The construction will be divided into two phases for which the first phase is expected to be completed in two years. The Group considered this investment of production facility is a milestone of introducing the new energy vehicles and buses developed by the Group into mass production and to cater for the sales orders to be obtained in the near future as discussed above.

The investment in 10% shareholdings in Rimac Automobili d.o.o. (the "Rimac") does not have any positive contribution yet, but its revenue and orders is growing rapidly during the year and the Group believes that the investment 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 business development.

During the year, the Group has 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, and is currently proceeding in accordance with the Agreements. 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 entering into the Agreements will strengthen its presence in the new energy vehicle market in the PRC, especially in Chongqing. Chongqing is a very important new energy vehicle market among south western provinces and the Group is already in a distinct strategic position through the above strategic cooperation.

The non-legally binding term sheet entered into with Phinergy Limited to form a joint venture company for the sale of energy systems of electric vehicles has been terminated on 31 May 2016 due to the failure in entering into the demo project agreement as stipulated in the term sheet. Both parties have been mutually released from their respective rights and obligations under the term sheet.

The Board is optimistic that the Group is well positioned to develop the 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's wholly-owned subsidiary, Guangxi Weiri Mining Company Limited (the "Guangxi Weiri"), held a glauberite mine located in Guangxi, the PRC. The product of the glauberite mine is thenardite which is an important raw material used in chemical and light industrial manufacturing industries. The Group expects that there will be an increasing thenardite demand in the PRC as a result of the continuing urbanisation in the PRC.

The glauberite mine is currently undergoing development preparation in accordance with its development plan. The processes of land acquisitions for the factory as well as for the road access are much slower than expected and therefore, there is only approximately HK$9.1 million construction in progress incurred during the year ended 31 March 2016, which is mainly for the construction of access road to the factory site. No other significant exploration, development or production activity was conducted for the glauberite mine during the year. The mineral resources has not changed since its acquisition on 28 February 2014. Details of the resources are stated in the "Mineral resources and ore reserves" section below.

During the previous year, Guangxi Weiri completed the purchase of a land use right of 63,118 square meters for RMB7.6 million. Another RMB7.7 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 completed but no payment to government was made yet since the land use rights of the second parcel of land above is still pending. Approximately HK$36.5 million has also been set aside in Guangxi Weiri since the end of 2015 waiting for the acquisition of remaining parcel of land. Yet, no acquisition process or relevant work has ever been performed by the local government.

In view of the land acquisition situation as stated above, 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 work closely with local government to sort out the land issue.

Mineral resources and ore reserves

As at 31 March 2016, 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 2016.

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 2016 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 current year, trading of iron ores contributed part of the Group's turnover and gross profit. The Group will continue to identify and pursue resources trading business. The Group believes that the economy of the PRC will continue to grow and urbanisation will keep pace, and thus a continuous demand in metals and minerals.

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 prioritize water usage for public health. Under the decree, anyone can use the water resources to secure human health and cultivation even without water use rights, hence, it is expected that the water resources will be consumed faster and intensify the water scarcity issue. The water scarcity situation has continued in 2014 and 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 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 become more clear and favorable, the Company will consider to resume project development in Chile accordingly.

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally financed its operations by internal resources, however, due to the rapid expansion of the eBus and EVs business, the Group may look for financial resources other than internal resources alone in the future in order to finance its operations. As at 31 March 2016, the net asset value of the Group amounted to approximately HK$3,386.2 million (2015: HK$3,676.3 million). As at 31 March 2016, the gearing ratio of the Group was 0.4% (2015: 1.9%) based on the bank borrowing of HK$12.0 million (2015: bank borrowing and amount due to a related company totaling HK$66.6 million) and the equity attributable to the owners of the Company of HK$3,280.0 million (2015: HK$3,544.1 million).

During the year, the Group repaid HK$78.0 million (2015: HK$97.0 million) to a related company and hence the amount due to a related company was fully settled during the year.

As at 31 March 2016, the Group had cash and bank balances of approximately HK$152.5 million (2015: HK$392.0 million).

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

The Group believes that electric vehicle is definitely a global focus and trend in improving air pollution and enhancing economic sustainability. With the Group's recent new energy vehicle production license for Chongqing Suitong, the expected expansion of production capacity in Qijiang District, and together with the government support of new energy policy in "Thirteenth Five-Year Plan" proposal, the Group is confident that the eBus and EVs business will offer a good business opportunity and prospect. The Board is also optimistic that the Group is well positioned to develop the eBus and EVs market in a rather fast pace which commenced and signified by the starting order from Xingtai, and is also able to seek for expansion and capture opportunity from time to time.

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 will look for any potential trading opportunity.

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. During the year ended 31 March 2016, 5,700,000 ordinary shares were acquired and cancelled at an aggregate price of HK$2,928,000. Consequent to this share repurchase exercise, the Company has acquired and cancelled approximately 0.15% of the total number of issued shares of the Company immediately prior to such repurchase and cancellation. As the Board considers that the value of the Company's shares is consistently undervalued, it considers that the action taken will go towards addressing this trend. The Board also believes that the share repurchase will not materially affect the Company's financial position.

CHARGES ON THE GROUP'S ASSETS AND CONTINGENT LIABILITIES

As at 31 March 2016, the Group has pledged a land in Chongqing with aggregate carrying amount of approximately HK$17,905,000 (2015: HK$19,245,000) to secure a bank borrowing of approximately HK$12,024,000 (2015: HK$12,416,000).

During the year ended 31 March 2016, the Group also provided a guarantee to a financial institution in Chongqing for certain of its customers on the purchase of motor vehicle. In the event of customers' default, the Group will be required to compensate the financial institution for the outstanding receivable from the customers. As at 31 March 2016, the Group's maximum exposure to the arrangement was RMB25.3 million (2015: RMB10.4 million). During the year ended 31 March 2016, there was no default of payments from customers which required the Group to make payments.

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 2016, the Group employed 396 (2015: 351) full time managerial and skilled staff principally in Hong Kong, the PRC and Chile.

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

CONCLUSION

On behalf of 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
27 June 2016

The directors herein present their report and the audited financial statements of the Company and the Group for the year ended 31 March 2016.

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 resources.

SEGMENT INFORMATION

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

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2016 are set out in the consolidated statement of profit or loss and other comprehensive income on page 51 of this annual report.

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

BUSINESS REVIEW

A review of the business of the Group during the year, a discussion on the Group's performance on different segments and an indication of likely future development in the Group's business are provided in the "Chairman's Statement" on pages 3 to 13 of this annual report.

Financial key performance indicators

Set forth below are certain key performance indicators of the Group for the years ended 31 March 2016 and 2015:

	2016	2015
Revenue	**HK$330.2 million**	HK$19.0 million
Loss attributable to owners of the Company	**HK$(120.1 million)**	HK$(48.4 million)
Current ratio (current assets divided by current liabilities)	**5.80 times**	8.71 times
Gearing ratio (bank borrowing and amount due to a related company divided by the equity attributable to the owners of the Company)	**0.4%**	1.9%
Net assets per Share (Net assets divided by the total number of shares)	**HK$0.91**	HK$1.03

Principal risks and uncertainties

The Group's business may be affected by risks and uncertainties which are known to the Group as set out below:

1. The increasing pressure of macro-economic downturn in the PRC and worldwide markets that may have negative impact to our business.

2. Part of the Group's revenue and assets are denominated in Renminbi. As a result, fluctuations in exchange rates may affect the results of operation. The exchange rate of Renminbi depreciated by approximately 5.1% against Hong Kong dollars during the year under review. Hence, the value of our results and financial position will have adverse effect when they are translated into Hong Kong dollars for reporting purposes.

3. The Group's reported results could be affected by the impairment of assets and goodwill. The Group may be required to recognise or reverse the impairment charges as a result of various factors including the prevailing product selling price, discount and exchange rates, operating and development cost projections. The recognition or reversal of impairment charge may have material non-cash effect to the Group's results during the relevant period but will not affect the future business operations and financial conditions of the Group.

4. In addition, various capital and financial risks have been disclosed in the notes 41 and 42 of the financial statements.

Environmental policies and performance

The Group recognises its responsibility to protect the environment from its business activities. The Group continually seeks to identify and manage environmental impacts attributable to its operational activities in order to minimise these impacts if possible. The Group aims to implement effective energy conservation measures by reducing the use of papers and water, and seek to upgrade equipment such as lighting and air-conditioning systems in order to increase overall operating efficiency.

Compliance with laws and regulations

During the year under review, as far as the Group is aware, there was no material breach or non-compliance with applicable laws and regulations by the Group that has a significant impact on the business and operations of the Group. The Group has continuously reviewed the new enacted laws and regulations affecting the operations of the Group.

The Group complies with the requirements under the Companies Ordinance, Chapter 622 of the Laws of Hong Kong (the "Companies Ordinance"), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange" and "Listing Rules", respectively) and the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO") for, among other things, the disclosure of information and corporate governance, and the Group has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules.

Relationships with employees, customers and suppliers

1. The sustainable development of the Group depends on the efforts and contribution of our staff. Most of the management and general staff have been serving the Group for a long period of time. The Group ensures all staff is reasonably remunerated and regularly reviews the employment policies on remuneration and other benefits. As at 31 March 2016, the Group employed 396 staff, a 12% increment compared to 2015.

2. The Group maintains a good relationship with its customers and suppliers. The Group maintains close contacts with the customers and has regular review of requirements of customers and complaints. The Group maintains good relationship with the suppliers so as to achieve long term commercial benefits.

FIVE YEAR FINANCIAL SUMMARY

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				
	2016	2015	2014	2013	2012
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
REVENUE	**330,249**	18,978	68,233	261,613	144,226
LOSS BEFORE INCOME TAX	**(145,307)**	(60,714)	(41,013)	(27,281)	(25,909)
Income tax credit/(expense)	**203**	(6)	–	–	564
LOSS FOR THE YEAR	**(145,104)**	(60,720)	(41,013)	(27,281)	(25,345)
ATTRIBUTABLE TO:					
Owners of the Company	**(120,140)**	(48,414)	(35,986)	(23,209)	(21,289)
Non-controlling interests	**(24,964)**	(12,306)	(5,027)	(4,072)	(4,056)
	(145,104)	(60,720)	(41,013)	(27,281)	(25,345)

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	As at 31 March				
	2016	2015	2014	2013	2012
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
TOTAL ASSETS	**3,466,101**	3,814,378	3,353,674	293,507	262,331
TOTAL LIABILITIES	**(79,939)**	(138,093)	(141,313)	(56,054)	(5,227)
NON-CONTROLLING INTERESTS	**(106,182)**	(132,167)	(104,578)	(101,883)	(104,479)
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	**3,279,980**	3,544,118	3,107,783	135,570	152,625

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group are set out in Note 15 to the financial statements.

SUBSIDIARIES AND ASSOCIATES

Particulars of the Company's principal subsidiaries and associates are set out in Notes 18 and 22 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 33 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 Group during the year are presented in the consolidated statement of changes in equity on page 54.

DISTRIBUTABLE RESERVES

At the end of the reporting year, 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 2016 (2015: 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	42.9%
– Five largest customers combined	64.2%
Purchases	
– The largest supplier	43.8%
– Five largest suppliers combined	65.4%

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 and up to the date of this report 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 and resigned on 12 May 2016)
Ms. Chan Hoi Ying	(appointed on 12 May 2016)

Non-executive directors

Mr. Li Shaofeng	(resigned on 2 November 2015)
Mr. Zhao Hong Feng	
Mr. Zhou Jin Kai	

Independent non-executive directors

Mr. Chan Francis Ping Kuen	
Mr. Hu Guang	
Mr. Chan Chak Paul	(resigned on 17 June 2016)
Dato' Tan Yee Boon	(appointed on 17 June 2016)

Mr. Cheung Ngan, Ms. Chan Hoi Ying and Dato' Tan Yee Boon 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.

PERMITTED INDEMNITY PROVISION

The Company has arranged appropriate Directors' and officers' liability insurance coverage in respect of legal actions against the Directors and officers of the Group throughout the year.

The permitted indemnity provision is in force for the benefit of the Directors as required by Section 470 of the Companies Ordinance when the report of the directors prepared by the Directors is approved in accordance with Section 391(1)(a) of the Companies Ordinance.

EMOLUMENT POLICY

The emoluments of the directors and senior management of the Company are decided by the Remuneration Committee, having regard to the market competitiveness, time commitment and comparable market statistics.

The emoluments of employees of the Group were determined on the basis of the performance, qualifications and competence.

Details of the directors' remuneration and that of the five highest paid individuals of 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.

MANAGEMENT CONTRACTS

No contracts, other than employment contracts, concerning the management and administration of the whole or any substantial part of any business of the Company were entered into or subsisted during the year.

SHARE OPTION SCHEME

The Company's share option scheme (the "Share Option 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 Listing Rules and will remain in force for 10 years from the Adoption Date. Pursuant to the Share Option 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.

On 10 March 2016, the Company granted 370,000,000 share options under the Share Option Scheme to certain participants of the Group at the exercise price of HK$0.30 each for a period of ten years from the date of grant.

During the year, no ordinary shares were issued in relation to the share options exercised by participants under the Share Option Scheme of the Company. Details of the Share Option Scheme are set out in Note 34 to the financial statements.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

Movements of the outstanding share options to the directors as at 31 March 2016 were as follows:

			Number of share options		
Name of Director	**Date of grant**	**Exercise Price** (HK$)	**At 1 April 2015**	**Granted**	**At 31 March 2016**
Mr. Cheung Ngan	16 December 2009	0.46	1,200,000	–	1,200,000
	10 March 2016	0.30	–	3,700,000	3,700,000
Mr. Lai Kwok Wai	11 July 2007	0.86	10,000,000	–	10,000,000
	16 December 2009	0.46	12,000,000	–	12,000,000
	10 March 2016	0.30	–	30,000,000	30,000,000
Mr. Zhao Hong Feng	11 April 2014	1.15	10,000,000	–	10,000,000
	10 March 2016	0.30	–	10,000,000	10,000,000
Mr. Zhou Jin Kai	10 March 2016	0.30	–	3,700,000	3,700,000
Mr. Chan Francis Ping Kuen	16 December 2009	0.46	1,200,000	–	1,200,000
	10 March 2016	0.30	–	3,700,000	3,700,000
Mr. Hu Guang	16 December 2009	0.46	1,200,000	–	1,200,000
	10 March 2016	0.30	–	3,700,000	3,700,000
Mr. Chan Chak Paul	10 March 2016	0.30	–	3,700,000	3,700,000

No share option was exercised by the directors during the year ended 31 March 2016.

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 2016 and 2015 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 previous deputy chairman of the Company, Mr. Chan Chung Chun, Arnold (deceased on 8 May 2015), 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(a) 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 nothing has come to their attention that causes them to believe that there was transaction entered into under the Master Agreement during the year.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 March 2016, 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 SFO) which had been 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 Issuers to be notified to the Company and the Stock Exchange were as follows:

Name of Director	Capacity or Nature of interest	Number of shares or underlying shares Long position	 Short position	Approximate percentage of shareholding in the Company or associated company
Mr. Cheung Ngan	Beneficial owner & interest of controlled corporation	1,920,802,469 (Note 1)	–	51.83%
	Interest of controlled corporation	1,000 (Note 2)	–	20%
Mr. Lai Kwok Wai	Beneficial owner	52,000,000 (Note 3)	–	1.40%
Mr. Zhao Hong Feng	Beneficial owner	20,000,000 (Note 3)	–	0.54%

Name of Director	Capacity or Nature of interest	Number of shares or underlying shares Long position	Short position	Approximate percentage of shareholding in the Company or associated company
Mr. Zhou Jin Kai	Beneficial owner	1,113,700,000 (Note 4)	–	30.05%
Mr. Chan Francis Ping Kuen	Beneficial owner	4,900,000 (Note 3)	–	0.13%
Mr. Hu Guang	Beneficial owner	4,900,000 (Note 3)	–	0.13%
Mr. Chan Chak Paul	Beneficial owner	3,700,000 (Note 3)	–	0.10%

Notes:

1) The 1,920,802,469 shares include:

   a. the number of shares of 394,670,000 held by Mr. Cheung Ngan;

   b. the underlying shares of 4,900,000 from the share options granted, details of which are set out in the section headed "directors' rights to acquire shares" above;

   c. the underlying shares of 190,000,000 from conversion of convertible notes with principal amount of HK$142,500,000 held by Faith Profit Holding Limited, which was wholly owned by Mr. Cheung Ngan; and

   d. the number of shares of 95,232,469 and underlying shares of 1,236,000,000 from conversion of convertible notes with principal amount of HK$927,000,000 held by Sino PowerHouse Corporation, which was beneficially owned as to 51% by 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) 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.

4) The 1,113,700,000 shares include:

   a. the underlying shares of 3,700,000 from the share options granted, details of which are set out in the section headed "directors' rights to acquire shares" above; and

   b. the number of shares of 186,000,000 and underlying shares of 924,000,000 from conversion of convertible notes with principal amount of HK$693,000,000.

Save as disclosed above, as at 31 March 2016, 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 TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in the sections above with heading "Connected Transactions" and "Continuing Connected Transactions" set out on page 23 of this report, no director, whether directly or indirectly, had a material beneficial interest in any transaction, arrangement or 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 2016, 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 or Nature of interest	Number of shares or underlying shares: Long position	Number of shares or underlying shares: Short position	Approximate percentage of shareholding in the Company
Mr. Cheung Ngan	Beneficial owner & interest of controlled corporation	1,920,802,469 (Note 1)	–	51.83%
Faith Profit Holding Limited	Beneficial owner & interest of controlled corporation	1,521,232,469 (Note 1)	–	41.05%
Mr. Chan Chung Chun, Arnold (Deceased)	Beneficial owner & interest of controlled corporation	2,223,232,469 (Note 2)	–	59.99%
Entrust Limited	Beneficial owner & interest of controlled corporation	2,211,232,469 (Note 2)	–	59.67%
Sino PowerHouse Corporation	Beneficial owner	1,331,232,469 (Note 3)	–	35.92%
Mr. Zhou Jin Kai	Beneficial owner	1,113,700,000 (Note 4)	–	30.05%
北京汽車城投資管理有限公司	Beneficial owner & interest of controlled corporation	203,860,000 (Note 5)	–	5.50%
北京匯濟投資中心	Interest of controlled corporation	203,860,000 (Note 5)	–	5.50%
北京市順義區政府	Interest of controlled corporation	203,860,000 (Note 5)	–	5.50%

Note:

1) The 1,920,802,469 shares include:

   a. the number of shares of 394,670,000 held by Mr. Cheung Ngan;

   b. the underlying shares of 4,900,000 from the share options granted to Mr. Cheung Ngan;

   c. the underlying shares of 190,000,000 from conversion of convertible notes with principal amount of HK$142,500,000 held by Faith Profit Holding Limited, which was wholly owned by Mr. Cheung Ngan. Accordingly, Mr. Cheung Ngan is deemed to be interested in the shares in which Faith Profit Holding Limited is interested by virtue of the SFO; and

   d. the number of shares of 95,232,469 and underlying shares of 1,236,000,000 from conversion of convertible notes with principal amount of HK$927,000,000 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 2,223,232,469 shares include:

   a. the number of shares of 390,000,000 and underlying shares of 490,000,000 from conversion of convertible notes with principal amount of HK$367,500,000 held by Entrust Limited, which was wholly owned by Mr. Chan Chung Chun (deceased). Accordingly, Mr. Chan Chung Chun (deceased) 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 (deceased) on 16 December 2009; and

   c. the number of shares of 95,232,469 and underlying shares of 1,236,000,000 from conversion of convertible notes with principal amount of HK$927,000,000 held by Sino PowerHouse Corporation, which was beneficially owned as to 49% by Entrust Limited. Mr. Chan Chung Chun (deceased) held 100% interest in Entrust Limited. Accordingly, Entrust Limited and Mr. Chan Chung Chun (deceased) are deemed to be interested in the shares in which Sino PowerHouse Corporation is interested by virtue of the SFO.

   Mr. Chan Chung Chun, Arnold deceased on 8 May 2015.

3) The number of shares of 95,232,469 and underlying shares of 1,236,000,000 from conversion of convertible notes with principal amount of HK$927,000,000 held by Sino PowerHouse Corporation.

4) The 1,113,700,000 shares include:

   a. the underlying shares of 3,700,000 from the share options granted, details of which are set out in the section headed "directors' rights to acquire shares" above; and

   b. the number of shares of 186,000,000 and underlying shares of 924,000,000 from conversion of convertible notes with principal amount of HK$693,000,000.

5) The 203,860,000 shares include:

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

   b. the number of shares of 127,890,000 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% indirectly 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 北京汽車城投資管理有限公司 and 首航國際（香港）投資有限公司 are interested by virtue of the SFO.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN CONTRACTS

Details of the contract of significance between the Group and the substantial shareholders are set out in Note 40 to the financial statements.

BIOGRAPHICAL DETAILS IN RESPECT OF DIRECTORS

Name	Age	Position held	Number of years of service	Business experience
Mr. Cheung Ngan	59	Chairman, Executive Director	18	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.
Mr. Lai Kwok Wai (appointed on 27 April 2015 and resigned on 12 May 2016)	55	Executive Director	1	Joined the Group in year 2000 and 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.
Ms. Chan Hoi Ying (appointed on 12 May 2016)	28	Executive Director	–	Joined the Company in 2014 and is the investment relationship manager of the Company. Ms Chan was subsequently appointed as an executive director of the Company on 12 May 2016. Ms. Chan holds a Master's of Actuarial Practice from Macquarie University in Australia. She had worked for the audit department of RSM Hong Kong for several years.

Name	Age	Position held	Number of years of service	Business experience
Mr. Zhao Hong Feng	45	Non-Executive Director	2	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. In December 2014, Mr. Zhao became the chairman of the Beijing Shunyi Technology Innovation Group Company Limited.
Mr. Zhou Jin Kai	63	Non-Executive Director	2	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.

Name	Age	Position held	Number of years of service	Business experience
Mr. Chan Francis Ping Kuen	57	Independent Non-Executive Director	11	Appointed as an 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.
Mr. Hu Guang	49	Independent Non-Executive Director	11	Appointed as an 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 over 20 years' experience in investment, finance and property development in the PRC.

Name	Age	Position held	Number of years of service	Business experience
Mr. Chan Chak Paul (resigned on 17 June 2016)	55	Independent Non-Executive Director	11	Appointed as an 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.
Dato' Tan Yee Boon (appointed on 17 June 2016)	41	Independent Non-Executive Director	–	Appointed as an independent non-executive director of the Company on 17 June 2016. Dato' Tan holds a Bachelor of Laws degree from the University of Glamorgan, United Kingdom. He holds a Certificate of Legal Practice from the Legal Qualifying Board of Malaysia. He is currently practicing as an advocate and solicitor of the High Court of Malaya and is also a member of the Bar Council of Malaysia. He was the founder and now a partner of Messrs. David Lai & Tan, a firm of advocates and solicitors in Malaysia. Dato' Tan possesses over 15 years of extensive experience in the field of legal and corporate practice. Dato' Tan is currently an independent non-executive director each of Earnest Investments Holdings Limited, Protasco Berhad and Central Industrial Corporation Berhad.

CHANGE IN DIRECTOR'S INFORMATION UNDER RULE 13.51B(1) OF THE LISTING RULES

Since the publication of the latest interim report of the Company, changes in director's information are set out below:

- Mr. Lai Kwok Wai resigned as an executive director of the Company on 12 May 2016.
- Ms. Chan Hoi Ying was appointed as an executive director of the Company on 12 May 2016.
- Mr. Chan Chak Paul resigned as an independent non-executive director of the Company on 17 June 2016.
- Dato' Tan Yee Boon was appointed as an independent non-executive director of the Company on 17 June 2016.

Save as disclosed above, there is no other change required to be disclosed pursuant to Rule 13.51B (1) of the Listing Rules.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

The Company purchased and cancelled 5,700,000 shares at an aggregate cost of HK$2,928,000 during the year. Other than these shares, 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
27 June 2016

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 2016 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 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 2016.

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, two non-executive directors and three independent non-executive directors. The directors who served the Board during the year ended 31 March 2016 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 and resigned on 12 May 2016)
Ms. Chan Hoi Ying	(appointed on 12 May 2016)

Non-executive directors

Mr. Li Shaofeng	(resigned on 2 November 2015)
Mr. Zhao Hong Feng	
Mr. Zhou Jin Kai	

Independent non-executive directors

Mr. Chan Francis Ping Kuen	
Mr. Hu Guang	
Mr. Chan Chak Paul	(resigned on 17 June 2016)
Dato' Tan Yee Boon	(appointed on 17 June 2016)

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 ("AGM") of the Company, 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 during the year ended 31 March 2016 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)*	9/9	1/1
Mr. Chan Chung Chun, Arnold (deceased on 8 May 2015)	2/2	0/0
Mr. Lai Kwok Wai (appointed on 27 April 2015 and resigned on 12 May 2016)	7/7	1/1
Non-executive directors		
Mr. Li Shaofeng (resigned on 2 November 2015)	6/6	0/1
Mr. Zhao Hong Feng	9/9	0/1
Mr. Zhou Jin Kai	9/9	1/1
Independent non-executive directors		
Mr. Chan Francis Ping Kuen	9/9	1/1
Mr. Hu Guang	9/9	0/1
Mr. Chan Chak Paul (resigned on 17 June 2016)	9/9	1/1

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 Dato' Tan Yee Boon (appointed on 17 June 2016), 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 2016 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 2016 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, Dato' Tan Yee Boon (appointed on 17 June 2016) 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 2016 is as follows:

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

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

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

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

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

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

The summary of work of the Audit Committee during the year ended 31 March 2016 includes:

i) reviewed the interim report for the six months ended 30 September 2015 and the related results announcements;

ii) reviewed the annual financial statements for the year ended 31 March 2016 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, Dato' Tan Yee Boon (appointed on 17 June 2016) 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 2016 is as follows:

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

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 2016 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 2015 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 year which give a true and fair view of the state of affairs of the Company and of the Group and of the financial performance and cash flows for that year, as well as their responsibility for performing the corporate governance function. The directors ensure that the financial statements for the year ended 31 March 2016 were prepared in accordance with statutory requirements and applicable accounting standards.

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 49 and 50 of this report. For the year ended 31 March 2016, the remuneration paid/payable to BDO Limited was as follow:

Services rendered	Fee paid/payable HK$'000
Audit services	1,350
Review of interim report	60
	1,410

COMPANY SECRETARY

The previous Company Secretary, Mr. Chan Chung Chun, 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 the audit department of KPMG for several years. 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.

During the year ended 31 March 2016, the Company Secretary 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 Company Secretary had undertaken not less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

INTERNAL CONTROL AND RISK MANAGEMENT

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

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.

INTERNAL AUDIT FUNCTION

To comply with amendments to the Code, which incorporated the requirements of establishment of internal audit function, the Company outsourced the internal audit function to Richard Poon & Partners Risk Management Limited as an internal auditor of the Company on 1 April 2016 in relation to the provision of internal audit services to the Company throughout the accounting year ending 31 March 2017. Internal audit function will form a key part of the internal control framework and report to the Audit Committee regularly. The internal audit function monitors compliance with policies and standards and the effectiveness of internal control structures of the Group.

ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

The Company is committed to maintain environmental and social standard to ensure business development and sustainability. We take steps to reduce the consumption of energy and natural resources e.g. advocate paperless office to reduce the consumption of paper, using internal communication in the form of direct electronic mail or other electronic device, turn off computers, printers and lighting immediately after use, and use environmentally friendly products and certified materials whenever possible.

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 2016, the Annual General Meeting ("AGM") was held on 24 August 2015. The attendance of each director at the general meeting is set out under the section headed "board meetings and attendance" of this report.

The Chairman, the executive directors, the Chairman and/or other members of the Audit Committee, Remuneration Committee and Nomination Committee, as well as external auditor had attended the AGM of the Company during the year to answer any questions raised. Due to other business engagements, two non-executive directors and one independent non-executive director could not attend the AGM during the year ended 31 March 2016.

Explanation of detail procedures of voting by poll was given at the commencement of the AGM, 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 issued 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 head 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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TO THE SHAREHOLDERS OF CHINA DYNAMICS (HOLDINGS) LIMITED
（中國動力（控股）有限公司）
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of China Dynamics (Holdings) Limited ("the Company") and its subsidiaries (hereafter referred to as "the Group") set out on pages 51 to 144, which comprise the consolidated statement of financial position as at 31 March 2016, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's 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 financial position of the Group as at 31 March 2016 and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BDO Limited
Certified Public Accountants

Li Pak Ki
Practising Certificate Number: P01330

Hong Kong, 27 June 2016

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2016

	Notes	2016 HK$'000	2015 HK$'000
Revenue	7	**330,249**	18,978
Cost of sales		**(315,528)**	(18,395)
Gross profit		**14,721**	583
Other income	7	**6,331**	51,002
Selling and distribution expenses		**(1,365)**	(236)
Administrative and other expenses		**(130,197)**	(85,914)
Change in fair value of financial assets at fair value through profit or loss		**(10,083)**	(3,335)
Finance costs	8	**(24,714)**	(22,867)
Share of profit of an associate	22	**–**	53
Loss before income tax	11	**(145,307)**	(60,714)
Income tax credit/(expense)	12b	**203**	(6)
Loss for the year		**(145,104)**	(60,720)
Other comprehensive income for the year			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(167,954)**	(1,490)
Share of other comprehensive income of associates	22	**–**	(61)
Other comprehensive income for the year		**(167,954)**	(1,551)
Total comprehensive income for the year		**(313,058)**	(62,271)
Loss attributable to:			
– Owners of the Company		**(120,140)**	(48,414)
– Non-controlling interests		**(24,964)**	(12,306)
		(145,104)	(60,720)
Total comprehensive income attributable to:			
– Owners of the Company		**(284,152)**	(44,373)
– Non-controlling interests		**(28,906)**	(17,898)
		(313,058)	(62,271)
Loss per share			
– Basic and diluted (HK$)	14	**(0.03)**	(0.02)

Consolidated Statement of Financial Position

As at 31 March 2016

	Notes	2016 HK$'000	2015 HK$'000
Non-current assets			
Property, plant and equipment	15	**87,780**	92,384
Construction in progress	16	**76,472**	72,878
Prepaid lease payments for land	17	**26,608**	28,242
Goodwill	19	**33,518**	39,943
Mining assets	20	**2,705,211**	2,850,531
Other intangible assets	21	**81,610**	66,641
Interests in associates	22	**477**	503
Interest in joint venture	23	**6,621**	4,380
Available-for-sale investments	24	**69,802**	69,802
Value-added tax recoverable		**9,031**	9,896
Total non-current assets		**3,097,130**	3,235,200
Current assets			
Inventories	25	**63,584**	36,432
Accounts receivable	26	**29,256**	5,142
Other receivables, deposits and prepayments		**119,846**	131,813
Financial assets at fair value through profit or loss	27	**3,341**	13,200
Prepaid lease payments for land	17	**409**	604
Cash and bank balances		**152,535**	391,987
Total current assets		**368,971**	579,178
Total assets		**3,466,101**	3,814,378
Current liabilities			
Accounts payable	28	**20,571**	8,399
Other payables and accruals		**21,319**	43,338
Receipts in advance		**9,691**	2,365
Bank borrowings	29	**12,024**	12,416
Total current liabilities		**63,605**	66,518

	Notes	2016 HK$'000	2015 HK$'000
Net current assets		**305,366**	512,660
Total assets less current liabilities		**3,402,496**	3,747,860
Non-current liabilities			
Amount due to a related company	30	**–**	54,163
Deferred tax liabilities	31	**16,334**	17,412
Total non-current liabilities		**16,334**	71,575
Total liabilities		**79,939**	138,093
NET ASSETS		**3,386,162**	3,676,285
Equity			
Share capital	33	**37,060**	35,617
Reserves		**3,242,920**	3,508,501
Equity attributable to owners of the Company		**3,279,980**	3,544,118
Non-controlling interests	36	**106,182**	132,167
TOTAL EQUITY		**3,386,162**	3,676,285

On behalf of the Board

Cheung Ngan
Director

Chan Hoi Ying
Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2016

	Attributable to owners of the Company											
	Share capital HK$'000 (Note 33)	**Share premium** HK$'000 (Note 35(a))	**Contributed surplus** HK$'000 (Note 35(b))	**Convertible notes equity reserve** HK$'000 (Note 35(g))	**Share options reserve** HK$'000 (Note 35(c))	**Foreign currency translation reserve** HK$'000 (Note 35(d))	**Capital reserve** HK$'000 (Note 35(e))	**Treasury reserve** HK$'000 (Note 35(f))	**Accumulated losses** HK$'000	**Total** HK$'000	**Non-controlling interests** HK$'000 (Note 36)	**Total equity** HK$'000
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
At 1 April 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
Loss for the year	–	–	–	–	–	–	–	–	(120,140)	(120,140)	(24,964)	(145,104)
Other comprehensive income	–	–	–	–	–	(164,012)	–	–	–	(164,012)	(3,942)	(167,954)
Total comprehensive income	–	–	–	–	–	(164,012)	–	–	(120,140)	(284,152)	(28,906)	(313,058)
Acquisition of additional interest in subsidiaries	–	–	–	–	–	–	–	–	(2,921)	(2,921)	2,921	–
Conversion of convertible notes	1,500	97,863	–	(99,363)	–	–	–	–	–	–	–	–
Cancellation of repurchased shares	(57)	(2,871)	–	–	–	–	–	2,928	–	–	–	–
Share-based payments	–	–	–	–	22,935	–	–	–	–	22,935	–	22,935
Forfeited share options	–	–	–	–	(5,117)	–	–	–	5,117	–	–	–
At 31 March 2016	**37,060**	**1,765,438**	**20,566**	**1,881,249**	**96,809**	**(167,596)**	**687**	**-**	**(354,233)**	**3,279,980**	**106,182**	**3,386,162**

Consolidated Statement of Cash Flows

For the year ended 31 March 2016

	Notes	2016 HK$'000	2015 HK$'000
OPERATING ACTIVITIES			
Loss before income tax		**(145,307)**	(60,714)
Adjustments for:			
Interest income	7	**(1,139)**	(2,870)
Finance costs	8	**24,714**	22,867
Depreciation of property, plant and equipment	11	**9,190**	2,914
Amortisation of prepaid lease payments for land	11	**400**	103
Amortisation of other intangible assets	11	**1,430**	1,213
Share-based payments	11	**22,935**	16,952
Gain on bargain purchase	38	**–**	(41,056)
Change in fair value of financial assets at fair value through profit or loss		**10,083**	3,335
Loss on disposal of property, plant and equipment	11	**86**	33
Electric bus sample written off	11	**3,445**	–
Impairment loss on goodwill	11	**3,613**	–
Impairment loss on other intangible assets	11	**2,389**	–
Exchange loss, net		**801**	–
Share of profit of an associate	22	**–**	(53)
Operating cash flows before movements in working capital		**(67,360)**	(57,276)
Increase in accounts receivable		**(24,298)**	(2,731)
Decrease/(increase) in other receivables, deposits and prepayments		**13,101**	(61,594)
Decrease in value-added tax recoverable		**1,631**	622
Increase in inventories		**(31,354)**	(28,242)
Increase in financial assets at fair value through profit or loss		**(224)**	(16,535)
Increase in accounts payable		**12,453**	4,141
(Decrease)/increase in other payables and accruals		**(21,286)**	1,565
Increase in receipts in advance		**7,237**	1,025
Cash used in operations		**(110,100)**	(159,025)
Income tax paid		**(26)**	(6)
NET CASH USED IN OPERATING ACTIVITIES		**(110,126)**	(159,031)

Consolidated Statement of Cash Flows

For the year ended 31 March 2016

	Notes	2016 HK$'000	2015 HK$'000
INVESTING ACTIVITIES			
Payments to acquire property, plant and equipment		**(9,372)**	(12,049)
Payments to acquire construction in progress		**(9,307)**	–
Proceeds from sale of property, plant and equipment		**–**	77
Acquisition of subsidiaries	38	**–**	(9,715)
Acquisition of prepaid lease payments for land		**–**	(9,552)
Acquisition of intangible assets		**(22,277)**	–
Purchase of available-for-sale investments		**–**	(50,200)
Advance to a joint venture		**(2,241)**	(1,830)
Capital contribution from non-controlling interests		**–**	6,277
Interest received		**1,591**	2,418
NET CASH USED IN INVESTING ACTIVITIES		**(41,606)**	(74,574)
FINANCING ACTIVITIES			
Interest paid		**(874)**	(314)
Repayment to a related company		**(78,003)**	(96,993)
Proceeds from bank borrowings		**12,259**	6,335
Repayment of bank borrowings		**(12,416)**	(6,335)
Proceeds from placing of shares		**–**	373,500
Payment of issue expenses for placing of shares		**–**	(11,235)
Proceeds from subscription of shares		**–**	88,320
Repurchase of shares		**(2,928)**	(3,501)
NET CASH (USED IN)/GENERATED FROM FINANCING ACTIVITIES		**(81,962)**	349,777
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(233,694)**	116,172
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**391,987**	276,022
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		**(5,758)**	(207)
CASH AND CASH EQUIVALENTS AT END OF YEAR		**152,535**	391,987
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		**152,535**	391,987

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")

(a) Adoption of new/revised HKFRSs – effective 1 April 2015

HKFRSs (Amendments)	Annual Improvements 2010-2012 Cycle
HKFRSs (Amendments)	Annual Improvements 2011-2013 Cycle
Amendments to HKAS 19 (2011)	Defined Benefit Plans: Employee Contributions

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

Annual Improvements 2010-2012 Cycle and 2011-2013 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.

The adoption of the amendments to HKAS 16 has no impact on these financial statements as the Group does not use the revaluation model for its property, plant and equipment.

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

(a) Adoption of new/revised HKFRSs – effective 1 April 2015 (Continued)

Amendments to HKAS 19 (2011) – Defined Benefit Plans: Employee Contributions

The amendments permit contributions that are independent of the number of years of service to be recognised as a reduction in the service cost in the period in which the service is rendered instead of allocating the contributions to periods of service.

The adoption of the amendments has no impact on these financial statements as the Group has no defined benefit plan.

(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 2012-2014 Cycle[1]
Amendments to HKAS 1	Disclosure Initiative[1]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[1]
HKFRS 9 (2014)	Financial Instruments[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[1]
HKFRS 15	Revenue from Contracts with Customers[2]
HKFRS 16	Leases[3]

1 *Effective for annual periods beginning on or after 1 January 2016*
2 *Effective for annual periods beginning on or after 1 January 2018*
3 *Effective for annual periods beginning on or after 1 January 2019*
4 *Effective date is deferred*

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

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

Annual Improvements 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.

Amendments to HKAS 1 – Disclosure Initiative

The amendments are designed to encourage entities to use judgment in the application of HKAS 1 when considering the layout and content of their financial statements.

An entity's share of other comprehensive income from equity accounted interests in associates and joint ventures will be split between those items that will and will not be reclassified to profit or loss, and presented in aggregate as a single line item within those two groups.

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.

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.

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

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

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.

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.

Amendments to HKFRS 10 and HKAS 28 – 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 a business the gain or loss is recognised in full, conversely 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.

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

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

Amendments to HKFRS 11– Accounting for Acquisitions of Interests in Joint Operations

The amendments require an entity to apply all of the principles of HKFRS 3 Business Combinations when it acquires an interest in a joint operation that constitutes a business as defined in that standard. The principles of HKFRS 3 are also applied upon the formation of a joint operation if an existing business as defined in that standard is contributed by at least one of the parties.

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") (Continued)

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

HKFRS 16 – Leases

HKFRS 16 supersedes HKAS 17 Leases, HK(IFRIC) – Int 4 Determining whether an Arrangement contains a Lease, HK(SIC) – Int 15 Operating Lease – Incentives and HK(SIC) – Int 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

HKFRS 16 eliminates the classification by a lessee of leases as either operating or finance. Instead all leases are treated in a similar way to finance leases in accordance with HKAS 17. Under HKFRS 16, leases are recorded on the statement of financial position by recognising a liability for the present value of its obligation to make future lease payments with an asset (comprised of the amount of the lease liability plus certain other amounts) either being disclosed separately in the statement of financial position (within right-of-use assets) or together with property, plant and equipment. The most significant effect of the new requirements will be an increase in recognised lease assets and financial liabilities.

There are some exemptions. HKFRS 16 contains options which do not require a lessee to recognise assets and liabilities for (a) short term leases (i.e. leases of 12 months or less, including the effect of an extension options) and (b) leases of low-value assets (for example, a lease of a personal computer).

HKFRS 16 clarifies that a lessee separates lease components and service components of a contract, and applies the lease accounting requirements only to the lease components.

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.

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

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

The provisions of the new Hong Kong Companies Ordinance, Cap. 622, in relation to the disclosure of financial statements apply to the Company in this financial year.

The directors consider that there is no impact on the Group's financial position or performance, however the new Hong Kong Companies Ordinance, Cap. 622, impacts on the presentation and disclosures in the consolidated financial statements. For example, the statement of financial position of the Company is now presented in the notes to the financial statements rather than as a primary statement and related notes to the statement of financial position of the Company are generally no longer presented.

3. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements have been prepared in accordance with all applicable HKFRS, Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKFRSs") and the disclosure requirements of the Hong Kong Companies Ordinance, Cap. 622. 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 as disclosed in note 4(k).

(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 the consideration transferred, the amount recognised for non-controlling interests in the acquiree and the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree over the fair value of identifiable assets, liabilities and contingent liabilities acquired.

Where the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities measured as at the acquisition date exceed the aggregate of the fair value of consideration paid, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree, the excess is recognised in profit or loss on the acquisition date, after re-assessment.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(b) Goodwill (Continued)

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 relevant cash-generating units that are expected to benefit from the synergies of the acquisition. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, by comparing its carrying amount with its recoverable amount (see note 4(j)), and whenever there is an indication that the unit may be impaired.

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 to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro-rata on the basis of the carrying amount to each asset in the unit. However, the loss allocated to each asset will not reduce the individual asset's carrying amount to below its fair value less cost of disposal (if measurable) or its value in use (if determinable), whichever is the higher. Any impairment loss for goodwill is recognised in profit or loss and is not reversed in subsequent periods.

(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.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(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 interest in the associate are not recognised unless there is an obligation to make good those losses.

Profits and losses arising on transactions between the Group and its associates are recognised only to the extent of unrelated investors' interests in the associate. The investor's share in the associate's profits and losses resulting from these transactions is eliminated against the carrying value of the associate. 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.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(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.

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.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(e) Joint arrangements (Continued)

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 accumulated 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.

Depreciation is charged so as to write off the cost of items of property, plant and equipment over their estimated useful lives on a straight-line basis. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period and adjusted if appropriate. 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.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

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

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.

(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 indefinite. 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 indefinite is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for prospectively from the date of change and in accordance with the policy for amortisation of intangible assets with finite 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.

Industrial proprietary rights

Industrial proprietary rights are stated at cost less accumulated amortisation and any impairment losses (Note 4(j)). Industrial proprietary rights are amortised on the straight-line basis over a period of 5 to 10 years.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(h) Intangible assets (other than goodwill) (Continued)

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.

(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.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(j) Impairment of tangible and intangible assets excluding goodwill (Continued)

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.

Value in use is based on the estimated future cash flows expected to be derived from the asset (or cash-generating unit see note 4(b)), 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 or cash-generating unit.

(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.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(k) Financial instruments (Continued)

(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.

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.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(k) Financial instruments (Continued)

(i) Financial assets (Continued)

Available-for-sale financial assets (Continued)

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.

For loans 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.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(k) Financial instruments (Continued)

(i) Financial assets (Continued)

Impairment of financial assets (Continued)

For loans and receivables (Continued)

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

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.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(k) Financial instruments (Continued)

(i) Financial assets (Continued)

Derecognition of financial assets

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

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

Classification as debt or equity

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

Equity instruments

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

Financial liabilities

Financial liabilities, including other payable and 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.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(k) Financial instruments (Continued)

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

Effective interest method

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

Derecognition of financial liabilities

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

(iii) Convertible notes

Convertible notes issued by the Company which together with consideration shares issued by the Company represent the entire purchase consideration for the acquisition of 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 initially recognised at cost, and subsequently 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 represents the sum of the current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of 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 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 assets, 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 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 operations (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 operating 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 assets, 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).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

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 judgments, 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 judgments 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. 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 re-considered in 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; and

ii) 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.

Management considers that the key inputs of the valuation model used for impairment testing for goodwill and other assets under the ores processing and trading business in Chile have 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	
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Revenue from external customers	**188,489**	18,978	**–**	–	**141,760**	–	**–**	–	**330,249**	18,978
Reportable segment (loss)/profit	**(71,843)**	1,277	**(13,057)**	(11,233)	**(7,389)**	(7,475)	**(5,258)**	(791)	**(97,547)**	(18,222)
Share of profit of an associate	**–**	–	**–**	–	**–**	53	**–**	–	**–**	53
Interest income	**169**	24	**4**	3	**3**	–	**18**	89	**194**	116
Unallocated interest income									**945**	2,754
Total interest income									**1,139**	2,870
Depreciation	**(7,457)**	(1,940)	**(811)**	(591)	**–**	–	**(175)**	(248)	**(8,443)**	(2,779)
Unallocated depreciation expenses									**(747)**	(135)
Total depreciation									**(9,190)**	(2,914)
Amortisation	**(1,830)**	(1,316)	**–**	–	**–**	–	**–**	–	**(1,830)**	(1,316)
Impairment loss on goodwill	**(3,613)**	–	**–**	–	**–**	–	**–**	–	**(3,613)**	–
Impairment loss on other intangible assets	**(2,389)**	–	**–**	–	**–**	–	**–**	–	**(2,389)**	–
Reportable segment assets	**383,387**	320,310	**2,780,454**	2,883,290	**36,337**	33,576	**135,579**	146,971	**3,335,757**	3,384,147
Interests in associates	**–**	–	**–**	–	**477**	503	**–**	–	**477**	503
Additions to non-current assets	**38,987**	145,770	**1,062**	10,002	**–**	–	**483**	141	**40,532**	155,913
Unallocated assets									**424**	3,215
Total additions to non-current assets									**40,956**	159,128
Reportable segment liabilities	**(74,001)**	(74,467)	**(1,926)**	(56,052)	**(50)**	(58)	**(2,535)**	(2,372)	**(78,512)**	(132,949)

6. SEGMENT REPORTING (Continued)

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

	2016 HK$'000	2015 HK$'000
Revenue		
Reportable segment revenue and consolidated revenue	330,249	18,978
Loss before income tax		
Reportable segment loss	(97,547)	(18,222)
Unallocated other income	1,020	2,913
Change in fair value of financial assets at fair value through profit or loss	(10,083)	(3,335)
Unallocated share-based payments	(4,357)	(1,017)
Unallocated other corporate expenses	(9,626)	(18,186)
Finance costs	(24,714)	(22,867)
Consolidated loss before income tax	(145,307)	(60,714)
Assets		
Reportable segment assets	3,335,757	3,384,147
Unallocated corporate assets*	130,344	430,231
Consolidated total assets	3,466,101	3,814,378
Liabilities		
Reportable segment liabilities	78,512	132,949
Unallocated corporate liabilities	1,427	5,144
Consolidated total liabilities	79,939	138,093

* Unallocated corporate assets as at 31 March 2016 mainly represent cash and bank balances held by the Company of approximately HK$41,557,000 (2015: HK$333,836,000) and available-for-sale investments of HK$69,802,000 (2015: HK$69,802,000).

6. SEGMENT REPORTING (Continued)

(c) Geographic information

The following is an analysis of the Group's revenue from external customers and 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 revenue and assets are located:

	Revenue from external customers		Specified non-current assets	
	2016	2015	**2016**	2015
	HK$'000	HK$'000	**HK$'000**	HK$'000
PRC, including Hong Kong	**188,489**	18,978	**2,900,198**	3,027,944
Chile	**–**	–	**126,653**	136,951
Singapore	**141,760**	–	**–**	–
Malaysia	**–**	–	**477**	503
	330,249	18,978	**3,027,328**	3,165,398

(d) Information about major customers

During the year ended 31 March 2016, all sales amounts generated from the metal and minerals trading segment was contributed by one customer (2015: Nil).

During the year ended 31 March 2016, there is no major customer (2015: two customers contributed revenue of HK$4,682,000) in the development of electric vehicles segment.

7. REVENUE AND OTHER INCOME

Revenue represents the invoiced value of goods supplied to customers and is analysed as follows:

	2016 HK$'000	2015 HK$'000
Revenue		
Sale of motor vehicles	178,059	17,867
Sale of metals and minerals	141,760	–
Sale of batteries of motor vehicles	10,430	1,111
	330,249	18,978
Other income		
Rental income	3,169	2,867
Sundry income	1,252	123
Interest income	1,139	2,870
Income from trading ore in Chile	771	673
Gain on bargain purchase (Note 38)	–	41,056
Service fee income	–	3,348
Exchange gain, net	–	65
	6,331	51,002

8. FINANCE COSTS

	2016 HK$'000	2015 HK$'000
Unwind interest on early extinguishment on amount due to a related company (Note)	13,404	–
Interest expenses (Note)	10,436	22,553
Bank borrowings interest	730	312
Bank charges and trust receipt loans interest	144	–
Bank overdraft interest	–	2
	24,714	22,867

Note: Interest expenses represent the imputed interest expenses on the amount due to a related company. During the year, the amount was fully settled before the original maturity date. The difference between the carrying amount of the amount due to a related company and the consideration paid shall be recognised in profit or loss which resulted in the unwind interest on early extinguishment.

9. DIRECTORS' REMUNERATION

Directors emoluments disclosed pursuant to Section 383 of the Hong Kong Companies Ordinance (Cap. 622) and the Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap. 622G) is as follows:

For the year ended 31 March 2016

	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	–	1,175	38	18	1,231
Mr. Lai Kwok Wai*	–	420	304	17	741
Mr. Chan Chung Chun, Arnold (Deceased on 8 May 2015)	–	34	–	2	36
Sub-total	–	1,629	342	37	2,008
Non-executive directors:					
Mr. Li Shaofeng (Resigned on 2 November 2015)	–	–	–	–	–
Mr. Zhao Hong Feng	–	–	1,844	–	1,844
Mr. Zhou Jin Kai	–	–	38	–	38
	–	–	1,882	–	1,882
Independent non-executive directors:					
Mr. Chan Francis Ping Kuen	100	–	38	–	138
Mr. Hu Guang	100	–	38	–	138
Mr. Chan Chak Paul (Resigned on 17 June 2016)	100	–	38	–	138
Sub-total	300	–	114	–	414
Total	300	1,629	2,338	37	4,304

* Mr. Lai Kwok Wai was appointed on 27 April 2015 and then resigned on 12 May 2016 as an executive director of the Company.

9. DIRECTORS' REMUNERATION (Continued)

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

During the year ended 31 March 2016, 58,500,000 share options (2015: 10,000,000 share options) were granted to the directors.

9. DIRECTORS' REMUNERATION (Continued)

Except for Mr. Li Shaofeng, Mr. Zhao Hong Feng and Mr. Zhou Jin Kai, who unconditionally waived their entitlement to directors' fees in respect of each of the years ended 31 March 2016 and 2015, there were no arrangements under which a director waived or agreed to waive any remuneration for the years ended 31 March 2016 and 2015. 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 2016 and 2015.

The fair value of share options which has been recognised in profit or loss and included in the above disclosure of directors' emoluments was determined as at the date of grant of options.

10. FIVE HIGHEST PAID INDIVIDUALS

The five highest paid individuals during the year included two (2015: one) directors, details of whose remuneration are set out in note 9 to the financial statements. The details of the remuneration of the remaining three (2015: four) non-director highest paid individuals are as follows:

	2016	2015
	HK$'000	HK$'000
Basic salaries, allowances and benefits in kind	**4,380**	2,984
Share-based payments	**552**	6,272
Pension contributions	**54**	17
	4,986	9,273

10. FIVE HIGHEST PAID INDIVIDUALS (Continued)

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

	2016 Number of employees	2015 Number of employees
HK$Nil to HK$1,000,000	**–**	–
HK$1,000,001 to HK$1,500,000	**2**	1
HK$1,500,001 to HK$2,000,000	**–**	2
HK$2,000,001 to HK$2,500,000	**1**	–
HK$4,500,001 to HK$5,000,000	**–**	1
	3	4

During the year ended 31 March 2016, share options were granted to one (2015: four) non-director, highest paid individual in respect of his services to the Group under the share option scheme of the Company, further details of which are disclosed in note 34 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.

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:

	2016 Number of directors	2015 Number of directors
HK$Nil to HK$1,000,000	**2**	3
HK$1,000,001 to HK$1,500,000	**1**	1
	3	4

11. LOSS BEFORE INCOME TAX

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

	2016 HK$'000	2015 HK$'000
Auditor's remuneration	**1,415**	1,463
Amortisation of prepaid lease payments for land	**400**	103
Amortisation of other intangible assets	**1,430**	1,213
Cost of inventories recognised as expenses	**315,528**	18,395
Depreciation of property, plant and equipment	**9,190**	2,914
Electric bus sample written off	**3,445**	–
Exchange loss/(gain), net	**801**	(65)
Impairment loss of goodwill	**3,613**	–
Impairment loss of other intangible assets	**2,389**	–
Loss on disposal of property, plant and equipment	**86**	33
Operating lease rentals on leasehold land and buildings	**11,428**	8,397
Research and development cost	**2,071**	527
Staff costs (including directors' remuneration – Note 9)		
– Salaries and allowances	**33,099**	22,769
– Share-based payments (Note 34)	**22,935**	16,952
– Other benefits	**1,827**	780
– Pension contributions	**1,597**	606
	59,458	41,107

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 2016, subject to the agreement by the Hong Kong Inland Revenue Department, the Group had unused tax losses of HK$71,187,000 (2015: HK$43,240,000) available for offsetting against future profits. In addition, the Group had unused tax losses related to subsidiaries operating in the PRC of HK$25,373,000 (2015: HK$1,698,000). No deferred tax asset has been recognised in respect of these losses due to the unpredictability of future profit streams.

The tax losses of the subsidiaries operating in Hong Kong will not expire under the current tax legislation. The tax losses of the subsidiaries operating in the PRC will be expired within five years.

(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:

	2016	2015
	HK$'000	HK$'000
Loss before income tax	**(145,307)**	(60,714)
Tax credit at the applicable rates	**(27,476)**	(10,049)
Tax effect of non-taxable revenue	**(189)**	(10,745)
Tax effect of non-deductible expenses	**17,554**	19,652
Tax effect of share of profit of an associate	**–**	(9)
Under provision in prior year	**26**	–
Tax effect of tax losses and temporary differences not recognised	**9,882**	1,157
Income tax (credit)/expense for the year	**(203)**	6

13. DIVIDEND

No dividend has been proposed or paid by the Company in respect of the year ended 31 March 2016 (2015: nil).

14. 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:

	2016 **HK$'000**	2015 HK$'000
Loss for the year attributable to owners of the Company	**(120,140)**	(48,414)

	2016 **Number**	2015 Number
Weighted average number of ordinary shares in issue	**3,697,458,581**	3,151,864,608

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.

15. PROPERTY, PLANT AND EQUIPMENT

	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 1 April 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	–	–	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
Additions	–	–	1,712	4,258	3,402	9,372
Disposal	–	–	(162)	–	–	(162)
Exchange realignment	(400)	(131)	(429)	(6,524)	(604)	(8,088)
At 31 March 2016	**4,770**	**1,558**	**14,637**	**106,561**	**15,375**	**142,901**
Accumulated depreciation:						
At 1 April 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
Charge for the year	–	82	1,797	5,485	1,826	9,190
Disposal	–	–	(76)	–	–	(76)
Exchange realignment	–	(57)	(49)	(2,954)	(328)	(3,388)
At 31 March 2016	**-**	**701**	**4,976**	**39,711**	**9,733**	**55,121**
Carrying amount:						
At 31 March 2016	**4,770**	**857**	**9,661**	**66,850**	**5,642**	**87,780**
At 31 March 2015	5,170	1,013	10,212	71,647	4,342	92,384

The Group owns 2 plots of freehold land:

(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. CONSTRUCTION IN PROGRESS

	Ore processing plant in Chile HK$'000	Mining assets in the PRC HK$'000	Others HK$'000	Total HK$'000
At 1 April 2014	82,940	–	–	82,940
Exchange realignment	(10,062)	–	–	(10,062)
At 31 March 2015	72,878	–	–	72,878
Additions	–	9,272	35	9,307
Exchange realignment	(5,534)	(178)	(1)	(5,713)
At 31 March 2016	**67,344**	**9,094**	**34**	**76,472**

Construction in progress represents properties under construction for the processing of copper ores in Chile and the mining assets in the PRC.

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

The directors combined the carrying values of construction in progress and other assets under the cash generating unit ("CGU") of the ores processing and trading business of Verde and assessed them for impairment at the CGU level. As detailed in note 19, based on the results of the assessment, the directors are of the opinion that there was no impairment on the related construction in progress as at 31 March 2016 and 2015.

The property under construction for the mining assets in the PRC represented the preliminary construction costs incurred for the development of road access to the factory buildings.

16. CONSTRUCTION IN PROGRESS (Continued)

The directors combined the carrying values of construction in progress and mining assets under the CGU of the mining segment and assessed them for impairment at the CGU level. Based on the results of the assessment, the directors are of the opinion that there was no impairment on the related construction in progress as at 31 March 2016.

17. PREPAID LEASE PAYMENTS FOR LAND

	2016 **HK$'000**	2015 HK$'000
Carrying amount:		
At 1 April	**28,846**	–
Acquired through business combination	**–**	19,345
Additions	**–**	9,552
Amortisation	**(400)**	(103)
Exchange realignment	**(1,429)**	52
At 31 March	**27,017**	28,846

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

	2016 **HK$'000**	2015 HK$'000
Leasehold land situated in the PRC held under:		
Medium term lease	**27,017**	28,846
Analysed for reporting purposes as:		
Non-current	**26,608**	28,242
Current	**409**	604
	27,017	28,846

The Group has pledged prepaid lease payments for land with aggregate carrying amount as at 31 March 2016 of approximately HK$17,905,000 (2015: HK$19,245,000) to secure banking borrowings granted to the Group as set out in note 29.

18. INTERESTS IN SUBSIDIARIES

Particulars of the principal subsidiaries as at 31 March 2016 are as follows:

Name of subsidiaries	Place of incorporation/ registration and operations	Particulars of issued and paid-up capital/ paid-up registered capital	Attributable equity interest 2016	Attributable equity interest 2015	Principal Activities
Directly held by the Company					
China Elegance Holdings Limited	British Virgin Islands	1,000 shares of US$1 each	**100%**	100%	Investment holding
Indirectly held by the Company					
Apex Winner Limited	Hong Kong	HK$1	**100%**	100%	Provision of management services
CE Investment Limited	Samoa	1 share of US$1 each	**100%**	100%	Investment holding
China Dynamics New Energy Technology Company Limited	Hong Kong	HK$10,000	**100%**	100%	Investment holding
China Elegance Resources Limited	British Virgin Islands	1 share of US$1 each	**100%**	100%	Investment holding
China Green Dynamics Company Limited	Hong Kong	HK$10,000	**100%**	–	Motor vehicle trading
China Green Dynamics (Holdings) Limited	Hong Kong	HK$100	**100%**	100%	Investment holding
Dynamic Union International Limited	British Virgin Islands	1,000 shares of US$1 each	**51%**	51%	Investment holding

18. INTERESTS IN SUBSIDIARIES (Continued)

Name of subsidiaries	Place of incorporation/ registration and operations	Particulars of issued and paid-up capital/ paid-up registered capital	Attributable equity interest 2016	2015	Principal Activities
Green Dynamic Electric Vehicle Limited	Hong Kong	HK$1	**51%**	51%	Development in energy saving and environmental protection products
Hong Kong Cable Services Company Limited	Hong Kong/PRC	HK$100,000	**100%**	100%	Trading of computer hardware and software, provision of computer maintenance services and software development
Loyal Dragon Development Limited	Hong Kong	HK$1	**60%**	60%	Provision of office accommodations to group companies
Minera Catania Verde S.A.	Chile	100,000,000 shares of US$0.001 each	**60%**	60%	Processing and trading of copper ores
Pacific Pipe Coating Company Limited (formerly Sino Copper Resources (Holdings) Limited	Hong Kong	HK$2	**100%**	100%	Trading of metals and minerals
Sinocop New Energy Technology (International) Company Limited	British Virgin Islands	100 shares of US$1 each	**75%**	75%	Investment holding

18. INTERESTS IN SUBSIDIARIES (Continued)

Name of subsidiaries	Place of incorporation/ registration and operations	Particulars of issued and paid-up capital/ paid-up registered capital	Attributable equity interest 2016	Attributable equity interest 2015	Principal Activities
Sinocop New Energy Technology Company Limited	Hong Kong	HK$100	**75%**	75%	Development of new energy technology and product
South China Mining Investments Limited	British Virgin Islands	100 shares of US$1 each	**100%**	100%	Investment holding
Tong Guan La Plata Company Limited	British Virgin Islands	5,000 shares of US$10,000 each	**60%**	60%	Investment holding
Wise Goal Enterprises Limited	Hong Kong	HK$1	**100%**	100%	Investment holding
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%**	100%	Investment holding and motor vehicles assembly
重慶穗通新能源汽車製造有限公司 Chongqing Suitong New Energy Vehicle Production Company Limited* (formerly 重慶穗通實業股份有限公司 Chongqing Suitong Industrial Company Limited*)	PRC	RMB40,000,000	**70%**	70%	Motor vehicles manufacturing and trading
廣西威日礦業有限責任公司 Guangxi Weiri Mining Company Limited*	PRC	RMB97,806,354	**100%**	100%	Mining and sale of mineral resources

18. INTERESTS IN SUBSIDIARIES (Continued)

Name of subsidiaries	Place of incorporation/ registration and operations	Particulars of issued and paid-up capital/ paid-up registered capital	Attributable equity interest 2016	Attributable equity interest 2015	Principal Activities
河北中銅鋰能電池有限公司 Hebei Sinocop Lithium Battery Company Limited*	PRC	RMB30,000,000	**52.5%**	52.5%	Lithium batteries manufacturing and trading
北京中銅首航環保動力科技有限公司 Sinocop Capital Transportation Company Limited*	PRC	RMB10,000,000	**51%**	51%	Development of new energy technology and product
天津中銅新能源科技有限責任公司 Tianjin Sinocop New Energy Technology Company Limited*	PRC	RMB30,000,000	**75%**	75%	Development of new energy technology and product

* 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.

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

19. GOODWILL

	2016 HK$'000	2015 HK$'000
Cost:		
At 1 April	**39,943**	45,055
Exchange realignment	**(2,812)**	(5,112)
At 31 March	**37,131**	39,943
Impairment:		
At 1 April	**–**	–
Impairment loss	**3,613**	–
At 31 March	**–**	–
Carrying values:		
At 31 March	**33,518**	39,943

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:

	2016 HK$'000	2015 HK$'000
Development of electric bus business	**–**	3,613
Ores processing and trading business	**33,518**	36,330
	33,518	39,943

The directors determined the recoverable amount of the CGU as at 31 March 2016 from its fair value less costs to sell based on a valuation of development 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.

19. GOODWILL (Continued)

Development of 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.

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

	2016 Percentage	2015 Percentage
Pre-tax net profit margin	**2**	2
Discount rate	**22.22**	19.62
Sales growth rate	**4.13**	4.25

As the recoverable amount of the development of electrical bus business is less than the combined carrying value of the assets including goodwill under this CGU, a provision for impairment on goodwill of HK$3,613,000 (2015: nil) is recognised for the year ended 31 March 2016.

Ores processing and trading business

As set out in note 16 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$139 million (2015: HK$150 million) as at 31 March 2016.

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 will be assessed again in year 2018.

19. 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 fifteen-year period from 2021 to 2035 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:

	2016	2015
	Percentage	Percentage
Gross profit margin	**28.87**	27.45
Discount rate	**21.46**	22.12
Income growth rate within the projected period	**3.22**	3.56
Costs growth rate within the projected period	**3.27**	3.04

Management determined the budgeted gross profit margin based on relevant data pertaining to the ores processing industry in Chile. The growth rates represent the expected inflation rate based on the geometric average consumer price index of advanced economies, emerging market and developing economies projection in the period from 2012 to 2021 for income and geometric average consumer price index in Chile in the period from 2012 to 2021 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 2016 and 2015.

20. MINING ASSETS

Cost and net carrying value:

	2016 HK$'000	2015 HK$'000
At 1 April	**2,850,531**	2,832,944
Exchange realignment	**(145,320)**	17,587
At 31 March	**2,705,211**	2,850,531

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.

21. OTHER INTANGIBLE ASSETS

	Technical know-how HK$'000	Industrial proprietary rights HK$'000	Water use rights HK$'000	Other HK$'000	Total HK$'000
At 1 April 2014	12,128	–	13,162	15	25,305
Acquired through business combination	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
Additions	–	22,277	–	–	22,277
Amortisation	(1,213)	(217)	–	–	(1,430)
Impairment loss	(2,389)	–	–	–	(2,389)
Exchange realignment	(2,170)	(425)	(893)	(1)	(3,489)
At 31 March 2016	**49,318**	**21,635**	**10,646**	**11**	**81,610**

21. OTHER INTANGIBLE ASSETS (Continued)

Technical know-how on development of electric power supply system on electric bus of HK$12,128,000 was acquired as part of the acquisition of Dynamic Union International Limited during the year ended 31 March 2014, and has an estimated useful life of 10 years, over which the assets are amortised.

Technical know-how on the use of aluminum body frame for electrical motor bus of HK$44,175,000 was acquired as part of the acquisition of Chongqing Suitong New Energy Vehicle Production Company Limited during the year ended 31 March 2015 as detailed in note 38 and has an estimated useful life of 5 years, over which the assets are amortised.

The industrial proprietary rights are related to the exclusive rights in production of specific electric vehicles acquired in current financial year.

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. Details of the impairment assessment are set out in note 19.

22. INTERESTS IN ASSOCIATES

	2016	2015
	HK$'000	HK$'000
Share of net assets	**477**	503

22. INTERESTS IN ASSOCIATES (Continued)

Particulars of the Group's associates all of which are corporate entities as at 31 March 2016 are as follows:

Name of associate	Place of incorporation, operation and principal activities	Percentage of equity attributable to the Group 2016	2015
China Anshan Corporation Sdn. Bhd.#*	Investment holding in Malaysia	**49%**	49%
Terengganu Anshan Iron & Steel Sdn. Bhd.#*	Dormant in Malaysia	**24%**	24%
TAM Mining Sdn. Bhd.*	Mining and refining of iron ores in Malaysia	**25%**	25%

As at 31 March 2016, 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$78,000 (2015: net losses of HK$6,000) and unrecognised share of losses cumulatively was HK$541,000 (2015: HK$463,000).

* 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:

	2016 HK$'000	2015 HK$'000
Group's share of profit for the year	**–**	53
Group's share of other comprehensive income	**–**	(61)
Group's share of total comprehensive income	**–**	(8)

23. INTEREST IN JOINT VENTURE

	2016 HK$'000	2015 HK$'000
Unlisted shares, at cost	–	–
Share of net assets	–	–
Amount due from joint venture	6,621	4,380
At end of year	6,621	4,380

Particulars of the Group's joint venture which is a corporate entity as at 31 March 2016 are as follows:

Name of joint venture	Place of incorporation, operations and principal activity	Percentage of equity attributable to the Group 2016	2015
Sinocop Environtech Energy Resources Limited ("Sinocop Environtech")	Investment holding in British Virgin Islands	51%	51%

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 2016, 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 ended 31 March 2016 was HK$590,000 (2015: HK$888,000) and unrecognised share of losses cumulatively was HK$1,625,000 (2015: HK$1,035,000).

23. INTEREST IN JOINT VENTURE (Continued)

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

	2016	2015
	HK$'000	HK$'000
Group's share of loss for the year	**–**	–
Group's share of other comprehensive income	**–**	–
Group's share of total comprehensive income	**–**	–

24. AVAILABLE-FOR-SALE INVESTMENTS

	2016	2015
	HK$'000	HK$'000
Unlisted equity investments outside Hong Kong, at cost	**69,802**	69,802

The Group acquired 10% equity interest in two companies incorporated in Croatia, namely, Rimac Automobili d.o.o. and Greyp Bikes d.o.o., during the year ended 31 March 2015. 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. As the fair value of these companies cannot be reliably measured, the investments are carried at cost less any identified impairment losses.

25. INVENTORIES

	2016 HK$'000	2015 HK$'000
Raw materials	**22,163**	14,156
Work in progress	**30,721**	21,912
Finished goods	**10,700**	364
	63,584	36,432

26. ACCOUNTS RECEIVABLE

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

	2016 HK$'000	2015 HK$'000
0 – 30 days	**1,170**	1,307
31 – 90 days	**25,439**	3,835
91 – 180 days	**1,446**	–
181 – 365 days	**1,116**	–
More than 1 year	**85**	–
	29,256	5,142

The credit period granted by the Group to customers ranged from 30 days to 365 days and some of the customers are required to settle by equal monthly instalments.

26. ACCOUNTS RECEIVABLE (Continued)

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

	2016 HK$'000	2015 HK$'000
Not past due	29,171	1,307
Less than 1 month past due	–	3,835
More than 3 months but less than 12 months past due	85	–
	29,256	5,142

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.

27. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

	2016 HK$'000	2015 HK$'000
Equity securities held for trading and listed in Hong Kong	3,341	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$10,083,000 (2015: HK$3,335,000) was recognised in profit or loss.

28. ACCOUNTS PAYABLE

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

	2016	2015
	HK$'000	HK$'000
0 – 30 days	**6,194**	1,861
31 – 90 days	**7,464**	3,021
91 – 180 days	**6,066**	3,474
181 – 365 days	**665**	39
More than 1 year	**182**	4
	20,571	8,399

The credit period from the Group's trade creditors ranged from 30 days to 180 days.

29. BANK BORROWINGS

	2016 HK$'000	2015 HK$'000
Secured bank loans repayable within one year	**12,024**	12,416

The average effective interest rates of the bank borrowings ranged from 7.4% to 8.12% per annum.

As 31 March 2016, 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 17 and personal guarantee provided by a non-controlling equity owner of the Company's non-wholly owned subsidiary, Chongqing Suitong New Energy Vehicle Production 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.

30. 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.

During the year, the Group repaid approximately HK$78.0 million (2015: HK$97.0 million) to a related company and hence the amount due to a related company was fully settled.

31. DEFERRED TAX LIABILITIES

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

	Other intangible assets HK$'000	**Revalued leasehold land and building** HK$'000	**Total** HK$'000
At 1 April 2014	–	–	–
Arising through business combination	11,043	6,369	17,412
At 31 March 2015 and 1 April 2015	11,043	6,369	17,412
Credited to profit or loss	–	(229)	(229)
Exchange alignment	(542)	(307)	(849)
At 31 March 2016	**10,501**	**5,833**	**16,334**

32. 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 companies 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.

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 equity instruments 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$112,500,000 (2015: HK$592,500,000) were converted into 150,000,000 (2015: 790,000,000) ordinary shares of the Company.

33. SHARE CAPITAL

	2016 Number of shares	2016 HK$'000	2015 Number of shares	2015 HK$'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 1 April	**3,561,746,800**	**35,617**	2,210,746,800	22,107
Conversion of Convertible Notes (Note i)	**150,000,000**	**1,500**	790,000,000	7,900
Cancellation of repurchased shares (Note ii)	**(5,700,000)**	**(57)**	(5,000,000)	(50)
Placing of shares	**–**	**–**	450,000,000	4,500
Subscription of shares	**–**	**–**	96,000,000	960
Consideration shares issued for the acquisition of available-for-sale investments	**–**	**–**	20,000,000	200
At 31 March	**3,706,046,800**	**37,060**	3,561,746,800	35,617

Note:

(i) The Company's Convertible Notes with principal value of HK$112,500,000 were converted into 150,000,000 ordinary shares of the Company at the conversion price of HK$0.75 per share, of which HK$1,500,000 was credited to share capital and the remaining balance of HK$97,863,000 was credited to share premium account.

(ii) During the year ended 31 March 2016, the Company cancelled 5,700,000 (2015: 5,000,000) shares of the Company. The shares were repurchased in the open market at a consideration of HK$2,928,000 (2015: HK$3,501,000) on 30 March 2015.

34. 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.

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 the date upon which the limit was refreshed by an ordinary resolution of 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.

34. 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 24 August 2015, 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 370,000,000 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 01/04/2014	Granted during the year	At 31/03/2015	Granted during the year	Lapsed/ forfeited during the year	At 31/03/2016	Exercise price	Closing price at date of offer of grant	Exercise period	Vesting period
Under the Old Scheme										
11/07/2007	33,000,000	–	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	64,400,000	–	64,400,000	–	(12,000,000)	52,400,000	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	–	–	100,000,000	HK$1.15	HK$1.11	12/04/2016 to 10/04/2024	12/04/2016 to 12/04/2020
10/03/2016	–	–	–	370,000,000	–	370,000,000	HK$0.30	HK$0.28	10/03/2016 to 09/03/2026	10/03/2016 to 11/03/2020
	102,400,000	100,000,000	202,400,000	370,000,000	(12,000,000)	560,400,000				

34. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

The weighted average remaining contractual life of options outstanding at the end of the year was 8.4 years (2015: 6.4 years). The weighted average exercise price of options outstanding at the end of the year was HK$0.52 (2015: HK$0.93).

Of the total number of options outstanding at the end of the year, 164,400,000 (2015: 102,400,000) were exercisable at the end of the year.

There was no exercise of share options during the years ended 31 March 2016 and 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	10 March 2016
Fair value at measurement date	HK$0.65	HK$2.63	HK$0.43	HK$0.63	HK$0.14
Share price at the date of offer of grant	HK$0.86	HK$2.90	HK$0.45	HK$1.11	HK$0.28
Exercise price	HK$0.86	HK$2.95	HK$0.46	HK$1.15	HK$0.3
Expected volatility	160.11%	163.08%	125.98%	63.33%	96.26%
Expected life	2 years	2.53 to 6.53 years	10 years	10 years	10 years
Expected dividend rate	0%	0%	0%	0%	0%
Risk-free interest rate	4.757%	4.272%	2.387%	2.048%	1.367%

An equity-settled share-based payment expense of approximately HK$22,935,000 (2015: HK$16,952,000) was recognised during the year.

35. RESERVES

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 54 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.

35. RESERVES (Continued)

(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).

(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 accumulated consideration of HK$6,429,000. During the year ended 31 March 2016, 5,700,000 repurchased ordinary shares (2015: 5,000,000 ordinary shares) were cancelled.

	2016		2015	
	Number of shares	**Amount HK$'000**	Number of shares	Amount HK$'000
Treasury shares				
As at 1 April	**5,700,000**	**2,928**	–	–
Repurchased	**–**	**–**	10,700,000	6,429
Cancellation of repurchased shares	**(5,700,000)**	**(2,928)**	(5,000,000)	(3,501)
As at 31 March	**–**	**–**	5,700,000	2,928

35. RESERVES (Continued)

(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. NON-CONTROLLING INTERESTS

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

Name of subsidiaries	Proportion of ownership interests held by non-controlling interests		Loss allocated to non-controlling interests		Other comprehensive income		Accumulated non-controlling interests	
	2016	2015	2016 HK$'000	2015 HK$'000	2016 HK$'000	2015 HK$'000	2016 HK$'000	2015 HK$'000
Dynamic Union International Limited	49%	49%	(9,362)	(7,531)	(651)	104	731	14,179
Tong Guan La Plata Company Limited	40%	40%	(2,098)	(314)	(3,230)	(5,826)	79,185	84,513
Sinocop New Energy Technology (International) Company Limited	25%	25%	(8,203)	(3,931)	(1,027)	91	(2,235)	6,995
Chongqing Suitong New Energy Vehicle Production Company Limited	30%	30%	(4,823)	(530)	1,190	39	22,847	26,480
Others			(478)	–	(224)	–	5,654	–
			(24,964)	(12,306)	(3,942)	(5,592)	106,182	132,167

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

36. NON-CONTROLLING INTERESTS (Continued)

	2016 HK$'000	2015 HK$'000
Dynamic Union International Limited		
Current assets	**23,695**	35,829
Non-current assets	**7,687**	21,147
Current liabilities	**(21,301)**	(27,846)
Equity attributable to owners of the Company	**9,350**	14,951
Non-controlling interests	**731**	14,179
Revenue	**10,096**	–
Loss for the year	**(19,136)**	(15,205)
Loss attributable to owners of the Company	**(9,774)**	(7,674)
Loss attributable to the non-controlling interests	**(9,362)**	(7,531)
Loss for the year	**(19,136)**	(15,205)
Other comprehensive income attributable to owners of the Company	**(245)**	81
Other comprehensive income attributable to the non-controlling interests	**(651)**	104
Other comprehensive income for the year	**(896)**	185
Total comprehensive income attributable to owners of the Company	**(10,019)**	(7,593)
Total comprehensive income attributable to the non-controlling interests	**(10,013)**	(7,427)
Total comprehensive income for the year	**(20,032)**	(15,020)
Dividends paid to non-controlling interests	**–**	–
Net cash outflow from operating activities	**(22,643)**	(14,162)
Net cash inflow/(outflow) from investing activities	**536**	(7,399)
Net cash inflow from financing activities	**13,423**	20,600
Net cash outflow	**(8,684)**	(961)

36. NON-CONTROLLING INTERESTS (Continued)

	2016 HK$'000	2015 HK$'000
Tong Guan La Plata Company Limited		
Current assets	112,845	114,428
Non-current assets	125,277	168,910
Current liabilities	(6,359)	(2,391)
Equity attributable to owners of the Company	152,578	196,434
Non-controlling interests	79,185	84,513
Revenue and other income	3,464	7,128
Loss for the year	(5,246)	(786)
Loss attributable to owners of the Company	(3,148)	(472)
Loss attributable to the non-controlling interests	(2,098)	(314)
Loss for the year	(5,246)	(786)
Other comprehensive income attributable to owners of the Company	(18,814)	(32,799)
Other comprehensive income attributable to the non-controlling interests	(3,230)	(5,826)
Other comprehensive income for the year	(22,044)	(38,625)
Total comprehensive income attributable to owners of the Company	(21,962)	(33,271)
Total comprehensive income attributable to the non-controlling interests	(5,328)	(6,140)
Total comprehensive income for the year	(27,290)	(39,411)
Dividends paid to non-controlling interests	–	–
Net cash (outflow)/inflow from operating activities	(5,371)	911
Net cash outflow from investing activities	(464)	(140)
Net cash inflow from financing activities	4,101	4,904
Net cash (outflow)/inflow	(1,734)	5,675

36. NON-CONTROLLING INTERESTS (Continued)

	2016 HK$'000	2015 HK$'000
Sinocop New Energy Technology (International) Company Limited		
Current assets	**56,712**	36,589
Non-current assets	**23,596**	27,685
Current liabilities	**(88,823)**	(50,090)
Equity attributable to owners of the Company	**(6,280)**	7,189
Non-controlling interests	**(2,235)**	6,995
Revenue	**57,659**	6,228
Loss for the year	**(28,785)**	(15,170)
Loss attributable to owners of the Company	**(20,582)**	(11,239)
Loss attributable to the non-controlling interests	**(8,203)**	(3,931)
Loss for the year	**(28,785)**	(15,170)
Other comprehensive income attributable to owners of the Company	**(1,750)**	177
Other comprehensive income attributable to the non-controlling interests	**(1,027)**	91
Other comprehensive income for the year	**(2,777)**	268
Total comprehensive income attributable to owners of the Company	**(22,332)**	(11,062)
Total comprehensive income attributable to the non-controlling interests	**(9,230)**	(3,840)
Total comprehensive income for the year	**(31,562)**	(14,902)
Dividends paid to non-controlling interests	**–**	–
Net cash outflow from operating activities	**(44,318)**	(15,095)
Net cash outflow from investing activities	**(683)**	(671)
Net cash inflow from financing activities	**38,795**	29,601
Net cash(outflow)/inflow	**(6,206)**	13,835

36. NON-CONTROLLING INTERESTS (Continued)

	2016 HK$'000	19.12.2014 (date of acquisition) to 31.3.2015 HK$'000
Chongqing Suitong New Energy Vehicle Production Company Limited		
Current assets	**27,018**	34,699
Non-current assets	**109,640**	75,237
Current liabilities	**(65,141)**	(39,415)
Equity attributable to owners of the Company	**48,670**	44,041
Non-controlling interests	**22,847**	26,480
Revenue	**127,555**	17,867
Loss for the year/period	**(16,078)**	(1,766)
Loss attributable to owners of the Company	**(11,255)**	(1,236)
Loss attributable to the non-controlling interests	**(4,823)**	(530)
Loss for the year/period	**(16,078)**	(1,766)
Other comprehensive income attributable to owners of the Company	**2,774**	95
Other comprehensive income attributable to the non-controlling interests	**1,190**	39
Other comprehensive income for the year/period	**3,964**	134
Total comprehensive income attributable to owners of the Company	**(8,481)**	(1,141)
Total comprehensive income attributable to the non-controlling interests	**(3,633)**	(491)
Total comprehensive income for the year/period	**(12,114)**	(1,632)
Dividends paid to non-controlling interests	**–**	–
Net cash outflow from operating activities	**(41,174)**	(11,369)
Net cash(outflow)/inflow from investing activities	**(5,288)**	12,179
Net cash inflow/(outflow) from financing activities	**37,927**	(316)
Net cash(outflow)/inflow	**(8,535)**	494

37. HOLDING COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2016

	Notes	2016 HK$'000	2015 HK$'000
Non-current assets			
Property, plant and equipment		**–**	–
Interests in subsidiaries	18	**3,269,365**	3,155,473
Interest in joint venture		**5,816**	4,600
Available-for-sale investments		**69,802**	69,802
Total non-current assets		**3,344,983**	3,229,875
Current assets			
Other receivables and prepayments		**567**	720
Cash and bank balances		**41,557**	333,836
Total current assets		**42,124**	334,556
Total assets		**3,387,107**	3,564,431
Current liabilities			
Accruals		**1,350**	4,228
Total current liabilities		**1,350**	4,228
Net current assets		**40,774**	330,328
NET ASSETS		**3,385,757**	3,560,203
Equity			
Share capital	33	**37,060**	35,617
Reserves	35	**3,348,697**	3,524,586
TOTAL EQUITY		**3,385,757**	3,560,203

On behalf of the Board

Cheung Ngan
Director

Chan Hoi Ying
Director

38. BUSINESS COMBINATION

There is no business combination during the year ended 31 March 2016.

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.

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

38. BUSINESS COMBINATION (Continued)

Since the acquisition date, Heibei 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 during the year ended 31 March 2015. As the development of Heibei Sinocop required a significant capital expenditure while the previous owners of Heibei Sinocop were short of required financial resources, the previous owners invited the Group to acquire 70% equity interest of Heibei Sinocop at a consideration of RMB1 so as to leverage on the financial resources of the Group to fund future development of Hebei Sincop and to share the expected return of Heibei Sinocop in the future.

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

38. BUSINESS COMBINATION (Continued)

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	
Prepaid expense	4,508	
Inventories	6,030	
Cash and bank balance	25,443	
Short term loan	(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 of HK$27,529,000 was recognised in the transaction during the year ended 31 March 2015 as the previous owners of Chongqing Suitong were lack of financial resources to fund the future development of Chongqing Suitong.

39. COMMITMENTS

(a) Capital commitment

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

	2016 HK$'000	2015 HK$'000
Acquisition of property, plant and equipment	**8,174**	13,144
Capital expenditure in respect of the construction of the ores processing plant	**3,694**	3,706
Capital expenditure in respect of the mining operations	**19,231**	5,815
	31,099	22,665

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:

	2016	2015
	HK$'000	HK$'000
Within one year	**7,333**	11,578
After one year but within five years	**2,970**	9,963
	10,303	21,541

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 under operating lease. Rental income earned during the year was HK$3,169,000 (2015: HK$2,867,000). There are no direct operating expenses arising on the water use rights in the year.

At the end of the reporting period, the Group did not have any future minimum lease receivable under non-cancellable operating leases.

As at 31 March 2016, the Group had received CLP152,565,000 (equivalent to approximately HK$1,742,000) (2015: CLP122,524,000, equivalent to approximately HK$1,516,000) rental income from tenant in advance and included in receipts in advance in the consolidated statement of financial position.

40. RELATED PARTY TRANSACTIONS

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

40. RELATED PARTY TRANSACTIONS (Continued)

Save as disclosed elsewhere in these financial statements, the Group had the following major transactions with related parties during the years ended 31 March 2016 and 2015:

(a) On 16 October 2007, Minera Catania Verde S.A. ("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 (deceased) jointly and indirectly own 44% effective interest. Pursuant to the Master Agreement, Verde agreed to purchase and CAH agreed 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 2016 and 2015.

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.

(b) Remuneration for key management personnel of the Group 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 equity attributable to owners of the Company only, comprising share capital and reserves.

The capital structure of the Group consists of debts, which includes the borrowings disclosed in note 29, cash and cash equivalents and equity attributable to owners of the Company, comprising share capital, reserves and retained earnings as disclosed in notes 33 and 35 respectively. 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 net debt to equity ratio at the end of reporting period was as follows:

	2016 HK$'000	2015 HK$'000
Debt	**63,605**	120,681
Cash and cash equivalents	**152,535**	391,987
Net debt	**(88,930)**	(271,306)
Equity	**3,386,162**	3,676,285
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 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 2016, the Group has no significant concentrations of credit risk. It has policies in place to ensure that sales are made to customers with an appropriate credit history.

42. FINANCIAL RISK MANAGEMENT (Continued)

Credit risk (Continued)

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.

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.

	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Within 1 year or on demand HK$'000
2016			
Accounts payable	**(20,571)**	**(20,571)**	**(20,571)**
Other payables and accruals	**(20,502)**	**(20,502)**	**(20,502)**
Bank borrowings	**(12,024)**	**(12,957)**	**(12,957)**
	(53,097)	**(54,030)**	**(54,030)**
Financial guarantee issued:			
Maximum amount guaranteed	**–**	**(30,456,000)**	**(30,456,000)**
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)
Financial guarantee issued:			
Maximum amount guaranteed	–	(13,176,000)	(13,176,000)

42. FINANCIAL RISK MANAGEMENT (Continued)

Liquidity risk (Continued)

As at 31 March 2016 and 2015, the contractual undiscounted cash flows of the non-derivative financial liabilities of the Company were due for payment within one year or on demand.

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 29 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.

42. FINANCIAL RISK MANAGEMENT (Continued)

Foreign currency risk (Continued)

The following table details the Group'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.

	Liabilities		Assets	
	2016	2015	**2016**	2015
	HK$'000	HK$'000	**HK$'000**	HK$'000
Renminbi ("RMB")	**–**	58	**240**	222
United States dollars ("USD")	**736**	724	**45,812**	38,719

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 2016 and 2015, 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.

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$139,000 (2015: 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 2016 and 2015.

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 2016 and 2015 may be categorised as follows:

	2016	2015
	HK$'000	HK$'000
Financial assets		
Loans and receivables (including cash and bank balances)	**225,259**	433,101
Fair value through profit or loss		
– listed investment held for trading	**3,341**	13,200
Available-for-sale investments, at cost	**69,802**	69,802
	298,402	516,103
Financial liabilities		
Financial liabilities, at amortised cost	**53,097**	104,952

(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 investment was 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.

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

(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 2016 and 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. CONTINGENT LIABILITIES

During the year ended 31 March 2016, the Group provided a guarantee to a financial institution in Chongqing for certain of its customers on the purchase of motor vehicle. In the event of customers' default, the Group will be required to compensate the financial institution for the outstanding receivables from the customers.

As at 31 March 2016, the Group's maximum exposure to the arrangement was HK$30,456,000 (2015: HK$13,176,000). During the year ended 31 March 2016, there was no default of payments from customers which required the Group to make payments.

45. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 27 June 2016.