中國動力
China Dynamics

CHINA DYNAMICS (HOLDINGS) LIMITED
中國動力（控股）有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 476)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2015

The board of directors (the "Board") of China Dynamics (Holdings) Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2015.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2015

	Notes	**2015** *HK$'000*	2014 *HK$'000*
Turnover	*5*	**18,978**	68,233
Cost of sales		**(18,395)**	(66,064)
Gross profit		**583**	2,169
Other income and gains	*5*	**51,002**	4,170
Selling and distribution expenses		**(236)**	–
Administrative expenses		**(85,914)**	(45,081)
Change in fair value of financial assets at fair value through profit or loss		**(3,335)**	–
Finance costs	*6*	**(22,867)**	(2,202)
Share of profit/(loss) of an associate		**53**	(69)
Loss before income tax	*7*	**(60,714)**	(41,013)
Income tax	*8*	**(6)**	–
Loss for the year		**(60,720)**	(41,013)

	Notes	**2015** **HK$'000**	2014 *HK$'000*
Other comprehensive income for the year			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(1,490)**	(27,093)
Share of other comprehensive income of associates		**(61)**	(33)
Other comprehensive income for the year		**(1,551)**	(27,126)
Total comprehensive income for the year		**(62,271)**	(68,139)
Loss attributable to:			
– Owners of the Company		**(48,414)**	(35,986)
– Non-controlling interests		**(12,306)**	(5,027)
		(60,720)	(41,013)
Total comprehensive income attributable to:			
– Owners of the Company		**(44,373)**	(55,089)
– Non-controlling interests		**(17,898)**	(13,050)
		(62,271)	(68,139)
Loss per share			
– Basic and diluted *(HK$)*	*10*	**(0.02)**	(0.02)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2015

	Notes	2015 HK$'000	2014 HK$'000
Non-current assets			
Property, plant and equipment		**92,384**	9,988
Construction in progress		**72,878**	82,940
Prepaid lease payments for land		**28,242**	–
Goodwill		**39,943**	45,055
Mining assets		**2,850,531**	2,832,944
Other intangible assets		**66,641**	25,305
Interests in associates		**503**	511
Interest in joint venture		**4,380**	2,550
Available-for-sale investments		**69,802**	–
Value-added-tax recoverable		**9,896**	11,956
Total non-current assets		**3,235,200**	3,011,249
Current assets			
Inventories		**36,432**	–
Accounts receivable	*11*	**5,142**	2,020
Other receivables, deposits and prepayments		**131,813**	64,383
Financial asset at fair value through profit or loss		**13,200**	–
Prepaid lease payments for land		**604**	–
Cash and bank balances		**391,987**	276,022
Total current assets		**579,178**	342,425
Total assets		**3,814,378**	3,353,674

	Notes	2015 HK$'000	2014 HK$'000
Current liabilities			
Accounts payable	*12*	**8,399**	–
Other payables and accruals		**43,338**	11,370
Receipts in advance		**2,365**	1,340
Bank borrowings		**12,416**	–
Total current liabilities		**66,518**	12,710
Net current assets		**512,660**	329,715
Total assets less current liabilities		**3,747,860**	3,340,964
Non-current liabilities			
Amount due to a related company		**54,163**	128,603
Deferred tax liabilities		**17,412**	–
Total non-current liabilities		**71,575**	128,603
Total liabilities		**138,093**	141,313
NET ASSETS		**3,676,285**	3,212,361
Equity			
Share capital	*13*	**35,617**	22,107
Reserves		**3,508,501**	3,085,676
Equity attributable to owners of the Company		**3,544,118**	3,107,783
Non-controlling interests	*15*	**132,167**	104,578
TOTAL EQUITY		**3,676,285**	3,212,361

1. CORPORATION INFORMATION

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

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

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

(a) Adoption of amendments to HKFRSs – effective on 1 April 2015

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

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

Amendments to HKAS 32 – Offsetting Financial Assets and Financial Liabilities

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

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

HK (IFRIC) 21 – Levies

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

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

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

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

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

[1] *Effective for annual periods beginning on or after 1 July 2014*

[2] *Effective for annual periods beginning, or transactions occurring, on or after 1 July 2014*

[3] *Effective for annual periods beginning on or after 1 January 2016*

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

[5] *Effective for annual periods beginning on or after 1 January 2018*

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

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

Amendments to HKAS 1 – Disclosure Initiative

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

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

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

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

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

Amendments to HKAS 27 – Equity Method in Separate Financial Statements

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

HKFRS 9 (2014) – Financial Instruments

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

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

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

HKFRS 15 – Revenue from Contracts with Customers

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

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

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

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

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

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

The provisions of the new Companies Ordinance, Cap. 622, in relation to the disclosure requirements for financial statements will apply to the Company in its first financial year beginning on or after 3 March 2014 (i.e. the financial year ending 31 March 2016).

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

3. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRS"), Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKFRSs") and the disclosure requirements of Hong Kong Companies Ordinance, Cap. 32. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

(b) Basis of measurement

The financial statements have been prepared under the historical cost basis except for certain financial instruments, which are measured at fair values.

(c) Functional and presentation currency

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

4. 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' result that is used by the chief operating decision-makers for assessment of segment performance.

(a) Reportable segments

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

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

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

* *Unallocated corporate assets as at 31 March 2015 mainly represent cash and bank balances held by the Company of approximately HK$333,836,000.*

(c) Geographic information

During the years ended 31 March 2015 and 2014, the Group's business revenue, based on where the customers were located, was all generated from the People's Republic of China (the "PRC").

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

	Specified non-current assets	
	2015	2014
	HK$'000	*HK$'000*
PRC, including Hong Kong	**3,027,944**	2,853,937
Chile	**136,951**	156,801
Asia Pacific	**503**	511
	3,165,398	3,011,249

(d) Information about major customers

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

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

5. TURNOVER, OTHER INCOME AND GAINS

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

	2015	2014
	HK$'000	*HK$'000*
Turnover		
Sale of motor vehicles	**17,867**	–
Sale of batteries	**1,111**	–
Sale of metals and minerals	**–**	68,233
	18,978	68,233
Other income and gains		
Gain on bargain purchase *(Note 16)*	**41,056**	–
Service fee income	**3,348**	–
Interest income	**2,870**	43
Rental income	**2,867**	2,740
Income from trading ore in Chile	**673**	1,000
Sundry income	**123**	228
Exchange gain, net	**65**	159
	51,002	4,170

6. FINANCE COSTS

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

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

7. LOSS BEFORE INCOME TAX

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

	2015	2014
	HK$'000	*HK$'000*
Auditor's remuneration	**1,463**	1,205
Amortisation of prepaid lease payments for land	**103**	–
Amortisation of other intangible assets	**1,213**	–
Exchange gain, net	**(65)**	(159)
Research and development cost	**527**	–
Write-off of prepayments	**–**	459
Loss on disposal of property, plant and equipment	**33**	–
Operating lease rentals on leasehold land and buildings	**8,397**	3,703
Depreciation of property, plant and equipment	**2,914**	3,695
Staff costs (including directors' remuneration)		
– Salaries and allowances	**22,769**	11,046
– Other benefits	**780**	1,046
– Share-based payments *(Note 14)*	**16,952**	–
– Pension contributions	**606**	193
	41,107	12,285

8. INCOME TAX

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

As at 31 March 2015, subject to the agreement by the Hong Kong Inland Revenue Department, the Group had unused tax losses of HK$43,240,000 (2014: HK$38,456,000) available for offsetting against future profits. No deferred tax asset has been recognised in respect of these losses due to the unpredictability of future profit streams. Such losses may be carried forward indefinitely.

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

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

9. DIVIDEND

No dividend has been proposed or paid by the Company in respect of the year ended 31 March 2015 (2014: Nil).

10. LOSS PER SHARE

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

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

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

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

11. ACCOUNTS RECEIVABLE

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

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

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

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

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

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

12. ACCOUNTS PAYABLE

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

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

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

13. SHARE CAPITAL

	2015		2014	
	Number of shares	***HK$'000***	*Number of shares*	*HK$'000*
Authorised:				
Ordinary shares of HK$0.01 each	**50,000,000,000**	**500,000**	50,000,000,000	500,000
Issued and fully paid:				
At beginning of year	**2,210,746,800**	**22,107**	1,384,396,800	13,844
Conversion of convertible note *(note i)*	**790,000,000**	**7,900**	100,000,000	1,000
Placing of shares *(note (ii))*	**450,000,000**	**4,500**	605,350,000	6,053
Subscription of shares *(note iii)*	**96,000,000**	**960**	–	–
Consideration shares issued for the acquisition of available-for-sale investments	**20,000,000**	**200**	–	–
Cancellation of repurchased shares *(note iv)*	**(5,000,000)**	**(50)**	–	–
Consideration shares issued for the acquisition of subsidiaries	**–**	**–**	120,000,000	1,200
Exercise of share options	**–**	**–**	1,000,000	10
At end of year	**3,561,746,800**	**35,617**	2,210,746,800	22,107

Note:

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

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

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

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

14. 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.

Pursuant to the New Scheme, the board of directors is empowered, at its discretion, to invite any participant (defined in the New Scheme) to take up options to subscribe for shares in the Company. The period during which an option may be exercised will be determined by the directors at their discretion, save that no option may be exercised later than 10 years after it has been granted. Acceptance of the offer shall be within 21 days after the date of offer of the grant of options, upon payment of a nominal consideration of HK$1. The maximum number of shares in respect of which options may be granted under the New Scheme may not exceed 10% of the aggregate of the shares of the Company in issue as at 25 August 2014, the date upon which the limit was refreshed by an ordinary resolution of the shareholders. Pursuant to the New Scheme, the above limit can be further refreshed by the shareholders. However, the total number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Scheme shall not exceed 30% of the shares in issue from time to time. The subscription price of the share options shall not be less than the higher of (i) the closing price of the shares on the Stock Exchange on the date of offer; (ii) the average closing price of the shares on the Stock Exchange for the five trading days immediately preceding the date of offer; and (iii) the nominal value of the shares.

There was 100,000,000 share options granted under the New Scheme during the year.

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

Date of offer of grant	At 01/04/2013	Exercised during the year	Lapsed/ forfeited during the year	At 31/03/2014	Granted during the year	At 31/03/2015	Exercise price	Closing price at date of offer of grant	Exercise period	Vesting period
Under the Old Scheme										
11/07/2007	43,500,000	–	(10,500,000)	33,000,000	–	33,000,000	HK$0.86	HK$0.86	11/07/2007 to 10/07/2017	N/A
18/09/2007	5,000,000	–	–	5,000,000	–	5,000,000	HK$2.95	HK$2.90	01/04/2008 to 17/09/2017	01/04/2008 to 31/03/2013
16/12/2009	65,900,000	(1,000,000)	(500,000)	64,400,000	–	64,400,000	HK$0.46	HK$0.45	16/12/2009 to 15/12/2019	N/A
Under the New Scheme										
11/04/2014	–	–	–	–	100,000,000	100,000,000	HK$1.15	HK$1.11	12/04/2016 to 10/04/2024	12/04/2016 to 12/04/2020
	114,400,000	(1,000,000)	(11,000,000)	102,400,000	100,000,000	202,400,000				

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

Of the total number of options outstanding at the end of the year, 102,400,000 (2014: 102,400,000) were exercisable at the end of the year.

In respect of the share options exercised during the year ended 31 March 2014, the weighted average share price at the dates of exercise was HK$0.76. There was no exercise of share options for the year ended 31 March 2015.

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

Fair value of share options and assumptions:

	Offer of grant at			
	11 July 2007	**18 September 2007**	**16 December 2009**	**11 April 2014**
Fair value at measurement date	HK$0.65	HK$2.63	HK$0.43	HK$0.63
Share price at the date of offer of grant	HK$0.86	HK$2.90	HK$0.45	HK$1.11
Exercise price	HK$0.86	HK$2.95	HK$0.46	HK$1.15
Expected volatility	160.11%	163.08%	125.98%	63.33%
Expected life	2 years	2.53 to 6.53 years	10 years	10 years
Expected dividend rate	0%	0%	0%	0%
Risk-free interest rate	4.757%	4.272%	2.387%	2.048%

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

15. NON-CONTROLLING INTERESTS

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

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

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

	2015	2014
	HK$'000	*HK$'000*
Dynamic Union International Limited		
Current assets	**35,829**	18,703
Non-current assets	**21,147**	12,625
Current liabilities	**(27,846)**	(45)
Equity attributable to owners of the Company	**14,951**	15,954
Non-controlling interests	**14,179**	15,329
Revenue	**–**	–
Loss for the year	**(15,205)**	(849)
Loss attributable to owners of the Company	**(7,674)**	(433)
Loss attributable to the non-controlling interests	**(7,531)**	(416)
Loss for the year	**(15,205)**	(849)
Other comprehensive income attributable to owners of the Company	**81**	–
Other comprehensive income attributable to the non-controlling interests	**104**	–
Other comprehensive income for the year	**185**	–
Total comprehensive income attributable to owners of the Company	**(7,593)**	(433)
Total comprehensive income attributable to the non-controlling interests	**(7,427)**	(416)
Total comprehensive income for the year	**(15,020)**	(849)
Dividends paid to non-controlling interests	**–**	–
Net cash outflow from operating activities	**(14,162)**	(11,936)
Net cash outflow from investing activities	**(7,399)**	–
Net cash inflow from financing activities	**20,600**	20,004
Net cash (outflow)/inflow	**(961)**	8,068

	2015	2014
	HK$'000	*HK$'000*
Tong Guan La Plata Company Limited		
Current assets	**114,428**	114,866
Non-current assets	**168,910**	183,061
Current liabilities	**(2,391)**	(2,224)
Equity attributable to owners of the Company	**196,434**	205,050
Non-controlling interests	**84,513**	90,653
Revenue and other income	**7,128**	3,918
Loss for the year	**(786)**	(8,053)
Loss attributable to owners of the Company	**(472)**	(4,831)
Loss attributable to the non-controlling interests	**(314)**	(3,222)
Loss for the year	**(786)**	(8,053)
Other comprehensive income attributable to owners of the Company	**(32,799)**	(23,485)
Other comprehensive income attributable to the non-controlling interests	**(5,826)**	(8,008)
Other comprehensive income for the year	**(38,625)**	(31,493)
Total comprehensive income attributable to owners of the Company	**(33,271)**	(28,316)
Total comprehensive income attributable to the non-controlling interests	**(6,140)**	(11,230)
Total comprehensive income for the year	**(39,411)**	(39,546)
Dividends paid to non-controlling interests	**–**	–
Net cash inflow/(outflow) from operating activities	**911**	(27,295)
Net cash outflow from investing activities	**(140)**	(3)
Net cash inflow from financing activities	**4,904**	–
Net cash inflow/(outflow)	**5,675**	(27,298)

	2015	2014
	HK$'000	*HK$'000*
Sinocop New Energy Technology (International) Company Limited		
Current assets	**36,589**	6,487
Non-current assets	**27,685**	29
Current liabilities	**(50,090)**	(12,128)
Equity attributable to owners of the Company	**7,189**	(4,208)
Non-controlling interests	**6,995**	(1,404)
Revenue	**6,228**	–
Loss for the year	**(15,170)**	(5,554)
Loss attributable to owners of the Company	**(11,239)**	(4,165)
Loss attributable to the non-controlling interests	**(3,931)**	(1,389)
Loss for the year	**(15,170)**	(5,554)
Other comprehensive income attributable to owners of the Company	**177**	(43)
Other comprehensive income attributable to the non-controlling interests	**91**	(15)
Other comprehensive income for the year	**268**	(58)
Total comprehensive income attributable to owners of the Company	**(11,062)**	(4,208)
Total comprehensive income attributable to the non-controlling interests	**(3,840)**	(1,404)
Total comprehensive income for the year	**(14,902)**	(5,612)
Dividends paid to non-controlling interests	**–**	–
Net cash outflow from operating activities	**(15,095)**	(9,463)
Net cash (outflow)/inflow from investing activities	**(671)**	30
Net cash inflow from financing activities	**29,601**	10,108
Net cash inflow	**13,835**	615

	18 December 2014 (date of acquisition) to 31 March 2015
	HK$'000
Chongqing Suitong Industrial Company Limited	
Current assets	**34,699**
Non-current assets	**75,237**
Current liabilities	**(39,415)**
Equity attributable to owners of the Company	**44,041**
Non-controlling interests	**26,480**
Revenue	**17,867**
Loss for the period	**(1,766)**
Loss attributable to owners of the Company	**(1,236)**
Loss attributable to the non-controlling interests	**(530)**
Loss for the period	**(1,766)**
Other comprehensive income attributable to owners of the Company	**95**
Other comprehensive income attributable to the non-controlling interests	**39**
Other comprehensive income for the period	**134**
Total comprehensive income attributable to owners of the Company	**(1,141)**
Total comprehensive income attributable to the non-controlling interests	**(491)**
Total comprehensive income for the period	**(1,632)**
Dividends paid to non-controlling interests	**–**
Net cash outflow from operating activities	**(11,369)**
Net cash inflow from investing activities	**12,179**
Net cash outflow from financing activities	**(316)**
Net cash inflow	**494**

16. BUSINESS COMBINATION

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

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

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

Since the acquisition date, Hebei Sinocop has no revenue and contributed loss of HK$614,000 to the Group's profit or loss. If the acquisition had occurred on 1 April 2014, the Group's revenue and loss would have been increased by HK$11,940,000 and HK$4,240,000 respectively.

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

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

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

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

Since the acquisition date, Chongqing Suitong has generated revenue of HK$17,867,000 and contributed loss of HK$1,766,000 to the Group's profit or loss. If the acquisition had occurred on 1 April 2014, the Group's revenue and loss would have been increased by HK$50,927,000 and HK$3,965,000 respectively.

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

17. CAPITAL COMMITMENTS

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

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

18. RELATED PARTY TRANSACTIONS

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

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

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

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

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

There were no purchases from CAH during the years ended 31 March 2015 and 2014.

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

(c) Remuneration for key management personnel of the Group comprised only of the directors during the year.

RESULTS

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

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

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

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

DIVIDEND

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

BUSINESS REVIEW

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

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

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

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

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

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

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

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

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

Mining and production of mineral products

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

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

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

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

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

Mineral resources and ore reserves

As at 31 March 2015, the Company, through its wholly owned subsidiary in the PRC, held a glauberite mine in Guangxi. The following table set out the mineral information of the mine as at 31 March 2015.

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

Note:

(1) The effective date of the Mineral Resource is 31 May 2013. All tonnages are rounded to the nearest million tonnes to reflect the inherent level of confidence associated with the resources estimation. The Mineral Resource was estimated within constraining wireframe solids based on geological limits of the mineralised and internal waste units. Nominal cut off for defining the geological unit is 10% Na_2SO_4. The mineral resource estimate is in accordance with JORC Code with an effective date of 31 May 2013. Since no additional work has been done to add to the geological data set, nor has the resource been depleted through mining, the resource as at 31 March 2015 remain unchanged.

(2) Competent person statement:

The information in this section that relates to mineral resources is based on work done by Dr. Louis Bucci, Mr. Andrew Banks, Ms. Jessica Binoir, Ms. Kirsty Sheerin and Dr. Gavin Chan, and has been peer reviewed by Mr. Danny Kentwell. Dr. Louis Bucci and Mr. Danny Kentwell take overall responsibility for the resources estimate and Dr. Gavin Chan takes responsibility for the geological model. Mr. Andrew Banks and Dr. Gavin Chan are members of The Australasian Institute of Mining and Metallurgy and Dr. Louis Bucci is a Member of the Australian Institute of Geosciences. Mr. Danny Kentwell is a Fellow of the Australasian Institute of Mining and Metallurgy. Dr. Gavin Chan and Mr. Danny Kentwell are full time employees of SRK Consulting (Australasia) Pty Ltd ("SRK") and Mr. Andrew Banks was a full time employee of SRK from June 2011 until February 2012. Dr. Louis Bucci was a full time employee of SRK from August 2004 until June 2014.

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

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

Metals and minerals trading

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

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

Ores processing and trading

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

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

The Group had obtained a legal opinion in 2015 from Chilean lawyer regarding the current situation of the water resources, which advised that the decree in 2013 is no longer in force but the situation of scarcity remains and inhabitants still continued to use this decree to extract water and hence this situation may affect Verde's possibility of sourcing water. The Company still considered that the current water scarcity situation is not a permanent situation although it is unable to predict the timing for its recovery. Having considered the above factors, and taking note of the current business objectives of the Group and resource allocation, the Group has maintained the decision to delay further work on the construction of the ores processing facilities in Chile until 2018. The Company will continue to review the situation annually, and should the situation becomes more clear and favorable, the Company will consider to resume project development in Chile accordingly.

MATERIAL ACQUISITIONS

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

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

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

LIQUIDITY AND FINANCIAL RESOURCES

The Directors have considered various ways of raising funds and consider that the placings and subscription of shares represent an attractive opportunity to raise capital for the Company while broadening the shareholder base and capital base of the Company. During the year ended 31 March 2015, the Group has earned continuous support to raise funds by placing and subscribing new shares. These additional funds serve as significant financial support for enhancing liquidity and future development. Details of the placings and subscription are summarised as below:

i) On 7 April 2014, the Company issued 450,000,000 new shares of HK$0.01 each to not less than six independent third parties at a price of HK$0.83 per share under the specific mandate granted to the directors of the Company at the special general meeting of the Company held on 2 April 2014. Such placing was announced on 4 March 2014 and the placing price was determined on 17 March 2014 whereas the closing price of the shares of the Company was HK$0.84 on the last trading day as at 4 March 2014. The net proceeds of approximately HK$362.1 million were intended to be used as to

(i) approximately HK$200,000,000 for the projects relating to development of EVs; (ii) approximately HK$55,000,000 for the acquisition for interest in Rimac; and (iii) the remaining balance for the glauberite mine project, the future potential investments of the Group, if any, and working capital of the Group. Up to the date of this announcement, approximately HK$60.0 million had been used for the development of eBus and EVs and the subscription for interest in Rimac, and the balance is currently kept in an interest bearing bank account pending for usage.

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

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

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

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

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

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

PROSPECTS

In accordance with the "Twelfth Five Plan" of the PRC government, green environmental policy is vital to the country. It is clear to make effort on reducing PM2.5, whereas the fine particles of pollutants is the most harmful to people's health. It is generally accepted that vehicles emission is a significant contributor to air quality deterioration, and as such, the Group believes that electric vehicle is definitely a global focus and trend in improving air pollution and enhancing economic sustainability. Together with the overall consistency of the PRC economic performance, the Group is confident that the eBus and EVs business will offer a good business opportunity and prospect.

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

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

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

SHARE REPURCHASE

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

CHARGES ON THE GROUP'S ASSETS AND CONTINGENT LIABILITIES

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

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2015, the Group employed 351 (2014: 71) full time managerial and skilled staff principally in Hong Kong, the PRC and Chile.

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

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

The Company purchased 10,700,000 shares at an aggregate cost of HK$6,429,000 during the year. Other than these purchase, neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year.

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions set out in the Corporate Governance Code (the "Code") as set out in Appendix 14 of the Listing Rules. The Company has applied the principles in the Code and complied with the code provisions set out in the Code for the year ended 31 March 2015 except that the roles of chairman and chief executive officer are not separated and are performed by the same individual as the Board considered that non-segregation would not result in considerable concentration of power.

CODE OF CONDUCT ON DIRECTORS' SECURITIES TRANSACTIONS

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

Specific enquiry has been made of all the directors of the Company who have confirmed in writing their compliance with the required standards set out in the Model Code during the year ended 31 March 2015.

AUDIT COMMITTEE

The Company has an Audit Committee which was established in accordance with the requirement of the Code and comprised of three independent non-executive directors, Mr. Chan Francis Ping Kuen, Mr. Chan Chak Paul and Mr. Hu Guang. The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group, and discussed auditing, internal control and financial reporting matters including the review of the final results for the year.

SCOPE OF WORK OF BDO LIMITED

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

PUBLICATION

The Company's 2015 annual report which sets out all the information required to be disclosed under Appendix 16 of the Listing Rules, will be published on the website of the Company and the Stock Exchange in due course.

On behalf of the Board
China Dynamics (Holdings) Limited
Cheung Ngan
Chairman

Hong Kong, 23 June 2015

As at the date of this announcement, the Board comprises two executive Directors, namely Messrs. Cheung Ngan and Lai Kwok Wai, three non-executive Directors, namely Messrs. Li Shaofeng, Zhao Hong Feng and Zhou Jin Kai, and three independent non-executive Directors, namely Messrs. Chan Francis Ping Kuen, Hu Guang and Chan Chak Paul.