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

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

中國動力
China Dynamics

2017
Annual Report

Contents

Corporate Information

DIRECTORS

Executive Directors
Mr. Cheung Ngan *(Chairman)*
Ms. Chan Hoi Ying

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

AUDIT COMMITTEE

Mr. Chan Francis Ping Kuen
Mr. Hu Guang
Dato' Tan Yee Boon

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PRINCIPAL REGISTRAR

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COMPANY SECRETARY

Ms. Lo Lai Man, CPA

PRINCIPAL BANKER

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WEBSITE

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On behalf of the Board of Directors (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 2017.

RESULTS

During the year ended 31 March 2017, the Group recorded revenue of approximately HK$126.1 million (2016: HK$330.2 million) derived from sales of motor vehicles and batteries of approximately HK$97.3 million (2016: HK$188.5 million) and sales of iron ores of approximately HK$28.8 million (2016: HK$141.8 million).

Gross profit decreased to approximately HK$5.8 million (2016: HK$14.7 million) with the gross profit ratio of 4.6% (2016: 4.5%). Gross profit amounted to approximately HK$2.7 million (2016: HK$13.6 million) with the gross profit ratio of 2.8% (2016: 7.2%) was contributed from the sales of motor vehicles and batteries. The decrease in gross profit on the sales of motor vehicles and batteries was resulted from the decrease in sales order and hence affect the economy of scale. Gross profit amounted to approximately HK$3.1 million (2016: HK$1.1 million) with the gross profit ratio of 10.8% (2016: 0.8%) was contributed from the sales of iron ores. The selling price of global metal and minerals is still fluctuating and lead to the increase in gross profit ratio from the sales of iron ores during the current year.

The Group recorded a loss of approximately HK$142.7 million for the year as compared to a loss of approximately HK$145.1 million for last year. Such a decrease in loss was mainly due to the decrease in finance costs to approximately HK$0.9 million (2016: HK$24.7 million) during the year. Finance costs in the current year mainly represent the interest expenses on bank loan in the People's Repubilc of China (the "PRC"). Finance costs in previous year mainly represent the non-cash imputed interest expenses and the unwind interest on early extinguishment on the full settlement of the amount due to a related company.

The administrative and other expenses increased to approximately HK$154.9 million (2016: HK$130.2 million) was mainly due to the increase in the non-cash share-based payment expenses to approximately HK$32.1 million (2016: HK$22.9 million) and the increase in research and development cost to approximately HK$15.4 million (2016: HK$2.1 million) during the current year.

The loss attributable to the owners of the Company was approximately HK$118.4 million (2016: HK$120.1 million). Basic and diluted loss per share for the year was HK$0.03 per share (2016: HK$0.03 per share).

Chairman's Statement

DIVIDEND

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

BUSINESS REVIEW

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

Current Development

Chongqing Suitong New Energy Automotive Manufacturing Co., Ltd. (the "Suitong"), a subsidiary which is principally engaged in manufacturing of whole electric bus with all electric power system and control system, manufacturing of other buses, marketing and selling the components of vehicles, continues to contribute revenue to the Group. Suitong had successfully obtained the new energy vehicles production license in early 2016 and has also successfully registered several models of pure electric vehicles, which means products are legally qualified for sales in public market within the PRC. The new energy vehicles production license will equip 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.

In December 2016, several models from Suitong had entered the Catalogue of Recommended Models for New Energy Automobile Popularization (the "Catalogue")(《新能源汽車推廣應用推薦車型目錄》)issued by the Ministry of Industry and Information Technology of the PRC. The year 2016 was a difficult year for pure electric automobile industry in the PRC. Almost all new energy automobile industry participants were affected to certain extent by the subsidy fraud investigation which began in mid-2016, as well as by the frequent policy changes during and after the year 2016. Therefore, market growth was obviously slower than previous years. Suitong has also been affected in the way that all its newly registered models were being hold up by the Ministry of Finance in entering the Catalogue until the fraud investigation is completed. Finally, several models listed in the Catalogue in December 2016 with some six to nine months delay. However, in December 2016, a "Notice on Adjusting the Financial Subsidy Policies for the Promotion and Application of New Energy Vehicles (《關於調整新能源汽車推廣應用財政補貼政策的通知》) was jointly released by the National Ministry of Finance, the Ministry of Science and Technology, the Ministry of Industry and Information Technology, and the National Development and Reform Commission to uplift the threshold for qualifying the relevant subsidies. The new measures include higher battery energy density ratio and its safety requirement etc. These new measures means further works on upgrading the battery system is necessary in order to continue to be listed in the Catalogue.

In January 2017, another new policy was introduced requiring a mandatory EV intranet system to be installed in each new energy bus to enable real time surveillance and operation data capturing. In response to these new changes, Suitong had managed to get through the stringent EV intranet system test in a very short period based on the Group's own developed EV intranet system. Suitong also prioritized certain more popular models namely 8.9m commuter bus, 8.5m and 10.5m public transport bus, for upgrading the battery system and had already gone through the revised new tests. Suitong will continue to upgrade other models and will dedicate its best endeavor to launch further new products in the very near future.

With ongoing unexpected new policies and measures in place from time to time, launching new models in time becomes a real challenge. Nevertheless the Group welcomes such course of governmental initiatives, as it can adjust the bad practices of the market and leading to a more healthy and regulated market. The Group is very confident that the current market regulating trend offers the Group a distinct advantage in utilizing our self-developed design and technology to take on more market share and sustainable development in the foreseeable future.

Strategy

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. During the current year, the Group has completed the acquisition of 219.96 mu parcel of land at the total cost of approximately RMB22.4 million. The acquisition on the remaining parcel of land is in progress and is targeted to be completed before the end of 2017.

Chairman's Statement

Along with the ever growing strength of China economy in a global perspective, the transition of China traditional automobile industry to new energy vehicles has become more strategically important in terms of global competition, energy safety and environmental issues. Therefore the transition is absolutely an inevitable trend and the momentum of this transition will become stronger and stronger down the years. As suggested by Chairman Xi Jinping of the PRC, such transition is the only gateway that enables the PRC to switch over from a pure big consumption country to an automobile strong country. China National Planning on New Energy Vehicles has also explicitly aimed to reach 5 million new energy vehicles by year 2020, whereas the second largest country, the USA, may reach 3 million by then. New energy vehicle is also important strategic merchandise within the recent "One Belt One Road" grand plan as well as "Made in China 2025" strategic plan. The recent "Paris Agreement" on temperature change will obviously even more rely on a good development of new energy automobile industry.

Under the general background as stated above, there is good reason to expect future booming of the new energy automobile sector. The Group believes that in order to grab this precious big opportunity, it relies on two key competitive edges: a closed loop self-developed electrical power drivetrain system and light vehicle body design (the "Own Powertrain System"), and a strategic plan for production capacity layout (the "Strategic Layout").

The Group has always emphasised the development of our Own Powertrain System as our unique competitiveness. After completion of the eBus project with the Hong Kong Productivity Council with details discussed in previous annual reports, the Group has progressed to enhancing and optimizing our Own Powertrain System, and is vertically directing deeper research into areas such as new material battery, optimizing control hubs and power efficiency and intelligent control. The Group is of the view that this Own Powertrain System enhancement may complement future development of smart city which was believed to be a major global trend.

Strategic Layout is another important strategy of the Group. It enables the Group layout its production capacity in different strategic location to maximize covered area. The Group's first location is Chongqing which, as mentioned above, a second production facility with annual production capacity of 5,000 units is starting to develop. Chongqing is a strategic location in the western side of the PRC as well as a western side access for One Belt One Road.

The investment in 10% shareholdings in Rimac Automobili d.o.o. 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.

Although the pace of market development is much slower than expected due to frequent policies changes during the year, the Group still considers it is a positive sign rather than negative as it will get rid of market participants with low product quality and bad business practices. These measures will lead the market to become less reliant on governmental subsidy and to become more rational and regulated. As such, market participants will return to compete in terms of quality and value for money products. The Group strongly believes that with our technology and production capacity layout strategies as discussed above, the current industry new policies and measurements is an enormous opportunity for the Group to catch up with current market leaders, and will enable the Group to take on bigger market shares in the very near future. The Board is optimistic that the Group is well positioned to develop the eBus and EVs market, and is also able to seek for expansion and capture opportunity from time to time.

The Group is very confident that the ebus business will grow rapidly and the Group also expects sales orders from various provinces in the PRC will increase in a rather fast pace in coming years.

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 "Glauberite Mine"). The product of the Glauberite Mine is thenardite which is an important raw material used in chemical and light industrial manufacturing industries. The Glauberite Mine is one of the largest in terms of its confirmed resources within the PRC. It is also strategically located in Taowei county of Guangxi permitting easy access for river transport to the industrial Peral River Delta, as well as a short distance to the only land export gateway to China's largest thenardite exporting countries, the ASEAN countries. Along with the ever growing economy of the PRC, the Group expects that there will be a corresponding increment of thenardite demand in the PRC as a result of the continuing urbanisation process. At the same time, all old and small glauberite mine operators have been phased out over the past few years due to low quality products and low efficiency, and together with the efforts of the Industry Alliance that was newly setup by major participants last year promoting anti-dumping and fair competition, the market has become more and more rational and as such, the pricing of thenardite products has kept stable since last year.

Chairman's Statement

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 accumulated RMB16.6 million (2016: RMB7.6 million) construction in progress for the construction of access road to the factory site incurred as at 31 March 2017. No other significant exploration, development or production activity was conducted for the Glauberite Mine during the year ended 31 March 2017. 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.

As discussed in previous annual reports, Guangxi Weiri completed the purchase of a land use right of 63,118 square meters for RMB7.6 million. Another RMB8.4 million (2016: RMB7.7 million) was paid for approximately 100,000 square meters of land for factory site but relevant land use rights have 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. Guangxi Weiri will work closely with local government to sort out the land issue hoping to obtain flexibility for the right of land use even without granting relevant land use right yet. However, Guangxi Weiri will assess the relevant risks involved before any construction work is carried out. In order to get the project moving forward, the Group is also considering if it is feasible to adjust the project schedule so as to enable Guangxi Weiri to implement some auxiliary construction first.

The Group will closely monitor the Glauberite Mine development and assess its resources, financial viability, and general condition from time to time. The management will prepare regular financial analysis taking into account its resources, technical parameters and market situation so as to assess the mining asset's overall situation. The Group will also engage an independent qualified valuer to assess its fair value annually. Details of the independent valuation for the year under review is disclosed in note 20 to the consolidated financial statements. Given the Glauberite Mine's distinct advantage in its large scale resources, strategic location and market potential, the Group is very confident that it is a precious and valuable asset to the Group, and the Group is dedicated to catch up delays due to the land issues experienced before.

Mineral resources and ore reserves

As at 31 March 2017, the Company, through its wholly-owned subsidiary in the PRC, held a Glauberite Mine in Guangxi. The following table sets out the mineral information of the mine as at 31 March 2017.

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 2017 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 revenue 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 Directors have considered various ways of raising funds and consider that the placings of shares represent an attractive opportunity to raise capital for the Company while broadening the shareholder base and capital base of the Company. During the year ended 31 March 2017, the Group has earned support to raise funds by placing new shares. These additional funds serve as significant financial support for enhancing liquidity and future development.

On 15 December 2016, the Company issued 740,000,000 new shares of HK$0.01 each to independent third parties at a price of HK$0.245 per share under the general mandate granted to the directors of the Company at the annual general meeting of the Company held on 22 August 2016. Such placing was announced on 30 November 2016 and represented a discount of approximately 16.95% to the closing price of HK$0.295 per share of the Company on the date of the placing agreement on 30 November 2016. The net proceeds of approximately HK$175.7 million were intended to be used for the general working capital purpose and future capital investments in the PRC. Up to the date of this report, approximately HK$25.7 million had been used as general working capital, mainly administrative expenses of the Group, and the balance is currently kept in an interest bearing bank account pending for usage.

The Group generally financed its operations by internal resources. However, due to the rapid expansion of the business mentioned above, the Group may look for external financial resources in the future in order to finance its operations. As at 31 March 2017, the net asset value of the Group amounted to approximately HK$3,266.9 million (2016: HK$3,386.2 million). As at 31 March 2017, the gearing ratio of the Group was 0.4% (2016: 0.4%) based on bank borrowings of HK$11.3 million (2016: HK$12.0 million) and the equity attributable to owners of the Company of HK$3,188.7 million (2016: HK$3,280.0 million).

As at 31 March 2017, the Group had unpledged cash and bank balances of approximately HK$202.2 million (2016: HK$152.5 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 new energy vehicles is definitely a global focus and trend in improving air pollution and enhancing economic sustainability. With the Group's expected expansion of production capacity in Qijiang District, and together with the government strategic plan on "One Belt One Road", 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 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. Industry consolidation and Industry Alliance also made the market more rational. The Group is very confident that the Glauberite Mine is a precious asset to the Group and continue to assess its resources, financial viability, and general condition from time to time.

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 ores processing and trading business. The Group will closely monitor the situation and will take appropriate measures and action as and when necessary.

CHARGES ON THE GROUP'S ASSETS AND CONTINGENT LIABILITIES

As at 31 March 2017, the Group has pledged a parcel of land in Chongqing with aggregate carrying amount of approximately HK$16.4 million (2016: HK$17.9 million) to secure a bank borrowing of approximately HK$11.3 million (2016: HK$12.0 million).

During the year ended 31 March 2017, the Group also provided a guarantee to a financial institution in Chongqing for certain of its customers on the purchase of motor vehicles. 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 2017, the Group's maximum exposure to the arrangement was RMB18.1 million (2016: RMB25.3 million). During the year ended 31 March 2017 (2016: Nil), there was no default of payments from customers which required the Group to make payments.

Chairman's Statement

As at 31 March 2017, the Company had provided a corporate guarantee of HK$40,000,000 to a bank in respect of banking facilities granted to the Group. The banking facilities were not utilised by the Group at the end of reporting period.

Save as disclosed herein, there was no other charge on the Group's assets and the Group and the Company did not have any significant contingent liabilities.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2017, the Group employed 290 (2016: 396) 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
23 June 2017

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

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of 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 consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2017 are set out in the consolidated statement of profit or loss and other comprehensive income on page 72 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 14 of this annual report.

Report of the Directors

Financial key performance indicators

Set forth below are certain key performance indicators of the Group for the years ended 31 March 2017 and 2016:

	2017	2016
Revenue	**HK$126.1 million**	HK$330.2 million
Loss attributable to owners of the Company	**HK$(118.4 million)**	HK$(120.1 million)
Current ratio (current assets divided by current liabilities)	**5.7 times**	5.8 times
Gearing ratio (bank borrowings divided by the equity attributable to owners of the Company)	**0.4%**	0.4%
Net assets value per share (net assets divided by the total number of shares)	**HK$0.73**	HK$0.91

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 6.6% against Hong Kong dollars during the year under review. Hence, the value of our results and financial position will be adversely affected 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 year but will not affect the future business operations and financial conditions of the Group; and

4. In addition, various capital and financial risks have been disclosed in notes 40 and 41 to the consolidated 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 seeks to upgrade equipment such as lighting and air-conditioning systems in order to increase overall operating efficiency. Discussion on the Group's environmental policies and performance is contained in the Environmental, Social and Governance Report on pages 53 to 64 of this annual report.

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.

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				
	2017	2016	2015	2014	2013
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
REVENUE	**126,108**	330,249	18,978	68,233	261,613
LOSS BEFORE INCOME TAX	**(142,855)**	(145,307)	(60,714)	(41,013)	(27,281)
Income tax credit/(expense)	**172**	203	(6)	–	–
LOSS FOR THE YEAR	**(142,683)**	(145,104)	(60,720)	(41,013)	(27,281)
ATTRIBUTABLE TO:					
Owners of the Company	**(118,408)**	(120,140)	(48,414)	(35,986)	(23,209)
Non-controlling interests	**(24,275)**	(24,964)	(12,306)	(5,027)	(4,072)
	(142,683)	(145,104)	(60,720)	(41,013)	(27,281)

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	As at 31 March				
	2017	2016	2015	2014	2013
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
TOTAL ASSETS	**3,356,972**	3,466,101	3,814,378	3,353,674	293,507
TOTAL LIABILITIES	**(90,036)**	(79,939)	(138,093)	(141,313)	(56,054)
NON-CONTROLLING INTERESTS	**(78,264)**	(106,182)	(132,167)	(104,578)	(101,883)
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	**3,188,672**	3,279,980	3,544,118	3,107,783	135,570

PROPERTY, PLANT AND EQUIPMENT

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

SUBSIDIARIES AND ASSOCIATES

Particulars of the Company's principal subsidiaries and associates are set out in notes 18 and 22 to the consolidated 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 consolidated financial statements.

DONATION

Charitable donations made by the Group during the year amounted to approximately HK$60,000.

BANK LOAN

Particulars of bank loans of the Group as at 31 March 2017 are set out in note 30 to the consolidated 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 75.

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 2017 (2016: HK$87,109,000) is distributable to shareholders in certain circumstances, prescribed by Section 54 thereof as mentioned in note 35(b) to the consolidated financial statements.

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	22.8%
– Five largest customers combined	52.8%
Purchases	
– The largest supplier	23.9%
– Five largest suppliers combined	50.8%

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)*
Ms. Chan Hoi Ying	(appointed on 12 May 2016)
Mr. Lai Kwok Wai	(resigned 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	
Mr. Chan Chak Paul	(resigned on 17 June 2016)
Dato' Tan Yee Boon	(appointed on 17 June 2016)

Mr. Zhao Hong Feng, Mr. Zhou Jin Kai, Mr. Chan Francis Ping Kuen and Mr. Hu Guang 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 consolidated 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.

During the year ended 31 March 2017, no options were granted and 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 consolidated financial statements.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

Movements of the outstanding share options to the directors as at 31 March 2017 were as follows:

Name of Director	Date of grant	Exercise Price (HK$)	Number of share options At 1 April 2016	Granted/ (exercised)/ (lapsed)	At 31 March 2017
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
Ms. Chan Hoi Ying (appointed on 12 May 2016)	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
(resigned on 12 May 2016 and	16 December 2009	0.46	12,000,000	–	12,000,000
remained as consultant)	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 (resigned on 17 June 2016)	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 2017.

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 2017 and 2016 are set out in note 39(a) to the consolidated 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 39(a) to the consolidated 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 2017, 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	1,457,388,869 (Note 1)	–	32.78%
	Interest of controlled corporation	1,000 (Note 2)	–	20%
Ms. Chan Hoi Ying	Beneficial owner	3,700,000 (Note 3)	–	0.08%
Mr. Zhao Hong Feng	Beneficial owner	20,000,000 (Note 3)	–	0.45%
Mr. Zhou Jin Kai	Beneficial owner	1,113,700,000 (Note 4)	–	25.05%
Mr. Chan Francis Ping Kuen	Beneficial owner	4,900,000 (Note 3)	–	0.11%
Mr. Hu Guang	Beneficial owner	4,900,000 (Note 3)	–	0.11%

Report of the Directors

Notes:

1) The 1,457,388,869 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 962,586,400 from conversion of convertible notes with principal amount of HK$721,939,800 held by Faith Profit Holding Limited, which was wholly owned by Mr. Cheung Ngan; and

   d. the number of shares of 95,232,469 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 2017, 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 24 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 2017, 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:

		Number of shares or underlying shares		Approximate
Name of substantial shareholder	Capacity or Nature of interest	Long position	Short position	percentage of shareholding in the Company
Mr. Cheung Ngan	Beneficial owner & interest of controlled corporation	1,457,388,869 (Note 1)	–	32.78%
Faith Profit Holding Limited	Beneficial owner & interest of controlled corporation	1,057,818,869 (Note 1)	–	23.79%
Entrust Limited	Beneficial owner & interest of controlled corporation	1,438,646,069 (Note 2)	–	32.36%
Mr. Chan Tok Yu	Interest of controlled corporation	1,438,646,069 (Note 2)	–	32.36%
Ms. Siu Kwan	Interest of controlled corporation	1,438,646,069 (Note 2)	–	32.36%

Report of the Directors

Name of substantial shareholder	Capacity or Nature of interest	Number of shares or underlying shares Long position	Short position	Approximate percentage of shareholding in the Company
Mr. Zhou Jin Kai	Beneficial owner	1,113,700,000 (Note 3)	–	25.05%
HK Guoxin Investment Group Limited	Beneficial owner	740,000,000 (Note 4)	–	16.64%
Mr. Li Feng Mao	Interest of controlled corporation	740,000,000 (Note 4)	–	16.64%
北京汽車城投資管理有限公司	Beneficial owner & interest of controlled corporation	203,860,000 (Note 5)	–	4.59%
北京匯濟投資中心	Interest of controlled corporation	203,860,000 (Note 5)	–	4.59%
北京市順義區政府	Interest of controlled corporation	203,860,000 (Note 5)	–	4.59%

Note:

1) The 1,457,388,869 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, details of which are set out in the section headed "directors' rights to acquire shares" above;

c. the underlying shares of 962,586,400 from conversion of convertible notes with principal amount of HK$721,939,800 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 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 1,438,646,069 shares include:

a. the number of shares of 390,000,000 and underlying shares of 953,413,600 from conversion of convertible notes with principal amount of HK$715,060,200 held by Entrust Limited;

b. the number of shares of 95,232,469 held by Sino PowerHouse Corporation, which was beneficially owned as to 49% by Entrust Limited. Accordingly, Entrust Limited is deemed to be interested in the shares in which Sino PowerHouse Corporation is interested by virtue of the SFO; and

c. Entrust Limited is controlled as to 34% by Mr. Chan Tok Yu, 25% by Ms. Chan Hoi Ying, 25% by Mr. Chan Hin Yeung and 16% by Ms. Siu Kwan. Mr. Chan Tok Yu is aged below 18 and his interest is held by Ms. Siu Kwan as a trustee. Accordingly, Mr. Chan Tok Yu and Ms. Siu Kwan are deemed to be interested in the shares in which Entrust Limited is interested by virtue of the SFO.

3) 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.

4) The number of shares of 740,000,000 held by HK Guoxin Investment Group Limited, which was wholly owned by Mr. Li Feng Mao. Accordingly, Mr. Li Fend Mao is deemed to be interested in the shares in which HK Guoxin Investment Group Limited is interested by virtue of the SFO.

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 39 to the consolidated financial statements.

BIOGRAPHICAL DETAILS IN RESPECT OF DIRECTORS

Name	Age	Position held	Number of years of service	Business experience
Mr. Cheung Ngan	60	Chairman, Executive Director	19	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.
Ms. Chan Hoi Ying (appointed on 12 May 2016)	29	Executive Director	1	Joined the Company in 2014 and was 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	46	Non-Executive Director	3	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.

Report of the Directors

Name	Age	Position held	Number of years of service	Business experience
Mr. Zhou Jin Kai	64	Non-Executive Director	3	Mr. Zhou is an experienced investor who has substantial experience in the PRC markets. Mr. Zhou has shown to the Company his remarkable business acumen, by sharing his keen insights on the prospects of the PRC market as well as introducing to the Company investment opportunities.
Mr. Chan Francis Ping Kuen	58	Independent Non-Executive Director	12	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.

Name	Age	Position held	Number of years of service	Business experience
Mr. Hu Guang	50	Independent Non-Executive Director	12	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.
Dato' Tan Yee Boon (appointed on 17 June 2016)	42	Independent Non-Executive Director	1	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 18 years of extensive experience in the field of legal and corporate practice.

Name	Age	Position held	Number of years of service	Business experience
				Dato' Tan is currently an independent non-executive director of Protasco Berhad and Central Industrial Corporation Berhad, the shares of which are listed on the Main Market of Bursa Malaysia. He is also a non-executive director of Worldgate Global Logistics Ltd, the shares of which are listed on the Growth Enterprise Market of the Stock Exchange.

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

Since the publication of the latest interim report and up to the date of this annual report, changes in director's information are set out below:

- With effect from 1 March 2017, the annual salary entitlements of Mr. Cheung Ngan, executive director of the Company, have been adjusted from HK$520,000 to HK$1,300,000;
- The term of appointment of each of Mr. Chan Francis Ping Kuen and Mr. Hu Guang, both of them are independent non-executive director of the Company, has been renewed for a further two years from 1 July 2017 to 30 June 2019 at a director's fee of HK$100,000 per annum;
- The term of appointment of each of Mr. Zhao Hong Feng and Mr. Zhou Jin Kai, both of them are non-executive director of the Company, has been renewed for a further two years from 1 September 2016 to 31 August 2018; and
- Mr. Chan Francis Ping Kuen and Dato' Tan Yee Boon, the independent non-executive directors of the Company, have resigned as the independent non-executive director of Earnest Investments Holdings Limited (a Company listed on the Main Board of the Stock Exchange) during the reporting period.

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

CONFIRMATION OF INDEPENDENCE

The Company has received a written confirmation in respect of independence from each of the independent non-executive directors in compliance with Rule 3.13 of the Listing Rules and considers that each of them to be independent.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

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

PUBLIC FLOAT

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

EVENTS AFTER THE REPORTING PERIOD

There is no important event affecting the Group that had occurred since 31 March 2017 and up to the date of this annual report.

AUDITOR

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

ON BEHALF OF THE BOARD

Cheung Ngan
Chairman

Hong Kong
23 June 2017

Corporate Governance Report

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 2017 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 2017.

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 2017 and up to the date of this annual report are as follows:

Executive directors

Mr. Cheung Ngan	*(Chairman)*
Ms. Chan Hoi Ying	(appointed on 12 May 2016)
Mr. Lai Kwok Wai	(appointed on 27 April 2015 and resigned 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	
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.

Term of appointment of non-executive directors

All non-executive directors have been appointed for a term of two years. All Directors are subject to retirement by rotation at least once every three years under the Company's Bye-laws.

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. 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 received updates and reading materials or attended seminars on worldwide financial market, Hong Kong fiscal policy and regulatory subjects relevant to the directors' duties and responsibilities. All directors had provided a record of training they received during the year ended 31 March 2017 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 diversity policy

The Board adopted the board diversity policy in compliance with the Code. The policy was adopted to ensure that a range of diversity perspectives continues to remain in the composition of the Board. The diversity includes, but is not limited to, gender, age, culture and educational backgrounds, professional skills, experience and perspectives that would complement the existing Board. The nomination committee then put forward the recommendation in respect of the above factors, where appropriate, to the Board for consideration and adoption.

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.

Corporate Governance Report

The attendance of the directors at the Board meetings and general meetings during the year ended 31 March 2017 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)*	10/10	2/2
Ms. Chan Hoi Ying (appointed on 12 May 2016)	9/9	2/2
Mr. Lai Kwok Wai (appointed on 27 April 2015 and resigned on 12 May 2016)	2/2	0/0
Non-executive directors		
Mr. Zhao Hong Feng	10/10	1/2
Mr. Zhou Jin Kai	10/10	0/2
Independent non-executive directors		
Mr. Chan Francis Ping Kuen	10/10	2/2
Mr. Hu Guang	10/10	0/2
Dato' Tan Yee Boon (appointed on 17 June 2016)	7/7	1/2
Mr. Chan Chak Paul (resigned on 17 June 2016)	4/4	0/0

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 2017 is as follows:

Name of Directors	Number of attendance
Dato' Tan Yee Boon *(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 2017 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) reviewed the remuneration of newly appointed directors; and

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

Members of senior management during the year comprised only of the executive directors and the details of the directors' remuneration are set out in note 9 to the consolidated 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, the internal auditors and the management as regards financial reporting, internal control, risk management 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, the external auditors or the internal auditors. The attendance of the members of the Audit Committee during the year ended 31 March 2017 is as follows:

Name of Directors	Number of attendance
Mr. Chan Francis Ping Kuen *(Chairman)*	3/3
Mr. Hu Guang	3/3
Dato' Tan Yee Boon (appointed on 17 June 2016)	2/2
Mr. Chan Chak Paul (resigned on 17 June 2016)	1/1

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 2017 includes:

i) reviewed the interim report for the six months ended 30 September 2016 and the related results announcements;

ii) reviewed the annual financial statements for the year ended 31 March 2017 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;

v) reviewed the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit and financial reporting functions;

vi) meeting with the internal auditor to discuss and confirm the audit plan, the risk management and internal control system of the Group and make recommendations in relation thereto;

vii) reviewed the internal audit report and the recommendations made to the Company and the effectiveness of internal audit activities;

viii) reviewed the effectiveness of the internal control and risk management systems;

ix) meeting with external auditors to discuss any issue arising from the audit and other matters the external auditor may raise; and

x) 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 2017 is as follows:

Name of Directors	Number of attendance
Mr. Chan Francis Ping Kuen *(Chairman)*	3/3
Mr. Cheung Ngan	3/3
Dato' Tan Yee Boon (appointed on 17 June 2016)	2/2
Mr. Chan Chak Paul (resigned on 17 June 2016)	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 2017 includes:

i) reviewed the structure, size and diversity of the Board to ensure that it has a balance of expertise, skills and diversity of perspective appropriate to the business of the Company;

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 2016 AGM;

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

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

Corporate Governance Report

DIRECTORS' RESPONSIBILITY FOR FINANCIAL STATEMENTS AND CORPORATE GOVERNANCE FUNCTIONS

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, as well as their responsibility for performing the corporate governance functions. The directors ensure that the financial statements for the year ended 31 March 2017 were prepared in accordance with statutory requirements and applicable accounting standards.

The specific written terms of reference of the corporate governance functions is available on the Company's website. The primary duties of the corporate governance functions include reviewing the Company's policies, practices on corporate governance, compliance with legal and regulations requirements, monitoring the training and continuous professional development of the directors and senior management.

AUDITOR'S RESPONSIBILITIES AND REMUNERATION

The statement of the Company's auditor BDO Limited, regarding their report responsibilities is set out in the Independent Auditor's Report on pages 65 to 71 of this report. For the year ended 31 March 2017, the remuneration paid/payable to BDO Limited was as follow:

Services rendered	**Fee paid/payable**
	HK$'000
Audit services	1,350
Agreed-upon procedures on interim report	60
	1,410

COMPANY SECRETARY

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 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 2017, 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 acknowledges its overall responsibility for maintaining an effective internal control system and risk management policy of the Company. Such systems and internal controls are designed to manage, rather than eliminate, the risk of failure to achieve business objectives. They can only provide reasonable, and not absolute, assurance against material misstatement or loss.

The framework of the control is as follows:

The Board

- take any necessary and appropriate action to maintain an adequate internal control system to safeguard shareholders' investments and the Company's assets;
- maintain proper accounting records and to ensure the reliability of financial information used for business operations and publication;
- determine the nature of risk that the Company is willing to take in achieving the Company's objective; and
- delegate the responsibility to the Audit Committee to review and oversee the effectiveness of the internal control systems and risk management of the Company.

Audit Committee	• review and oversee the effectiveness of the risk management and internal control systems of the Group; • discuss with the internal auditor on the major findings and review the internal audit report; and • review and discusses with the management of the Company to ensure that they take the responsibility on the design, implementation and monitoring the system and internal control.
Internal auditor	• prepare its yearly audit plan which is reviewed and approved by the Audit Committee; • discuss the major findings in respect of internal audit services with the Audit Committee and provide recommendations to improve the risk management and internal control system of the Group; and • deliver to the Audit Committee the internal audit reports regarding the main risk areas in relation to the internal audit plan.
The management of the Company	• design, implement and execute the system and internal control effectively; and • monitor the risks and supervise the day-to-day operations.

The Board, through the Audit Committee and internal auditor, has conducted an annual review of the effectiveness of the risk management and internal controls systems (including financial, operational and compliance controls) and was satisfied that the Company's internal control processes are adequate to meet the needs of the Company in its current business environment. The adequacy of resources, staff qualifications and experience, training programs and budget of the Company's accounting, internal audit and financial reporting functions have been reviewed and are considered to be adequate. The Board also reviewed the profile of the significant risks and how these risks have been identified, evaluated and managed, the changes since the last annual review, in the extent of significant risks, and the Group's ability to respond to changes in its business and the external environment.

INTERNAL AUDIT FUNCTION

To comply with the Code in relation to the establishment of internal audit function, the Company appointed 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 ended 31 March 2017. 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.

Discussion on the Group's environmental policies and performance is contained in the Environmental, Social and Governance Report on pages 53 to 64 of this annual report.

INSIDE INFORMATION

There are internal procedures for the handling and dissemination of inside information, which has set out the procedures of identification, report and disclosure of inside information to ensure that the Company is able to disclose inside information properly and to ensure the information is kept confidential before such information is approved appropriately. Directors and management of the Company are responsible to take all reasonable measures to ensure that proper safeguards are in place to prevent the Company from breaching the statutory disclosure requirement.

WHISTLEBLOWING POLICY

Employees at all levels are expected to achieve the highest standards of openness, probity and accountability. A whistleblowing policy and system have been implemented and set up for employees of the Group to raise concerns, in confidential, about any suspected misconduct or malpractice within the Group.

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 2017, two shareholders' general meeting were held, including the Annual General Meeting ("AGM") which was held on 22 August 2016 and a Special General Meeting ("SGM") which was held on 20 January 2017. 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, one non-executive director and one independent non-executive director could not attend the AGM during the year ended 31 March 2017.

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

SCOPE AND REPORTING PERIOD

This is the first ESG report by the Group, highlighting its Environmental, Social and Governance (the "ESG") performance, with disclosure reference made to the ESG Reporting Guide as described in Appendix 27 of the Listing Rules and Guidance set out by the Stock Exchange.

This ESG report covers the Group's principal operations in two subject areas, namely, Environmental and Social of the business operations in Hong Kong including the general administrative and operational office for trading services in Hong Kong ("Hong Kong Office") and its principal business, automotive manufacturing plant, in Chongqing Province, the PRC ("PRC manufacturing plant") from 1 April 2016 to 31 March 2017, unless otherwise stated. These two business operations represent the core operations and account for nearly 100% of income sources of the Group during the reporting period.

STAKEHOLDER ENGAGEMENT AND MATERIALITY

The Group communicates regularly with and gathers feedbacks from stakeholders through various channels, including general meetings, announcements, direct communications and corporate website etc., to understand their different expectations, to build and maintain good relationship, as well as identifying most significant environmental and social aspects of the Group's operations. The identified key stakeholders include: investors, shareholders, employees, customers and regulatory authorities.

The Group has engaged the management and staff of the Group's key subsidiaries to identify relevant ESG issues to the Group. The identified ESG issues have been assessed by considering their importance to our Group as well as our stakeholders.

A. ENVIRONMENTAL

The Group promotes the awareness on environmental friendly policies and natural resources conservation, and convey mutual benefits to the society and the Group. The PRC manufacturing plant in Chongqing are required to comply with all relevant local environmental laws and regulations in order to protect the natural resources in the region. The Group did not note any cases of material non-compliance during the year ended 31 March 2017.

1. Emissions

During the year ended 31 March 2017, air emission was mainly from petrol consumption by the Group's owned vehicles; Greenhouse gas emissions were from the consumption of electricity, water and paper at Hong Kong Office and PRC manufacturing plant, and business air travel. Production-generated wastewater, waste gas and noise fully complied with pollution discharge permits as per the Regulations of Environmental Protection of Chongqing. Hazardous waste and non-hazardous waste were handled and regulated under national laws and regulations.

Environmental, Social and Governance Report

Total floor area coverage for the Group was 79,206 m^2. The major source of our greenhouse gas emission was the use of electricity. In order to reduce our energy emission, we have a series of policies as shown in the below section "the use of resources".

(i) Vehicle Operations

Petrol and diesel were used for the Group's passenger private cars for local business commuting during the year ended 31 March 2017. A total of 0.45 kg of sulphur oxides (SO_x), 24.33 kg of nitrogen oxides (NO_x) and 1.79 kg of particular matter (PM) were emitted.

(ii) Business Air Travel

The Group keeps tracks of employees' business travelling and their relative carbon emission throughout the year. During the year ended 31 March 2017, the Group's business air travel contributed to a total emission of 22.32 tonnes of carbon dioxide equivalent. The Group shall encourage employees to make use of teleconferencing for those destinations frequently visited to reduce carbon footprint on business air travel.

(iii) Hazardous Waste

Hazardous waste from the Group's operation includes asbestos waste (HW36), waste oil (HW08), oil-contaminated cotton and gloves (HW08), activated carbon (HW18) and waste paint containers (HW12). The Group has engaged a licensed environmental engineering company, which have a Chongqing Municipal Solid Waste Transfer Permit issued by Chongqing Environmental Bureau, for transferring, storing and handling of hazardous waste from the production processes. Contract with the environmental engineering company details each parties' responsibility and proper procedures on hazardous waste management. The environmental engineering company are required to provide proper storage and treatment in accordance to The Environmental Protection Law of the PRC. During the year ended 31 March 2017, less than 1 tonne of hazardous waste was generated and handled by the environmental engineering company.

(iv) Non-hazardous Waste

During the year ended 31 March 2017, 12 tonnes of non-hazardous waste (mainly commercial waste) were generated from the Group. Licensed recycling companies were engaged to collect waste metals, waste aluminium, waste paper, cardboard and wooden boxes. 0.57 tonnes of paper were added to the inventory and 0.70 tonnes of waste paper were collected for recycling purposes, resulted in a removal of 0.60 tonnes of carbon dioxide equivalent emission.

Other types of non-hazardous waste were sent to approved and qualified treatment facilities for further handling, complying with related laws and regulations. For the Hong Kong Office, waste reduction policy has been adopted to encourage employees to recycle waste paper, collect and reuse single-sided paper, use less plastic rubbish bags, bring their own cups to work, reuse and recycle containers and utensils, etc.

(v) Greenhouse Gas Emission

Scope of Greenhouse Gas Emissions	Emission Sources	Emission in tonnes of CO_2e	Percentage of Total Emission
Scope 1			
Direct Emission	Petrol and diesel used in mobile sources	78.69	10%
	Tree planting	(0.90)	
Scope 2			
Indirect Emission	Purchased electricity[2]	642.10	86%
Scope 3			
Other Indirect Emission	Paper waste disposed at landfills	(0.60)	4%
	Electricity used for processing fresh waster	4.08	
	Electricity used for processing sewage	1.91	
	Business air travel	22.32	
Total		**747.60**	

Note 1: Emission factors were made reference to Appendix 27 of the Listing Rules and their referred documentation as set out by the Stock Exchange, unless stated otherwise.

Note 2: Combined margin emission factor (average) of 0.88 t-CO2/MWh was used for purchased electricity in the PRC.

During the reporting period, the Group have planted 39 number of trees at the PRC manufacturing plant zone for a greener environment with improved air quality, contributing to a removal of 0.90 tonnes of carbon dioxide equivalent emission. Air purifiers and indoor plants were also placed in corridors and common areas throughout the office and PRC manufacturing plant for a healthier working environment for employees.

There were 747.60 tonnes of carbon dioxide equivalent greenhouse gases (mainly carbon dioxide, methane and nitrous oxide) emitted from the Group's operations during the year ended 31 March 2017.

2. Uses of Resources

(i) Electricity

Electricity consumption by the Group was 742,662 kWh, with an energy intensity of 12.06 kWh/m^2 for office and 8.96 kWh/m^2 for PRC manufacturing plant, contributing to a total emission of 642.10 tonnes of carbon dioxide equivalent. Office lighting policy and office equipment policy are adopted to remind employees to switch off lights, computers, monitors, printers and fax machines after use, during lunch hour, and before leaving work, for energy saving. Thermometer has also been installed to encourage employees to be more aware of the suitable and comfortable temperature for necessary air conditioning adjustment.

(ii) Petrol and Diesel

A total of 17,519 litres of petrol and 11,794 litres of diesel were used for passenger private cars for local business commuting during the year ended 31 March 2017, contributing to a total emission of 78.69 tonnes of carbon dioxide equivalent. As part of the Group's environmental policy, staff are encouraged to reduce business travel. We have installed telephone conference facilities in the office setting, thus meetings can be carried out by means of telephone conference.

(iii) Water & Sewage

Fresh water consumption by the Group's manufacturing operation was 10,038 m^3 with water intensity of 0.15 m^3/m^2, contributing to 4.08 tonnes of carbon dioxide equivalent emitted. Water at PRC manufacturing plant was mainly supplied by nearby water resources company. We encourage water saving by posting green messages in pantries and washrooms as reminders for using water efficiently. Hong Kong Office's water supply and discharge was managed by building's management office and the usage have been included in the management fees. It is noteworthy that Hong Kong Office's water consumption was insignificant.

Sewage generated from production and domestic activities at the PRC manufacturing plant is treated at on-site wastewater treatment facilities, with a capacity of 45 m^3, contributing to 1.91 tonnes of carbon dioxide equivalent emitted. Water quality of the discharge meets national standard, Integrated Wastewater Discharge Standard Table 4 Level 1 Standard (GB8978-1996), which is within 60 mg/L for chemical oxygen demand (COD), 20 mg/L for suspended solids (SS), 18 mg/L for 5-day biochemical oxygen demand (BOD_5) and 5 mg/L for Ammonia-Nitrogen (NH_3-N). Sludge is then collected by licensed collector for further treatment.

3. The Environment and Natural Resources

Heavy photochemical smog and haze in the PRC has been an ongoing issue in recent years. One of the factors that contributes to this continuing deterioration is the increasing transportation which results in higher level of emission. Electrification of cars is inevitably a global trend towards a feasible solution in improving air deterioration. Thus, the Group commits to act as an environmental friendly company by its business in manufacturing electric vehicles, and to minimize our impacts on the environment, and let our future generation live in a better and healthy world.

Our Hong Kong Office has been accredited with ISO 14001, ISO 9001 and ISO 50001, complying with environmental laws and regulations as well as continuously putting efforts in reducing consumption and pollution and to minimizing our impact on the natural resources.

B. SOCIAL

1. Employment

(i) Employment

Our group recognises employees are the greatest asset and commits to provide fair and open employment opportunities.

The operation of the Hong Kong office and the PRC manufacturing plant had a total number of 146 employees as of 31 March 2017, in which 99% of the employees were Chinese and 98% were in full time position.

Workforce in 2016/17	**HK**	**PRC**
Male		
Aged 18-35	3	29
Aged 36-45	2	27
Aged 46 and above	11	18
Turnover rate	6%	27%
Female		
Aged 18-35	2	24
Aged 36-45	4	17
Aged 46 and above	3	6
Turnover rate	22%	43%

Equal Opportunity

The employee handbook details recorded the Group's commitment to equal opportunities. Employees are not discriminated during the processes of recruitment, employment, training, promotion and benefits. The Group will make decision based on individual employee's working capability, qualification and on-the-job experience, and not on the basis of disability, gender, family status, ethnic, marital status, pregnancy or any other discrimination prohibited by applicable law.

Employee Welfare

The Group strives to maintain the work-life balance of its employees by establishing fair and reasonable working hours and leave policy to ensure employees have sufficient time for rest and leisure.

Employees are entitled to statutory holidays, paid annual leave and other paid leave (marriage, compassionate, maternity, paternity, sick), medical allowance, transportation allowance, year-end bonus and Mandatory Provident Fund. Standard working hours for regular working days and seasonal productions have also been stated in the employment contract, compensation in terms of leave or pay will be given, according to the relevant national laws and regulations, if overtime working is needed for production.

Other benefits include share options and gifts during traditional festivals. For the employees in the PRC manufacturing plant, canteen, accommodation and areas for leisure activities such as sport are also provided at workplace.

The Group did not note any cases of material non-compliance regarding the Group's labour practices during the year ended 31 March 2017.

Appraisal

The Group carries out assessment annually to review employees' job required knowledge, working altitude, sense of responsibility, efficiency, time management, effective use of resources, and cooperation. The information is used as reference for salary adjustment and promotion. Clear appraisal process has been written in the employee handbook.

Dismissal/Termination

Employment contract has listed out detailed conditions and procedures regarding contract expiration and immediate termination with financial compensation are required by either party.

(ii) Employee Health and Safety

Health and safety is part of the Group's fundamental value on being social sustainable. The Group strives to provide a safe, hygienic and productive working environment for all employees. The Group has a health and safety policy, through the implementation focusing on trainings, designated supervision, regular provision of general and occupational health checks. First aider training is provided for employees. Fire drill training is conducted once a year to raise employees' awareness and to refresh their knowledge on emergency procedures in case of fire incidents. The Group also provides personal protective equipment to the employees working in the PRC manufacturing plant, such as masks for filtering dust and odour.

The Group did not note any cases of material non-compliance in relation to health and safety laws and regulations during the year ended 31 March 2017. During the period, no injury case was reported among Hong Kong employees. Our PRC manufacturing plant recorded 1 injury case and the injured employee lost 90 working days as a result. The case underwent a detailed evaluation with corresponding preventive measures to avoid repeat occurrence.

(iii) Development and Training

With core business focusing on innovation and advanced environmental technology, the Group motivates employees to attend seminar, training and conference externally organized by well-known professional institutions, training centre and management school to equip themselves with the most updated industrial standards, laws and regulation, technology trend and market, as well as essential knowledge and skills related to their job requirement. The training materials cover areas in finance, environmental, health and safety, compliance and national standards, risk management, tax, auditing, accounting, management system, new energy and technology area.

The Group sees training as a valuable tool to maintain the competency, professional level, integrity of the staff and their sense of belongings.

The Group also employed external coaches to conduct an outdoor bound training for all the employee in the PRC manufacturing plant. Employees participated in various challenges and team building activities to help them achieving self-awareness, teamwork and problem solving skills.

	2016/17
Percentage of Employees Trained by Employee Category	
– Senior Management	8%
– Middle Management	38%
– Other Employees	54%
Percentage of Employees Trained by Gender	
– Male	62%
– Female	38%
Average Training Hours Completed per Employee by Employee Category	
– Senior Management	25 hours
– Middle Management	39 hours
– Other Employees	15 hours
Average Training Hours Completed per Employee by Gender	
– Male	28 hours
– Female	20 hours

(iv) Labour Standard

The Group strictly complies with the respective labour laws and regulations in its operating countries, including the Employment Ordinance of Chapter 57 of the Laws of Hong Kong and the Labour Law and Labour Contract Law of the PRC. The Group strictly prohibits the hiring of child labour and opposes to any form of forced labour. The Group formally goes through background check on every new employment, include ID, certificate, previous job reference letter to ensure that they meet the minimum age standard, i.e. 18 years or above and no forced labour in the Group's business.

The Group did not note any cases of material non-compliance with laws and regulations regarding labour standards during the year ended 31 March 2017.

2. **Operating Practices**

(i) ***Supply Chain Management***

To ensure the Group has a standard procurement standard and guideline to follow, and to promote sustainable and environmental friendly procurement function, the Group has set up a procurement control procedure, so that all purchased goods meet the requirements.

The procurement control procedure applies to all raw materials, components, production spare parts, tools, equipment and office supplies. The procedure also lists out major responsibility of procurement department, production and material control department, quality assurance department, engineering department and warehouse storage department. Standard work flow, related documents and forms, responsible parties and areas of attentions in each stage, from request of purchase to payment upon receipt or product returns, have been stated in the procedure. The Group also communicates with suppliers on their environmental and social responsibilities, including the provision of healthy and safe working environment, prohibition of child and forced labour and fair working environment without discrimination.

Office purchasing policy is also adopted particularly for office environments, aiming at raise awareness of green purchasing and recycling habits among employees.

(ii) ***Product Responsibility***

Quality Assurance

Every sold vehicle is provided with user manual. During the year ended 31 March 2017, there was no safety issues caused by quality problems. The Group also has customer service department and online enquiry services to handle any product or service related complaint after products being sold. During year ended 31 March 2017, there was no complaint nor product recalls. Warranty is also provided for shelf life less than a year or within 150,000 km.

Customer Data Protection

The Group is committed to protecting customers' personal information. All directors and employees of the Group shall strictly abide by the Personal Data (Privacy) Ordinance in Hong Kong and the General Principles of the Civil Law of the PRC and other relevant laws, regulations and rules (applicable to employees in the PRC). Unauthorised access or abuse of confidential information could result in disciplinary action, including termination.

Data Confidentiality

The Group has set out clear management approach in employment contract on handling confidential information. Employees are prohibited to disclose any information related to the Group, the Group's partnering companies, customer works, business operation, product, technology, financial matters, human resources, research and development, and market information, without authorization. Also the Group requires every employee to sign an employee confidentiality agreement as to agree to comply with the Labour Law, Anti-Unfair Competition Law, Privacy Law and Provisions on Prohibiting Infringement upon Trade Secrets, and other relevant laws and regulations. This is to protect all materials, experiences and information of the Group in areas including but not limited to: business plan, meeting contents, document content, financial data, marketing strategy, customer information, and human resources documents.

Intellectual Property

Directors and employees (including those in the PRC) are not allowed to sell or use any company assets, property, data, any trade information, and resources for non-business purposes without authorization.

The Group did not note any cases of material non-compliance regarding product responsibility nor data privacy as required by related laws and regulations during the year ended 31 March 2017.

(iii) Anti-corruption

The Group strives to maintain honesty, integrity and fairness on its business operations. The Group has set up strict policy on receipt of money, gift, loan, commission, payment, remuneration, any sort of securities or property, employment, contract, service or favours, etc. The Group understands employees may potentially face these situations when dealing with customers, suppliers or contractors during business operation, guidelines and procedures have been provided in the Group's policy and Employee Handbook for employees seeking advice and proper actions to be taken.

The Group has whistleblowing policy to encourage employee to report on serious matters of the Group's internal operation in good faith and without malice through various channels including the opinion box situated at the canteen of the PRC manufacturing plant. The policy applies to all employees in the Group and covers but not limited to violation of laws, regulation and the Group's policies, damage and harm to the environment, public interest and personal health and safety, discriminatory or disciplinary actions, bribery, extortion, fraud, money laundering and other related crimes. Any reporting suspicious issues will be followed up and investigated by independent personnel.

The Group did not note any cases of non-compliance with laws and regulations on money laundering or corruption during the year ended 31 March 2017.

3. Community

(i) Community Investment

The Group cares about the community's well-being and social services. We not only pay effort in environmental protection, we also contribute our resources to social responsibility. We have organised volunteering activities, includes visiting elderly home with gift, donated to tertiary student with financial difficulties, visit the family members of the worker throughout the reporting period.

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TO THE SHAREHOLDERS OF CHINA DYNAMICS (HOLDINGS) LIMITED

(incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of China Dynamics (Holdings) Limited ("the Company") and its subsidiaries (together the "Group") set out on pages 72 to 168, which comprise the consolidated statement of financial position as at 31 March 2017, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

BASIS FOR OPINION

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

Independent Auditor's Report

KEY AUDIT MATTERS

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

Impairment assessment of assets attributable to the mining assets

As at 31 March 2017, the Group had mining assets with carrying value of approximately HK$2,537 million. The mining asset is subject to annual impairment review.

The directors have concluded that there is no impairment in respect of the mining assets. This conclusion was based on the recoverable amount of the mining assets, which is based on a discounted cash flow valuation model that involved significant judgment and assumptions with respect to the discount rate and the underlying cash flows, in particular the future revenue growth, of the mining assets.

We focused on this area because of the magnitude of non-current assets and the significance of management judgments involved in the impairment assessment of these assets.

Refer to note 20 to the consolidated financial statements and the accounting policies notes 4(i) and 4(j).

Our response:

– We have engaged a valuation expert to assist us in reviewing the recoverable amount calculation prepared by management's expert, in particular the underlying assumptions and methodology adopted.

– We have analysed and challenged the reasonableness of significant judgments and estimates built in the underlying cash flows used in management's impairment tests based on our knowledge of the business and industry.

– We checked the appropriateness and reasonableness of key inputs of the recoverable amount valuation model.

– We evaluated the competence and objectivity of the management's expert and auditor's expert.

Impairment assessment of assets attributable to the Cash Generating Unit ("CGU") of the ores processing and trading business

As at 31 March 2017, the Group had land and buildings, plant and machinery, construction in progress, water use rights and goodwill with aggregate carrying value of approximately HK$142 million under the CGU of the ores processing and trading business in Chile. Such business is carried out by a subsidiary, Minera Catania Verde S.A. ("Verde").

The directors have concluded that there is no impairment in respect of the assets with aggregate carrying value of approximately HK$142 million under the CGU. This conclusion was based on the recoverable amount of Verde, which is based on a discounted cash flow valuation model that involved significant judgment and assumptions with respect to the discount rate and the underlying cash flows, in particular the future revenue growth, of the CGU.

We focused on this area because of the magnitude of non-current assets with impairment indicators and the significance of management judgments involved in the impairment assessment of these assets.

Refer to notes 16 and 19 to the consolidated financial statements and the accounting policies notes 4(b) and 4(j).

Our response:

– We have engaged a valuation expert to assist us in reviewing the recoverable amount calculation prepared by management's expert, in particular the underlying assumptions and methodology adopted.

– We have analysed and challenged the reasonableness of significant judgments and estimates built in the underlying cash flows used in management's impairment tests based on our knowledge of the business and industry.

– We checked the appropriateness and reasonableness of key inputs of the recoverable amount valuation model.

– We evaluated the competence and objectivity of the management's expert and auditor's expert.

OTHER INFORMATION IN THE ANNUAL REPORT

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

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

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

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The directors are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibility in this regard.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

BDO Limited
Certified Public Accountants

Li Pak Ki
Practising Certificate Number: P01330

Hong Kong, 23 June 2017

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2017

	Notes	2017 HK$'000	2016 HK$'000
Revenue	7	**126,108**	330,249
Cost of sales		**(120,301)**	(315,528)
Gross profit		**5,807**	14,721
Other income	7	**11,171**	6,331
Selling and distribution expenses		**(2,432)**	(1,365)
Administrative and other expenses		**(154,871)**	(130,197)
Change in fair value of financial assets at fair value through profit or loss		**(1,663)**	(10,083)
Finance costs	8	**(867)**	(24,714)
Loss before income tax	11	**(142,855)**	(145,307)
Income tax credit	12(b)	**172**	203
Loss for the year		**(142,683)**	(145,104)
Other comprehensive income for the year			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(184,459)**	(167,954)
Total comprehensive income for the year		**(327,142)**	(313,058)
Loss attributable to:			
– Owners of the Company		**(118,408)**	(120,140)
– Non-controlling interests		**(24,275)**	(24,964)
		(142,683)	(145,104)
Total comprehensive income attributable to:			
– Owners of the Company		**(299,224)**	(284,152)
– Non-controlling interests		**(27,918)**	(28,906)
		(327,142)	(313,058)
Loss per share			
– Basic and diluted (HK$)	14	**(0.03)**	(0.03)

Consolidated Statement of Financial Position

As at 31 March 2017

	Notes	2017 HK$'000	2016 HK$'000
Non-current assets			
Property, plant and equipment	15	**82,454**	87,780
Construction in progress	16	**90,239**	76,472
Prepaid lease payments for land	17	**49,237**	26,608
Goodwill	19	**34,245**	33,518
Mining assets	20	**2,537,127**	2,705,211
Other intangible assets	21	**70,158**	81,610
Interests in associates	22	**–**	477
Interest in joint venture	23	**4,380**	6,621
Available-for-sale investments	24	**69,802**	69,802
Other receivables, deposits and prepayments	27	**17,480**	17,534
Value-added-tax recoverable		**9,200**	9,031
Total non-current assets		**2,964,322**	3,114,664
Current assets			
Inventories	25	**45,694**	63,584
Accounts receivable	26	**33,055**	29,256
Other receivables, deposits and prepayments	27	**109,233**	102,312
Financial assets at fair value through profit or loss	28	**1,608**	3,341
Prepaid lease payments for land	17	**886**	409
Cash and bank balances		**202,174**	152,535
Total current assets		**392,650**	351,437
Total assets		**3,356,972**	3,466,101
Current liabilities			
Accounts payable	29	**20,446**	20,571
Other payables and accruals		**26,096**	21,319
Receipts in advance		**11,429**	9,691
Bank borrowings	30	**11,276**	12,024
Total current liabilities		**69,247**	63,605
Net current assets		**323,403**	287,832
Total assets less current liabilities		**3,287,725**	3,402,496

Consolidated Statement of Financial Position

As at 31 March 2017

	Notes	2017 HK$'000	2016 HK$'000
Non-current liabilities			
Deferred tax liabilities	31	**15,151**	16,334
Other payables		**5,638**	–
Total non-current liabilities		**20,789**	16,334
Total liabilities		**90,036**	79,939
NET ASSETS		**3,266,936**	3,386,162
Equity			
Share capital	33	**44,460**	37,060
Reserves		**3,144,212**	3,242,920
Equity attributable to owners of the Company		**3,188,672**	3,279,980
Non-controlling interests	36	**78,264**	106,182
TOTAL EQUITY		**3,266,936**	3,386,162

On behalf of the Board

Cheung Ngan
Director

Chan Hoi Ying
Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2017

	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 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
At 1 April 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
Loss for the year	–	–	–	–	–	–	–	–	(118,408)	(118,408)	(24,275)	(142,683)
Other comprehensive income	–	–	–	–	–	(180,816)	–	–	–	(180,816)	(3,643)	(184,459)
Total comprehensive income	–	–	–	–	–	(180,816)	–	–	(118,408)	(299,224)	(27,918)	(327,142)
Placing of shares	7,400	173,900	–	–	–	–	–	–	–	181,300	–	181,300
Share issue expenses	–	(5,453)	–	–	–	–	–	–	–	(5,453)	–	(5,453)
Share-based payments	–	–	–	–	32,069	–	–	–	–	32,069	–	32,069
Forfeited share options	–	–	–	–	(8,590)	–	–	–	8,590	–	–	–
At 31 March 2017	**44,460**	**1,933,885**	**20,566**	**1,881,249**	**120,288**	**(348,412)**	**687**	**–**	**(464,051)**	**3,188,672**	**78,264**	**3,266,936**

Consolidated Statement of Cash Flows

For the year ended 31 March 2017

	Notes	2017 HK$'000	2016 HK$'000
OPERATING ACTIVITIES			
Loss before income tax		**(142,855)**	(145,307)
Adjustments for:			
Interest income	7	**(653)**	(1,139)
Finance costs	8	**867**	24,714
Depreciation of property, plant and equipment	11	**11,022**	9,190
Amortisation of prepaid lease payments for land	11	**461**	400
Amortisation of other intangible assets	11	**3,718**	1,430
Share-based payments	34	**32,069**	22,935
Change in fair value of financial assets at fair value through profit or loss		**1,663**	10,083
Loss on disposal of property, plant and equipment	11	**–**	86
Electric bus sample written off	11	**–**	3,445
Impairment loss of inventories	11	**7,010**	–
Provision for impairment loss on interest in joint venture	23	**4,381**	–
Impairment loss of goodwill	11	**–**	3,613
Impairment loss of other intangible assets	11	**5,000**	2,389
Exchange (gain)/loss, net		**(2,795)**	801
Operating cash flows before movements in working capital		**(80,112)**	(67,360)
Increase in accounts receivable		**(5,749)**	(24,298)
(Increase)/decrease in other receivables, deposits and prepayments		**(8,840)**	14,464
(Increase)/decrease in value-added-tax recoverable		**(415)**	1,631
Decrease/(increase) in inventories		**7,155**	(31,354)
Decrease/(increase) in financial assets at fair value through profit or loss		**70**	(224)
Increase in accounts payable		**1,180**	12,453
Increase/(decrease) in other payables and accruals		**9,906**	(21,286)
Increase in receipts in advance		**4,067**	7,237
Cash used in operations		**(72,738)**	(108,737)
Income tax paid		**–**	(26)
NET CASH USED IN OPERATING ACTIVITIES		**(72,738)**	(108,763)

Consolidated Statement of Cash Flows

For the year ended 31 March 2017

	Notes	2017 HK$'000	2016 HK$'000
INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		**(10,338)**	(9,372)
Addition to construction in progress		**(12,834)**	(9,307)
Addition to prepaid lease payments for land		**(25,829)**	–
Deposits paid for acquisition of property, plant and equipment		**(1,996)**	(1,363)
Acquisition of other intangible assets		**(892)**	(22,277)
Advance to a joint venture		**(2,140)**	(2,241)
Dividend received from an associate		**438**	–
Interest received		**653**	1,591
NET CASH USED IN INVESTING ACTIVITIES		**(52,938)**	(42,969)
FINANCING ACTIVITIES			
Interest paid		**(867)**	(874)
Repayment to a related company		**–**	(78,003)
Proceeds from bank borrowings		**11,542**	12,259
Repayment of bank borrowings		**(12,024)**	(12,416)
Proceeds from placing of shares		**181,300**	–
Payment of issue expenses for placing of shares		**(5,453)**	–
Repurchase of shares		**–**	(2,928)
NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES		**174,498**	(81,962)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**48,822**	(233,694)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**152,535**	391,987
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		**817**	(5,758)
CASH AND CASH EQUIVALENTS AT END OF YEAR		**202,174**	152,535
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		**202,174**	152,535

Notes to the Consolidated Financial Statements

31 March 2017

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 2016

HKFRSs (Amendments)	Annual Improvements 2012-2014 Cycle
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception

Amendments to HKAS 1 – Disclosure Initiative

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

Included in the clarifications is that an entity's share of other comprehensive income from equity accounted interests in associates and joint ventures is 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.

The adoption of the amendments has no impact on these financial statements.

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

(a) Adoption of new/revised HKFRSs – effective 1 April 2016 (Continued)

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. The amendments are applied prospectively.

The adoption of the amendments has no impact on these financial statements as the Group has not previously used revenue-based depreciation methods.

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. The amendments are applied retrospectively in accordance with HKAS 8.

The adoption of the amendments has no impact on these financial statements as the Company has not elected to apply the equity method in its separate financial statements.

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

The amendments require an entity to apply the relevant 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. The amendments are applied prospectively.

The adoption of the amendments has no impact on these financial statements as the Group has not acquired or formed a joint operation.

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

(a) Adoption of new/revised HKFRSs – effective 1 April 2016 (Continued)

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 – Investment Entities: Applying the Consolidation Exception

The amendments clarify that the exemption from preparing consolidated financial statements for an intermediate parent entity is available to a subsidiary of an investment entity (including investment entities that account for their subsidiaries at fair value rather than consolidating them). An investment entity parent will consolidate a subsidiary only when the subsidiary is not itself an investment entity and the subsidiary's main purpose is to provide services that relate to the investment entity's investment activities. A non-investment entity applying the equity method to an associate or joint venture that is an investment entity may retain the fair value measurements that associate or joint venture used for its subsidiaries. An investment entity that prepares financial statements in which all its subsidiaries are measured at fair value through profit or loss should provide the disclosures related to investment entities as required by HKFRS 12. The amendments are applied prospectively.

The adoption of the amendments has no impact on these financial statements as the Company is neither an intermediate parent entity nor an investment entity.

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

(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. The Group's current intention is to apply these changes on the date they become effective.

Amendments to HKAS 7	Disclosure Initiative[1]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[1]
Amendments to HKFRS 2	Classification and Measurement of Share-Based Payment Transactions[2]
HKFRS 9	Financial Instruments[2]
HKFRS 15	Revenue from Contracts with Customers[2]
Amendments to HKFRS 15	Revenue from Contracts with Customers (Clarifications to HKFRS 15)[2]
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration[2]
HKFRS 16	Leases[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Annual Improvements to HKFRSs 2014 – 2016 Cycle	Amendments to a number of HKFRSs[5]

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

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

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

4 *The amendments were originally intended to be effective for periods beginning on or after 1 January 2016. The effective date has now been deferred/removed. Early application of the amendments of the amendments continue to be permitted*

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

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 HKAS 7 – Disclosure Initiative

The amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities.

The Group expects to adopt the amendments on 1 April 2017 and does not expect its adoption will have significant impact on the consolidated financial statements.

Amendments to HKAS 12 – Recognition of Deferred Tax Assets for Unrealised Losses

The amendments relate to the recognition of deferred tax assets and clarify some of the necessary considerations, including how to account for deferred tax assets related to debt instruments measured at fair value.

The Group expects to adopt the amendments on 1 April 2017 and does not expect its adoption will have significant impact on the consolidated financial statements.

Amendments to HKFRS 2 – Classification and Measurement of Share-Based Payment Transactions

The amendments provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; share-based payment transactions with a net settlement feature for withholding tax obligations; and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

The Group expects to adopt the amendments on 1 April 2018 and does not expect its adoption will have significant impact on the Group's financial position and performance.

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 – Financial Instruments

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

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

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 or Loss ("FVTPL").

In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model either on twelve-month basis or lifetime basis, as opposed to an incurred credit loss model under HKAS 39 Financial Instruments: Recognition and Measurement. The Group expects to apply the simplified approach and record lifetime expected losses that are estimated based on the present value of all cash shortfalls over the remaining life of all of its financial assets measured at amortised cost.

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 – Financial Instruments *(Continued)*

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

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

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

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Futhermore, extensive disclosures are required by HKFRS 15.

In 2016, the HKICPA issued clarifications to HKFRS 15 in relation to the identification of performance obligations; application of principal versus agent; licenses of intellectual property; and transition requirements.

The directors of the Company preliminarily assess that the application of HKFRS 15 in the future will not have a material impact on the pattern and amount of revenue recognition but there will be more comprehensive disclosure related to revenue in the consolidated financial statements.

HK(IFRIC)-Int 22 – Foreign Currency Transactions and Advance Consideration

HK(IFRIC)-Int 22 addresses foreign currency transactions or parts of transactions where:

(i) There is consideration that is denominated or priced in a foreign currency;

(ii) The entity recognises a prepayment asset or a deferred income liability in respect of that consideration, in advance of the recognition of the related asset, expense or income; and

(iii) The prepayment asset or deferred income liability is non-monetary.

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

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

HK(IFRIC)-Int 22 – Foreign Currency Transactions and Advance Consideration *(Continued)*

The Interpretations Committee came to the following conclusion:

(i) The date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability; and

(ii) If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt.

The Group expects to adopt the amendment on 1 April 2018 and does not expect its adoption will have significant impact on the Group's financial position and performance.

HKFRS 16 – Leases

HKFRS 16, which upon the effective date will supersede HKAS 17 Leases and related interpretations, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

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 *(Continued)*

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

Under HKAS 17, the Group has already recognised the prepaid lease payments for leasehold land where the Group is a lessee. The application of HKFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

As at 31 March 2017, the Group has non-cancellable operating lease commitments of HK$6,579,000 as disclosed in note 38(b). A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of these leases unless they qualify for short-term leases upon the application of HKFRS 16. In addition, the application of new requirements may result in changes in measurement, presentation and disclosure as indicated above. However, it is not practicable to provide a reasonable estimate of the financial effect until the directors of the Company complete a detailed review.

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)

Annual Improvements to HKFRSs 2014-2016 Cycle – Amendments to a number of HKFRSs

Annual Improvements to HKFRSs 2014-2016 Cycle make changes to a number of standards including HKFRS 12 Disclosure of Interests in Other Entities.

Amendments have been made to clarify the scope of HKFRS 12 in respect of interests in entities within the scope of HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Specifically it clarifies that entities are not exempt from all of the disclosure requirements in HKFRS 12 when entities have been classified as held for sale or as discontinued operations. The standard as amended therefore makes it clear that it is only the disclosure requirements set out in paragraphs B10-16 that do not need to be provided for entities within the scope of HKFRS 5.

This annual improvement must be applied retrospectively for periods beginning on or after 1 January 2017. No transitional relief is available.

The Group expects to adopt the amendments on 1 April 2017 and does not expect its adoption will have significant impact on the consolidated financial statements.

3. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements have been prepared in accordance with all applicable HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations 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 of Hong Kong Limited (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.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

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

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.

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.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

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

Subsequent to acquisition, the carrying amount of non-controlling interests 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 and liabilities acquired.

Where the fair value of identifiable assets and liabilities 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.

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.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(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.

De-facto control exists in situations where the Company has the practical ability to direct the relevant activities of the investee without holding the majority of the voting rights. In determining whether de-facto control exists the Company considers all relevant facts and circumstances, including:

(i) The size of the Company's voting rights relative to both the size and dispersion of other parties who hold voting rights;

(ii) Substantive potential voting rights held by the Company and other parties who hold voting rights;

(iii) Other contractual arrangements; and

(iv) Historic patterns in voting attendance.

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 Group accounts for its interests in joint operations by recognising its share of assets, liabilities, revenues and expenses in accordance with its contractually conferred rights and obligations.

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

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

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

Depreciation is charged so as to write off the cost of items of property, plant and equipment over their estimated useful lives using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period. The expected useful lives of property, plant and equipment are as follows:

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

Freehold land situated in Chile is not amortised.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

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

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

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

(g) Payments for leasehold land held for own use under operating leases

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

(h) Intangible assets (other than goodwill)

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

Intangible assets are not amortised while their useful lives are assessed to be indefinite. Any conclusion that the useful life of an intangible asset is 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.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

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

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.

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.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

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

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

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

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 concerned.

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. They arise principally through the provision of goods and services to customers (trade debtors), and also incorporate other types of contractual monetary assets. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(k) Financial instruments (Continued)

(i) Financial assets (Continued)

Available-for-sale financial assets

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

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

Impairment of financial assets

The Group assesses, at the end of each reporting period, whether there is any objective evidence that financial asset is impaired. Financial asset is impaired if there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include:

– significant financial difficulty of the debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– granting concession to a debtor because of debtor's financial difficulty; or

– it becoming probable that the debtor will enter bankruptcy or other financial reorganisation.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(k) Financial instruments (Continued)

(i) Financial assets (Continued)

Impairment of financial assets (Continued)

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.

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.

Any impairment losses on available-for-sale debt investments are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

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

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

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(k) Financial instruments (Continued)

(i) Financial assets (Continued)

Effective interest method

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

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

Derecognition of financial assets

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

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

Classification as debt or equity

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

Equity instruments

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

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(k) Financial instruments (Continued)

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

Financial liabilities

Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

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

Effective interest method

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

Derecognition of financial liabilities

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

(iii) Convertible notes

Convertible notes issued by the Company which together with consideration shares issued by the Company represent the entire purchase consideration for the acquisition of South China Mining Investments Limited is classified as equity instrument as the Company has the option to issue conversion shares at the conversion price on the maturity date to redeem the convertible notes and has no obligation to settle in cash. On initial recognition, the fair value of the convertible notes issued which is determined as the difference between the fair value of the net assets acquired through the acquisition of the group of companies and the fair value of the consideration shares issued is included in equity (convertible notes equity reserve). In subsequent periods, when the conversion shares are issued at the conversion price, the balance stated in convertible notes equity reserve will be transferred to share premium. Where the conversion options embedded in the convertible notes remain unexercised on the maturity date, the remaining balance in convertible notes equity reserve will be transferred to retained earnings. No gain or loss is recognised upon conversion or expiration of the conversion options embedded in the convertible notes.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(k) Financial instruments (Continued)

(iv) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract issued by the Group and not designated as at fair value through profit or loss is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contact at the higher of: (i) the amount determined in accordance with HKAS 37 Provisions, Contingent Liabilities and Contingent Assets; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with HKAS 18 Revenue.

(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.

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.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(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.

(o) Inventories

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

(p) Income tax

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

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

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(p) Income tax (Continued)

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

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

Deferred tax liabilities are recognised for taxable temporary differences arising on 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.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(p) Income tax (Continued)

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

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

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

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

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(q) Foreign currencies (Continued)

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operation (including comparatives) are expressed in Hong Kong dollars using exchange rates prevailing at the end of each reporting period. Income and 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.

(r) Employees' benefits

(i) Short term benefits

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

(ii) Employee retirement scheme

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

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

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(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.

Equity-settled share-based payment transactions with other parties are measured at the fair value of the goods or services received, except where the fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

(t) Capitalisation of borrowing costs

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

(u) Related parties

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

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

(ii) has significant influence over the Group; or

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

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(u) Related parties (Continued)

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

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

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

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

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

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

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

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

(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.

(w) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

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.

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.

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

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the recoverable amount of the cash-generating units to which goodwill has been allocated. The determination of the recoverable amount which is the higher of fair value less costs to sell and value in use 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.

Income taxes

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

Scarcity of water supply in Chile

Water is a scare resource within the region in Chile where the Group operates its ores processing and trading business. In order to secure a steady and continuous supply of water for ores processing, the Group acquired underground water use rights within the region in recent years. Since the end of 2011, the northern and central regions of Chile have been suffering a severe drought which has led to a decrease in the supply of underground water and seriously affected the normal water supply for human consumption and agricultural activities. The lack of an economic source of water supply may have a direct negative impact on the ores processing business in Chile as it may significantly increase the future operating costs of the ores processing plant.

Management considers the current water scarcity situation may not be permanent and the ores processing and trading project in Chile will be 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.

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

Scarcity of water supply in Chile (Continued)

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	
	2017 HK$'000	2016 HK$'000	2017 HK$'000	2016 HK$'000	2017 HK$'000	2016 HK$'000	2017 HK$'000	2016 HK$'000	2017 HK$'000	2016 HK$'000
Revenue from external customers	97,339	188,489	–	–	28,769	141,760	–	–	126,108	330,249
Reportable segment loss	(99,604)	(71,843)	(10,941)	(13,057)	(4,419)	(7,389)	(3,335)	(5,258)	(118,299)	(97,547)
Interest income	452	169	1	4	21	3	–	18	474	194
Unallocated interest income									179	945
Total interest income									653	1,139
Depreciation	(9,236)	(7,457)	(753)	(811)	–	–	(236)	(175)	(10,225)	(8,443)
Unallocated depreciation expenses									(797)	(747)
Total depreciation									(11,022)	(9,190)
Amortisation	(4,179)	(1,830)	–	–	–	–	–	–	(4,179)	(1,830)
Impairment loss on goodwill	–	(3,613)	–	–	–	–	–	–	–	(3,613)
Impairment loss on other intangible assets	(5,000)	(2,389)	–	–	–	–	–	–	(5,000)	(2,389)
Impairment loss on inventories	(7,010)	–	–	–	–	–	–	–	(7,010)	–
Reportable segment assets	358,093	383,387	2,580,333	2,780,454	41,936	36,337	138,816	135,579	3,119,178	3,335,757
Interests in associates	–	–	–	–	–	477	–	–	–	477
Additions to non-current assets	38,926	38,987	10,410	1,062	–	–	354	483	49,690	40,532
Unallocated assets									203	424
Total additions to non-current assets									49,893	40,956
Reportable segment liabilities	(79,857)	(74,001)	(2,011)	(1,926)	(3,674)	(50)	(2,703)	(2,535)	(88,245)	(78,512)

6. SEGMENT REPORTING (Continued)

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

	2017 HK$'000	2016 HK$'000
Revenue		
Reportable segment revenue and consolidated revenue	**126,108**	330,249
Loss before income tax		
Reportable segment loss	**(118,299)**	(97,547)
Unallocated other income	**231**	1,020
Change in fair value of financial assets at fair value through profit or loss	**(1,663)**	(10,083)
Unallocated share-based payments	**(13,433)**	(4,357)
Unallocated provision for impairment loss on interest in joint venture	**(4,381)**	–
Unallocated other corporate expenses	**(4,443)**	(9,626)
Finance costs	**(867)**	(24,714)
Consolidated loss before income tax	**(142,855)**	(145,307)
Assets		
Reportable segment assets	**3,119,178**	3,335,757
Unallocated corporate assets*	**237,794**	130,344
Consolidated total assets	**3,356,972**	3,466,101
Liabilities		
Reportable segment liabilities	**88,245**	78,512
Unallocated corporate liabilities	**1,791**	1,427
Consolidated total liabilities	**90,036**	79,939

* Unallocated corporate assets as at 31 March 2017 mainly represent cash and bank balances held by the Company of approximately HK$156,435,000 (2016: HK$41,557,000) and available-for-sale investments of HK$69,802,000 (2016: 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 customers and assets respectively are located:

	Revenue from external customers		Specified non-current assets	
	2017	2016	**2017**	2016
	HK$'000	HK$'000	**HK$'000**	HK$'000
PRC, including Hong Kong	**97,339**	188,489	**2,764,602**	2,917,732
Chile	**–**	–	**129,918**	126,653
Singapore	**28,769**	141,760	**–**	–
Malaysia	**–**	–	**–**	477
	126,108	330,249	**2,894,520**	3,044,862

(d) Information about major customers

During the years ended 31 March 2017 and 2016 all sales amounts generated from the metal and minerals trading segment were contributed by one customer.

7. REVENUE AND OTHER INCOME

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

	2017 HK$'000	2016 HK$'000
Revenue		
Sale of motor vehicles	96,113	178,059
Sale of metals and minerals	28,769	141,760
Sale of batteries	1,226	10,430
	126,108	330,249
Other income		
Rental income	3,855	3,169
Exchange gain, net	2,795	–
Sundry income	2,135	1,252
Income from trading ore in Chile	1,733	771
Interest income	653	1,139
	11,171	6,331

8. FINANCE COSTS

	2017 HK$'000	2016 HK$'000
Unwind interest on early extinguishment on amount due to a related company (Note)	–	13,404
Interest expenses (Note)	–	10,436
Bank borrowings interest	831	730
Bank charges and trust receipt loans interest	36	144
	867	24,714

Note: Interest expenses represent the imputed interest expenses on the amount due to a related company. During the previous year ended 31 March 2016, 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 was recognised in profit or loss which resulted in the unwind interest on early extinguishment.

9. DIRECTORS' REMUNERATION

For the year ended 31 March 2017

	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	–	1,258	172	18	1,448
Mr. Lai Kwok Wai (Resigned on 12 May 2016)	–	58	98	2	158
Ms. Chan Hoi Ying (Appointed on 12 May 2016)	–	1,050	29	18	1,097
Sub-total	–	2,366	299	38	2,703
Non-executive directors:					
Mr. Zhao Hong Feng	–	–	1,691	–	1,691
Mr. Zhou Jin Kai	–	–	172	–	172
Sub-total	–	–	1,863	–	1,863
Independent non-executive directors:					
Mr. Chan Francis Ping Kuen	100	–	172	–	272
Mr. Hu Guang	100	–	172	–	272
Mr. Chan Chak Paul (Resigned on 17 June 2016)	25	–	37	–	62
Dato' Tan Yee Boon (Appointed on 17 June 2016)	79	–	–	–	79
Sub-total	304	–	381	–	685
Total	304	2,366	2,543	38	5,251

9. DIRECTORS' REMUNERATION (Continued)

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 (Appointed on 27 April 2015 and resigned on 12 May 2016)	–	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
Sub-total	–	–	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

During the year ended 31 March 2017, no share options (2016: 58,500,000 share options) were granted to the directors.

9. DIRECTORS' REMUNERATION (Continued)

Except for Mr. Zhao Hong Feng and Mr. Zhou Jin Kai, who unconditionally waived their entitlement to director's fee in respect of each of the years ended 31 March 2017 and 2016 and Mr. Li Shaofeng who unconditionally waived his entitlement to director's fee in respect of the year ended 31 March 2016, there were no arrangements under which a director waived or agreed to waive any remuneration for the years ended 31 March 2017 and 2016. 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 2017 and 2016.

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 three (2016: two) directors, details of whose remuneration are set out in note 9. The details of the remuneration of the remaining two (2016: three) non-director highest paid individuals are as follows:

	2017 **HK$'000**	2016 HK$'000
Basic salaries, allowances and benefits in kind	**1,874**	4,380
Share-based payments	**778**	552
Pension contributions	**36**	54
	2,688	4,986

10. FIVE HIGHEST PAID INDIVIDUALS (Continued)

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

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

During the year ended 31 March 2017, no share options were granted to (2016: share options were granted to one) non-director, or highest paid individuals in respect of the services to the Group under the share option scheme of the Company, further details of which are disclosed in note 34. 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 fell within the following bands:

	2017 Number of directors	2016 Number of directors
HK$Nil to HK$1,000,000	**1**	2
HK$1,000,001 to HK$1,500,000	**2**	1
	3	3

11. LOSS BEFORE INCOME TAX

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

	2017	2016
	HK$'000	HK$'000
Auditor's remuneration	**1,645**	1,415
Amortisation of prepaid lease payments for land	**461**	400
Amortisation of other intangible assets*	**3,718**	1,430
Cost of inventories recognised as expenses	**120,301**	315,528
Depreciation of property, plant and equipment	**11,022**	9,190
Electric bus sample written off	**–**	3,445
Exchange (gain)/loss, net	**(2,795)**	801
Impairment loss of inventories	**7,010**	–
Impairment loss of goodwill*	**–**	3,613
Provision for impairment loss on interest in joint venture	**4,381**	–
Impairment loss of other intangible assets*	**5,000**	2,389
Loss on disposal of property, plant and equipment	**–**	86
Operating lease rentals on leasehold land and buildings	**10,282**	11,428
Research and development cost	**15,426**	2,071
Employee costs (excluding directors' remuneration)		
– Salaries and allowances	**31,076**	31,170
– Share-based payments (note 34)	**29,526**	20,597
– Other benefits	**1,938**	1,827
– Pension contributions	**1,871**	1,560
	64,411	55,154

* included in administrative and other expenses

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 2017, subject to the agreement by the Hong Kong Inland Revenue Department, the Group had unused tax losses of HK$93,304,000 (2016: HK$71,187,000) available for offsetting against future profits. In addition, the Group had unused tax losses related to subsidiaries operating in Mainland China of HK$50,107,000 (2016: HK$25,373,000). 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 Mainland China will expire 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:

	2017	2016
	HK$'000	HK$'000
Loss before income tax	**(142,855)**	(145,307)
Tax credit at the applicable rates	**(28,071)**	(27,476)
Tax effect of non-taxable revenue	**(160)**	(189)
Tax effect of non-deductible expenses	**17,278**	17,554
Under-provision in prior year	**–**	26
Tax effect of tax losses and temporary differences not recognised	**10,781**	9,882
Income tax credit for the year	**(172)**	(203)

13. DIVIDEND

No dividend has been proposed or paid by the Company in respect of the years ended 31 March 2017 and 2016.

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:

	2017	2016
	HK$'000	HK$'000
Loss for the year attributable to owners of the Company	**(118,408)**	(120,140)

	2017	2016
	Number	Number
Weighted average number of ordinary shares in issue	**3,922,978,307**	3,697,458,581

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 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
Additions	–	–	756	8,370	1,212	10,338
Disposal	–	–	–	–	(1,045)	(1,045)
Written off	–	–	(1,487)	–	(136)	(1,623)
Exchange realignment	131	42	(607)	(3,620)	(342)	(4,396)
At 31 March 2017	**4,901**	**1,600**	**13,299**	**111,311**	**15,064**	**146,175**
Accumulated depreciation:						
At 1 April 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
Charge for the year	–	80	2,649	6,363	1,930	11,022
Disposal	–	–	–	–	(1,045)	(1,045)
Written off	–	–	(1,487)	–	(136)	(1,623)
Exchange realignment	–	20	(129)	422	(67)	246
At 31 March 2017	**–**	**801**	**6,009**	**46,496**	**10,415**	**63,721**
Carrying amount:						
At 31 March 2017	**4,901**	**799**	**7,290**	**64,815**	**4,649**	**82,454**
At 31 March 2016	4,770	857	9,661	66,850	5,642	87,780

The Group owns two 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

	Ores processing plant in Chile HK$'000	Mining assets in the PRC HK$'000	Manufacturing plant in the PRC HK$'000	Total HK$'000
At 1 April 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
Additions	–	10,410	2,424	12,834
Exchange realignment	1,795	(804)	(58)	933
At 31 March 2017	**69,139**	**18,700**	**2,400**	**90,239**

Construction in progress represents properties under construction for the processing of copper ores in Chile, the mining assets in the PRC and manufacturing plant 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 construction in progress as at 31 March 2017 and 2016.

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 in Guangxi.

The manufacturing plant in the PRC represented the preliminary construction costs incurred for the new manufacturing plant of motor vehicle in Chongqing.

16. CONSTRUCTION IN PROGRESS (Continued)

The directors reviewed the carrying values of construction in progress of the mining assets and manufacturing plant and assessed them for impairment. Based on the results of the assessment, the directors are of the opinion that there was no impairment on construction in progress as at 31 March 2017 and 2016.

17. PREPAID LEASE PAYMENTS FOR LAND

	2017	2016
	HK$'000	HK$'000
Carrying amount:		
At 1 April	**27,017**	28,846
Additions	**25,829**	–
Amortisation	**(461)**	(400)
Exchange realignment	**(2,262)**	(1,429)
At 31 March	**50,123**	27,017

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

	2017	2016
	HK$'000	HK$'000
Analysed for reporting purposes as:		
Non-current	**49,237**	26,608
Current	**886**	409
	50,123	27,017

The Group has pledged prepaid lease payments for land with aggregate carrying amount as at 31 March 2017 of approximately HK$16,425,000 (2016: HK$17,905,000) to secure banking borrowings granted to the Group as set out in note 30.

18. INTERESTS IN SUBSIDIARIES

Particulars of the principal subsidiaries as at 31 March 2017 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 2017	Attributable equity interest 2016	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%**	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 2017	Attributable equity interest 2016	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	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 2017	Attributable equity interest 2016	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
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
重慶中銅新能源汽車技術有限公司 Chongqing Sinocop New Energy Vehicle Technology Company Limited*	PRC	RMB12,465,714	**100%**	100%	Investment holding and motor vehicles trading
重慶穗通新能源汽車製造有限公司 Chongqing Suitong New Energy Automotive Manufacturing Co., Ltd	PRC	RMB40,000,000	**70%**	70%	Motor vehicles manufacturing and trading

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 2017	Attributable equity interest 2016	Principal activities
重慶穗通汽車工業發展有限公司	PRC	RMB7,550,100	**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
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
中銅動力(天津)科技有限公司	PRC	RMB6,296,740	**100%**	100%	Battery manufacturing and trading

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

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

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

19. GOODWILL

	2017	2016
	HK$'000	HK$'000
At 1 April	**33,518**	39,943
Impairment loss	**–**	(3,613)
Exchange realignment	**727**	(2,812)
At 31 March	**34,245**	33,518

The goodwill is tested for impairment at least annually.

Impairment testing of goodwill

As at 31 March 2017 and 2016, goodwill is allocated to the CGU of ores processing and trading business. The directors determined the recoverable amount of the CGU as at 31 March 2017 based on a valuation of Verde's ores processing and trading business performed by an independent firm of professional valuers (the "Valuers") using the income approach.

As set out in note 16, 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$142 million (2016: HK$139 million) as at 31 March 2017.

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 2018.

The income approach is based on the projection of future cash flows of the ores processing and trading business prepared from the financial budgets approved by senior management covering a fifteen-year period from 2022 to 2036 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.

19. GOODWILL (Continued)

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

	2017	2016
Gross profit margin	**32.92%**	28.87%
Discount rate	**19.89%**	21.46%
Income growth rate within the projected period	**3.27%**	3.22%
Costs growth rate within the projected period	**3.23%**	3.27%

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 2013 to 2022 for income and geometric average consumer price index in Chile in the period from 2013 to 2022 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 recoverable amount 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 2017 and 2016.

The recoverable amount of CGU was estimated using unobservable market data from the projection of the future cash flows of the businesses from its economic useful life and is classified within level 3 of the fair value hierarchy. Fair value was determined by discounting its present value by the weighted-average-cost-of-capital determined from market data.

20. MINING ASSETS

Cost and net carrying value:

	2017 HK$'000	2016 HK$'000
At 1 April	**2,705,211**	2,850,531
Exchange realignment	**(168,084)**	(145,320)
At 31 March	**2,537,127**	2,705,211

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.

Impairment testing of mining assets

The directors determined the recoverable amount of the mining assets based on a valuation of the mining assets performed by the Valuers using the income approach.

The income approach is based on the projection of future cash flows of the mining business of thenardite prepared from the financial budgets approved by senior management covering a twenty-year period from 2019 to 2039 to reflect the length of time management is committed to exploit the economic benefits of the mining business of thenardite and the expected useful lives of the processing plant and machinery the Group has invested and will continue to invest. The projected future cash flows are discounted to its present value by the weighted-average-cost-of-capital determined from market data.

20. MINING ASSETS (Continued)

Impairment testing of mining assets (Continued)

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

	2017	2016
Thenardite price per ton	**RMB812**	RMB780
Required rate of return for working capital	**3.26%**	3.26%
Required rate of return for fixed assets	**9%**	9%
Required rate of return for assembled workforce	**17.78%**	18.80%
Discount rate	**17.78%**	18.80%
Income growth rate within the projected period	**2.28%**	2.65%
Costs growth rate within the projected period	**1.39%**	1.04%

Management determined the thenardite price based on relevant data obtained from third party's quotation pertaining to the mining assets in Guangxi. The income growth rate represents the expected inflation rate based on the China Producer Price Index for non-ferrous metals mining from 2007 to 2017 and the costs growth rate represents the China Producer Price Index from 2000 to 2017. Management believes the Group can attain maximum production capacity based on planned resources within seven years of commercial production and sustain such capacity throughout the remaining projected period. The discount rate used reflects the specific risks associated with the mining business of thenardite.

The recoverable amount of the mining assets was estimated using unobservable market data from the projection of the future cash flows of the businesses from its economic useful life and is classified within level 3 of the fair value hierarchy. Fair value was determined by discounting its present value by the weighted-average-cost-of-capital determined from market data.

As the recoverable amount of the mining assets exceeded its carrying value, the directors are of the opinion that there was no impairment on mining assets as at 31 March 2017 and 2016. However, if the thenardite price falls below RMB806, the carrying value of the mining assets would exceed its recoverable amount as at 31 March 2017.

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 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
Additions	–	892	–	–	892
Amortisation	(1,212)	(2,506)	–	–	(3,718)
Impairment loss	(5,000)	–	–	–	(5,000)
Exchange realignment	(2,610)	(1,306)	290	–	(3,626)
At 31 March 2017	**40,496**	**18,715**	**10,936**	**11**	**70,158**

Technical know-how on development of electric power supply system

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.

The directors determined the recoverable amount of the technical know-how on development of electric power supply system on electric bus based on a valuation performed by the Valuers using the income approach.

The income approach is based on the projection of future cash flows of the technical know-how on development of electric power supply system on electric bus prepared from the financial budgets approved by senior management. The fair value of the technical know-how has been developed through the application of cost of equity plus project specific risk premium to discount the net sales multiplied by the royalty rate of the technical know-how.

21. OTHER INTANGIBLE ASSETS (Continued)

Technical know-how on development of electric power supply system (Continued)

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

	2017	2016
Royalty rate	**2%**	2%
Discount rate	**22.22%**	22.22%
Inflation rate	**3.86%**	4.13%
Terminal growth rate	**3.86%**	4.13%

The recoverable amount of the technical know-how on development of electric power supply system on electric bus was estimated using unobservable market data from the projection of the future cash flows of the businesses from its economic useful life and is classified within level 3 of the fair value hierarchy. Fair value was determined by discounting its present value by the weighted-average-cost-of-capital determined from market data. With reference to the valuation result, an impairment loss of HK$5,000,000 was recognised for the year ended 31 March 2017 (2016: HK$2,389,000).

Technical know-how on the use of aluminum body frame for electrical motor bus and industrial proprietary rights

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 Automotive Manufacturing Co., Ltd during the year ended 31 March 2015 and has an estimated useful life of 5 years, over which the assets are amortised.

The industrial proprietary rights is related to the exclusive rights in production of specific electric vehicles acquired during the years ended 31 March 2017 and 2016.

Both the technical know-how on the use of aluminum body frame for electrical motor bus and the industrial proprietary rights were related to the development of electrical vehicles. The directors determined the recoverable amount based on a valuation performed by the Valuers using the income approach.

21. OTHER INTANGIBLE ASSETS (Continued)

Technical know-how on the use of aluminum body frame for electrical motor bus and industrial proprietary rights (Continued)

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

	2017	2016
Discount rate	**21.84%**	22.76%
Gross profit margin	**7% – 16%**	7% – 19%
Required rate of return for working capital	**7.1%**	7.5%
Required rate of return for fixed assets	**12%**	12%
Required rate of return for assembled workforce	**14%**	14%

The recoverable amount of the technical know-how was estimated using unobservable market data from the projection of the future cash flows of the businesses from its economic useful life and is classified within level 3 of the fair value hierarchy. Fair value was determined by discounting its present value by the weighted-average-cost-of-capital determined from market data.

Water use rights

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

	2017	2016
	HK$'000	HK$'000
Share of net assets	**–**	477

22. INTERESTS IN ASSOCIATES (Continued)

Particulars of the Group's associates as at 31 March 2017 are as follows:

Name of associate	Place of incorporation, operation and principal activity	Percentage of equity attributable to the Group 2017	2016
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%

\# As at 31 March 2017, 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. There is no unrecognised share of net loss of these associates for the year (2016: net losses of HK$78,000) and unrecognised share of losses cumulatively was HK$463,000 (2016: HK$541,000).

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

	2017 HK$'000	2016 HK$'000
Group's share of profit for the year	**–**	–
Group's share of other comprehensive income	**–**	–
Group's share of total comprehensive income	**–**	–

23. INTEREST IN JOINT VENTURE

	2017 HK$'000	2016 HK$'000
Unlisted shares, at cost	–	–
Share of net assets	–	–
Amount due from joint venture	4,380	6,621
At 31 March	4,380	6,621

The below table reconciled the impairment loss of joint venture for the year:

	2017 HK$'000	2016 HK$'000
At 1 April	–	–
Impairment loss recognised	(4,381)	–
At 31 March	(4,381)	–

The Group recognised impairment loss based on the accounting policy stated in note 4(k)(i).

Particulars of the Group's joint venture as at 31 March 2017 are as follows:

Name of joint venture	Business structure	Place of incorporation and operations	Percentage of equity attributable to the Group 2017	2016	Principal activities
Sinocop Environtech Energy Resources Limited ("Sinocop Environtech")	Corporate	British Virgin Islands/ Hong Kong	51%	51%	Investment holding

23. INTEREST IN JOINT VENTURE (Continued)

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 2017, 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 2017 was HK$587,000 (2016: HK$590,000) and unrecognised share of losses cumulatively was HK$2,212,000 (2016: HK$1,625,000).

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

	2017 **HK$'000**	2016 HK$'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

	2017 **HK$'000**	2016 HK$'000
Unlisted equity investments outside Hong Kong, at cost	**69,802**	69,802

The Group acquired 10% equity interest in two Croatia companies, Rimac Automobili d.o.o. and Greyp Bikes d.o.o. during the year 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

	2017 HK$'000	2016 HK$'000
Raw materials	**12,602**	22,163
Work in progress	**29,317**	30,721
Finished goods	**3,775**	10,700
	45,694	63,584

26. ACCOUNTS RECEIVABLE

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

	2017 HK$'000	2016 HK$'000
0 – 30 days	**6,917**	1,170
31 – 90 days	**–**	25,439
91 – 180 days	**5,730**	1,446
181 – 365 days	**11,792**	1,116
More than 1 year	**8,616**	85
	33,055	29,256

The credit period granted by the Group to customers ranged from 30 days to 3 years 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 are neither individually nor collectively considered to be impaired, was as follows:

	2017 HK$'000	2016 HK$'000
Not past due	29,768	29,171
Less than 1 month past due	720	–
More than 1 month but less than 3 months past due	1,339	–
More than 3 months but less than 12 months past due	1,228	85
	33,055	29,256

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. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2017 HK$'000	2016 HK$'000
Other receivables	24,169	11,205
Deposits	28,446	25,642
Prepayments	74,098	82,999
	126,713	119,846
Less: Non-current portion	(17,480)	(17,534)
	109,233	102,312

28. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2017 HK$'000	2016 HK$'000
Equity securities held for trading and listed in Hong Kong	**1,608**	3,341

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$1,663,000 (2016: HK$10,083,000) was recognised in profit or loss.

29. ACCOUNTS PAYABLE

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

	2017 HK$'000	2016 HK$'000
0 – 30 days	**5,128**	6,194
31 – 90 days	**1,350**	7,464
91 – 180 days	**10,039**	6,066
181 – 365 days	**60**	665
More than 1 year	**3,869**	182
	20,446	20,571

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

30. BANK BORROWINGS

	2017 **HK$'000**	2016 HK$'000
Secured bank borrowings repayable within one year	**11,276**	12,024

The average effective interest rates of the bank borrowings ranged from 6.8% to 7.4% per annum.

The bank borrowings of the Group were 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 Automotive Manufacturing Co., Ltd.

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

31. DEFERRED TAX LIABILITIES

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

	Intangible assets HK$'000	**Revaluation of land and building** HK$'000	**Total** HK$'000
At 1 April 2015	11,043	6,369	17,412
Credited to profit or loss	–	(229)	(229)
Exchange realignment	(542)	(307)	(849)
At 31 March 2016 and 1 April 2016	10,501	5,833	16,334
Credited to profit or loss	–	(172)	(172)
Exchange realignment	(652)	(359)	(1,011)
At 31 March 2017	**9,849**	**5,302**	**15,151**

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 an equity instrument as the Company has no obligation to settle in cash. The fair value of the Convertible Notes as at 28 February 2014 which is determined as the fair value of the net assets of the group companies acquired less the fair value of the consideration shares amounted to HK$2,570,158,000 is credited to the "convertible notes equity reserve" on the issuance of the Convertible Notes. During the year, no Convertible Notes (2016: principal of Convertible Notes of HK$112,500,000) were converted into (2016: 150,000,000) ordinary shares of the Company.

33. SHARE CAPITAL

	2017 Number of shares	2017 HK$'000	2016 Number of shares	2016 HK$'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	**3,706,046,800**	**37,060**	3,561,746,800	35,617
Placing of shares (note i)	**740,000,000**	**7,400**	–	–
Conversion of Convertible Notes (note ii)	**–**	**–**	150,000,000	1,500
Cancellation of repurchased shares (note iii)	**–**	**–**	(5,700,000)	(57)
At 31 March	**4,446,046,800**	**44,460**	3,706,046,800	37,060

Note:

(i) On 15 December 2016, 740,000,000 ordinary shares of the Company were issued at a subscription price of HK$0.245 each to independent third parties at an aggregate consideration of HK$181,300,000 of which HK$7,400,000 was credited to share capital and the remaining balance of HK$168,447,000 (net of share issue expenses of HK$5,453,000) was credited to share premium account.

(ii) During the year ended 31 March 2016, 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.

(iii) During the year ended 31 March 2016, the Company cancelled 5,700,000 shares of the Company. The shares were repurchased in the open market at a consideration of HK$2,928,000 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 5 August 2011, the date upon which the limit was refreshed by an ordinary resolution of the shareholders. Pursuant to the Old Scheme, the above limit can be further refreshed by the shareholders. However, the total number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Old Scheme shall not exceed 30% of the shares in issue from time to time. The subscription price of the share options shall not be less than the higher of (i) the closing price of the shares on the Stock Exchange on the date of offer; (ii) the average closing price of the shares on the Stock Exchange for the five trading days immediately preceding the date of offer; and (iii) the nominal value of the shares.

A new share option scheme (the "New Scheme") was adopted by an ordinary resolution of the shareholders at annual general meeting of the Company on 30 August 2013 (the "New Adoption Date"). The New Scheme constitutes a share option scheme governed by Chapter 17 of the Listing Rules and will remain in force for 10 years from the New Adoption Date. As a result of the adoption of the New Scheme on 30 August 2013, the Old Scheme, which was adopted by the Company on 5 January 2004, was terminated. Upon termination of the Old Scheme, no further option can be offered thereafter but any options granted prior to such termination but not yet exercised shall continue to be valid and exercisable in accordance with the Old Scheme.

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 22 August 2016, 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 no share option (2016: 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 01/04/2015	Granted during the year	Lapsed/ forfeited during the year	At 31/03/2016	Lapsed/ forfeited during the year	At 31/03/2017	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	(500,000)	32,500,000	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	–	(12,000,000)	52,400,000	(12,000,000)	40,400,000	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	(9,000,000)	91,000,000	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	(3,700,000)	366,300,000	HK$0.30	HK$0.28	10/03/2016 to 09/03/2026	10/03/2016 to 11/03/2020
	202,400,000	370,000,000	(12,000,000)	560,400,000	(25,200,000)	535,200,000				

34. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

The weighted average remaining contractual life of options outstanding at the end of the year was 7.58 years (2016: 8.4 years). The weighted average exercise price of options outstanding at the end of the year was HK$0.52 (2016: HK$0.52).

Of the total number of options outstanding at the end of the year, 242,620,000 (2016: 164,400,000) were exercisable at the end of the year.

There was no exercise of share options during the years ended 31 March 2017 and 2016.

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 Binomial model. The contractual life of the share options and expectations of early exercise of the share options are incorporated into the model.

Fair value of share options and assumptions:

			Offer of grant on		
	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$32,069,000 (2016: HK$22,935,000) 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 75 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 Bermuda Companies Act 1981 (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 2016, all the repurchased ordinary shares were cancelled and no ordinary shares were repurchased during the year ended 31 March 2017.

	2017		2016	
	Number of shares	**Amount HK$'000**	Number of shares	Amount HK$'000
Treasury shares				
As at 1 April	–	–	5,700,000	2,928
Cancellation of repurchased shares	–	–	(5,700,000)	(2,928)
As at 31 March	–	–	–	–

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 in note 4(k)(iii).

(h) Movement of reserves of the Company

	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))	Treasury reserve HK$'000 (Note 35(f))	Accumulated losses HK$'000	Total HK$'000
At 1 April 2015	1,670,446	87,109	1,980,612	78,991	(2,928)	(289,644)	3,524,586
Loss and total comprehensive income for the year	–	–	–	–	–	(197,381)	(197,381)
Conversion of convertible notes	97,863	–	(99,363)	–	–	–	(1,500)
Cancellation of repurchased shares	(2,871)	–	–	–	2,928	–	57
Share-based payments	–	–	–	22,935	–	–	22,935
Forfeited share options	–	–	–	(5,117)	–	5,117	–
At 31 March 2016	1,765,438	87,109	1,881,249	96,809	–	(481,908)	3,348,697
At 1 April 2016	1,765,438	87,109	1,881,249	96,809	–	(481,908)	3,348,697
Loss and total comprehensive income for the year	–	–	–	–	–	(342,074)	(342,074)
Placing of shares	173,900	–	–	–	–	–	173,900
Share issue expenses	(5,453)	–	–	–	–	–	(5,453)
Share-based payments	–	–	–	32,069	–	–	32,069
Forfeited share options	–	–	–	(8,590)	–	8,590	–
At 31 March 2017	**1,933,885**	**87,109**	**1,881,249**	**120,288**	**–**	**(815,392)**	**3,207,139**

36. NON-CONTROLLING INTERESTS

The table below shows details of non-wholly-owned subsidiaries of the Group that have material non-controlling interests. The non-controlling interests of all other subsidiaries that are not 100% owned by the Group are considered to be immaterial.

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	
	2017	2016	2017	2016	2017	2016	2017	2016
			HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Dynamic Union International Limited	49%	49%	(4,095)	(9,362)	–	(651)	(3,364)	731
Tong Guan La Plata Company Limited	40%	40%	(1,326)	(2,098)	1,059	(3,230)	78,918	79,185
Sinocop New Energy Technology (International) Company Limited	25%	25%	(11,240)	(8,203)	(893)	(1,027)	(14,368)	(2,235)
Chongqing Suitong New Energy Automotive Manufacturing Co., Ltd	30%	30%	(2,973)	(4,823)	(3,700)	1,190	16,174	22,847
Others			(4,641)	(478)	(109)	(224)	904	5,654
			(24,275)	(24,964)	(3,643)	(3,942)	78,264	106,182

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

36. NON-CONTROLLING INTERESTS (Continued)

	2017 HK$'000	2016 HK$'000
Dynamic Union International Limited		
Current assets	**17,658**	23,695
Non-current assets	**254**	7,687
Current liabilities	**(21,538)**	(21,301)
Equity attributable to owners of the Company	**(262)**	9,350
Non-controlling interests	**(3,364)**	731
Revenue	**–**	10,096
Loss for the year	**(8,356)**	(19,136)
Loss attributable to owners of the Company	**(4,261)**	(9,774)
Loss attributable to the non-controlling interests	**(4,095)**	(9,362)
Loss for the year	**(8,356)**	(19,136)
Other comprehensive income attributable to owners of the Company	**–**	(245)
Other comprehensive income attributable to the non-controlling interests	**–**	(651)
Other comprehensive income for the year	**–**	(896)
Total comprehensive income attributable to owners of the Company	**(4,261)**	(10,019)
Total comprehensive income attributable to the non-controlling interests	**(4,095)**	(10,013)
Total comprehensive income for the year	**(8,356)**	(20,032)
Dividends paid to non-controlling interests	**–**	–
Net cash outflow from operating activities	**(1,548)**	(22,643)
Net cash inflow from investing activities	**–**	536
Net cash inflow from financing activities	**1,516**	13,423
Net cash outflow	**(32)**	(8,684)

36. NON-CONTROLLING INTERESTS (Continued)

	2017 **HK$'000**	2016 HK$'000
Tong Guan La Plata Company Limited		
Current assets	**112,830**	112,845
Non-current assets	**128,542**	125,277
Current liabilities	**(8,486)**	(6,359)
Equity attributable to owners of the Company	**153,968**	152,578
Non-controlling interests	**78,918**	79,185
Revenue and other income	**3,885**	3,464
Loss for the year	**(3,315)**	(5,246)
Loss attributable to owners of the Company	**(1,989)**	(3,148)
Loss attributable to the non-controlling interests	**(1,326)**	(2,098)
Loss for the year	**(3,315)**	(5,246)
Other comprehensive income attributable to owners of the Company	**(20,455)**	(18,814)
Other comprehensive income attributable to the non-controlling interests	**1,059**	(3,230)
Other comprehensive income for the year	**(19,396)**	(22,044)
Total comprehensive income attributable to owners of the Company	**(22,444)**	(21,962)
Total comprehensive income attributable to the non-controlling interests	**(267)**	(5,328)
Total comprehensive income for the year	**(22,711)**	(27,290)
Dividends paid to non-controlling interests	**–**	–
Net cash outflow from operating activities	**(5,292)**	(5,371)
Net cash outflow from investing activities	**(354)**	(464)
Net cash inflow from financing activities	**2,106**	4,101
Net cash outflow	**(3,540)**	(1,734)

36. NON-CONTROLLING INTERESTS (Continued)

	2017 HK$'000	2016 HK$'000
Sinocop New Energy Technology (International) Company Limited		
Current assets	**36,897**	56,712
Non-current assets	**20,513**	23,596
Current liabilities	**(93,111)**	(88,823)
Equity attributable to owners of the Company	**(21,333)**	(6,280)
Non-controlling interests	**(14,368)**	(2,235)
Revenue	**1,226**	57,659
Loss for the year	**(36,240)**	(28,785)
Loss attributable to owners of the Company	**(25,000)**	(20,582)
Loss attributable to the non-controlling interests	**(11,240)**	(8,203)
Loss for the year	**(36,240)**	(28,785)
Other comprehensive income attributable to owners of the Company	**(4,517)**	(1,750)
Other comprehensive income attributable to the non-controlling interests	**(893)**	(1,027)
Other comprehensive income for the year	**(5,410)**	(2,777)
Total comprehensive income attributable to owners of the Company	**(29,517)**	(22,332)
Total comprehensive income attributable to the non-controlling interests	**(12,133)**	(9,230)
Total comprehensive income for the year	**(41,650)**	(31,562)
Dividends paid to non-controlling interests	**–**	–
Net cash outflow from operating activities	**(10,325)**	(44,318)
Net cash outflow from investing activities	**(1,022)**	(683)
Net cash inflow from financing activities	**6,776**	38,795
Net cash outflow	**(4,571)**	(6,206)

36. NON-CONTROLLING INTERESTS (Continued)

	2017 HK$'000	2016 HK$'000
Chongqing Suitong New Energy Automotive Manufacturing Co., Ltd		
Current assets	**81,095**	27,018
Non-current assets	**130,549**	109,640
Current liabilities	**(136,713)**	(48,807)
Non-current liabilities	**(20,789)**	(16,334)
Equity attributable to owners of the Company	**37,968**	48,670
Non-controlling interests	**16,174**	22,847
Revenue	**96,113**	127,555
Loss for the year	**(13,237)**	(16,078)
Loss attributable to owners of the Company	**(10,264)**	(11,255)
Loss attributable to the non-controlling interests	**(2,973)**	(4,823)
Loss for the year	**(13,237)**	(16,078)
Other comprehensive income attributable to owners of the Company	**(4,537)**	2,774
Other comprehensive income attributable to the non-controlling interests	**(3,700)**	1,190
Other comprehensive income for the year	**(8,237)**	3,964
Total comprehensive income attributable to owners of the Company	**(14,801)**	(8,481)
Total comprehensive income attributable to the non-controlling interests	**(6,673)**	(3,633)
Total comprehensive income for the year	**(21,474)**	(12,114)
Dividends paid to non-controlling interests	**–**	–
Net cash outflow from operating activities	**(14,652)**	(41,174)
Net cash outflow from investing activities	**(32,527)**	(5,288)
Net cash inflow from financing activities	**46,266**	37,927
Net cash outflow	**(913)**	(8,535)

37. COMPANY LEVEL STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2017

	Notes	2017 HK$'000	2016 HK$'000
Non-current assets			
Property, plant and equipment		–	–
Interests in subsidiaries	18	3,026,862	3,269,365
Interest in joint venture		4,380	5,816
Available-for-sale investments		69,802	69,802
Total non-current assets		3,101,044	3,344,983
Current assets			
Other receivables and prepayments		609	567
Cash and bank balances		151,620	41,557
Total current assets		152,229	42,124
Total assets		3,253,273	3,387,107
Current liabilities			
Accruals		1,674	1,350
Total current liabilities		1,674	1,350
Net current assets		150,555	40,774
NET ASSETS		3,251,599	3,385,757
Equity			
Share capital	33	44,460	37,060
Reserves	35(h)	3,207,139	3,348,697
TOTAL EQUITY		3,251,599	3,385,757

On behalf of the Board

Cheung Ngan	**Chan Hoi Ying**
Director	*Director*

38. COMMITMENTS

(a) Capital commitments

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

	2017 HK$'000	2016 HK$'000
Acquisition of property, plant and equipment	6,363	8,174
Capital expenditure in respect of the construction of the ores processing plant	3,697	3,694
Capital expenditure in respect of the mining operations	10,023	19,231
	20,083	31,099

(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:

	2017 HK$'000	2016 HK$'000
Within one year	4,899	7,333
After one year but within five years	1,680	2,970
	6,579	10,303

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.

38. COMMITMENTS (Continued)

(b) Operating lease commitments (Continued)

As lessor

The Group leases its water use rights under operating lease. Rental income earned during the year was HK$3,855,000 (2016: HK$3,169,000). 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 total future minimum lease receivable under non-cancellable operating leases.

As at 31 March 2017, the Group had received CLP163,827,000 (equivalent to approximately HK$1,921,000) (2016: CLP152,565,000, equivalent to approximately HK$1,742,000) rental income from tenant in advance and included in receipts in advance in the consolidated financial statements.

39. RELATED PARTY TRANSACTIONS

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

Save as disclosed elsewhere in these financial statements, the Group had the following major transactions with related parties during the years ended 31 March 2017 and 2016:

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

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

There were no purchases from CAH during the years ended 31 March 2017 and 2016.

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

40. 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 30, 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.

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

	2017 **HK$'000**	2016 HK$'000
Debt	**74,885**	63,605
Cash and cash equivalents	**202,174**	152,535
Net debt	**(127,289)**	(88,930)
Equity	**3,266,936**	3,386,162
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.

41. 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 2017, 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.

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.

41. FINANCIAL RISK MANAGEMENT (Continued)

Liquidity risk (Continued)

	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Within 1 year or on demand HK$'000
2017			
Accounts payable	**(20,446)**	**(20,446)**	**(20,446)**
Other payables and accruals	**(26,096)**	**(26,096)**	**(26,096)**
Bank borrowings	**(11,276)**	**(12,054)**	**(12,054)**
	(57,818)	**(58,596)**	**(58,596)**
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)

As at 31 March 2017 and 2016, 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 30. 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.

41. 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	
	2017	2016	**2017**	2016
	HK$'000	HK$'000	**HK$'000**	HK$'000
Renminbi ("RMB")	**–**	–	**226**	240
United States dollars ("USD")	**715**	736	**47,559**	45,812

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 2017 and 2016, 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$80,000 (2016: HK$139,000).

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 2017 and 2016.

42. 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 2017 and 2016 may be categorised as follows:

	2017	2016
	HK$'000	HK$'000
Financial assets		
Loans and receivables (including cash and bank balances)	**292,224**	225,259
Fair value through profit or loss		
– listed investments held for trading	**1,608**	3,341
Available-for-sale investments, at cost	**69,802**	69,802
	363,634	298,402
Financial liabilities		
Financial liabilities, at amortised cost	**57,611**	53,097

(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-sale investments were measured at cost net of impairment recognised. The investments 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.

42. 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).

As at 31 March 2017 and 2016, the Group's financial assets 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.

43. FINANCIAL GUARANTEE CONTRACTS/CONTINGENT LIABILITIES

During the year ended 31 March 2017, the Group provided a guarantee to a financial institution in Chongqing for certain of its customers on the purchase of motor vehicles. 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 2017, the Group's maximum exposure to the arrangement was HK$20,414,000 (2016: HK$30,456,000). During the year ended 31 March 2017, there was no default of payments from customers which required the Group to make payments.

As at 31 March 2017, the Company had provided a corporate guarantee of HK$40,000,000 to a bank in respect of banking facilities granted to the Group. The banking facilities were not utilised by the Group at the end of reporting period.

44. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation.

45. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 23 June 2017.