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 2019

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 2019.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2019

	Notes	**2019** **HK$'000**	2018 HK$'000
Continuing operations			
Revenue	*5*	**3,003**	59,568
Cost of sales		**(2,754)**	(58,732)
Gross profit		**249**	836
Other income	*5*	**5,230**	4,718
Selling and distribution expenses		**(620)**	(2,234)
Administrative expenses		**(134,699)**	(151,270)
Impairment loss on mining assets		**–**	(104,048)
Impairment loss on trade receivables		**(5,223)**	(2,813)
Impairment loss on other receivables and prepayments		**(15,678)**	(16,405)
Change in fair value of financial assets at fair value through profit or loss		**(10,750)**	(255)
Finance costs	*6*	**(69)**	(690)
Loss before income tax	*7*	**(161,560)**	(272,161)
Income tax credit	*8*	**2,220**	2,241
Loss for the year from continuing operations		**(159,340)**	(269,920)

	Notes	**2019**	2018
		HK$'000	*HK$'000*
Discontinued operations			
Loss for the year from discontinued operations		**(17,809)**	(129,677)
Loss for the year		**(177,149)**	(399,597)
Other comprehensive income for the year			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(194,091)**	319,492
Total comprehensive income for the year		**(371,240)**	(80,105)
Loss attributable to:			
Owners of the Company			
Loss for the year from continuing operations		**(145,939)**	(244,055)
Loss for the year from discontinued operations		**(10,686)**	(77,806)
Loss for the year attributable to owners of the Company		**(156,625)**	(321,861)
Non-controlling interests			
Loss for the year from continuing operations		**(13,401)**	(25,865)
Loss for the year from discontinued operations		**(7,123)**	(51,871)
Loss for the year attributable to Non-controlling interests		**(20,524)**	(77,736)
		(177,149)	(399,597)
Total comprehensive income attributable to:			
– Owners of the Company		**(351,749)**	(8,380)
– Non-controlling interests		**(19,491)**	(71,725)
		(371,240)	(80,105)
Loss per share from continuing and discontinued operations			
– Basic and diluted *(HK$)*		**(0.03)**	(0.07)
Loss per share from continuing operations			
– Basic and diluted *(HK$)*	*10*	**(0.03)**	(0.05)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2019

	Notes	2019 HK$'000	2018 HK$'000
Non-current assets			
Property, plant and equipment		**62,574**	75,846
Construction in progress		**85,579**	49,938
Prepaid lease payments for land		**81,153**	88,332
Goodwill		**–**	–
Mining assets	*11*	**2,534,111**	2,707,654
Other intangible assets		**38,799**	52,929
Interests in associates		**–**	–
Interest in joint venture		**–**	–
Available-for-sale investments		**–**	69,802
Other receivables, deposits and prepayments		**19,388**	20,273
Total non-current assets		**2,821,604**	3,064,774
Current assets			
Inventories		**38,100**	48,805
Trade receivables	*12*	**11,477**	48,220
Contract assets		**14,246**	–
Other receivables, deposits and prepayments		**44,761**	72,247
Financial assets at fair value through profit or loss		**110,000**	1,353
Prepaid lease payments for land		**1,542**	1,691
Cash and bank balances		**21,695**	92,933
		241,821	265,249
Assets classified as held for sale	*13*	**11,775**	22,050
Total current assets		**253,596**	287,299
Total assets		**3,075,200**	3,352,073

	Notes	2019 HK$'000	2018 HK$'000
Current liabilities			
Accounts payable	*14*	**16,664**	29,100
Other payables and accruals		**62,491**	26,478
Receipts in advance		**–**	4,259
Contract liabilities		**970**	–
Bank borrowings		**–**	6,248
Total current liabilities		**80,125**	66,085
Net current assets		**173,471**	221,214
Total assets less current liabilities		**2,995,075**	3,285,988
Non-current liabilities			
Deferred tax liabilities		**11,280**	14,421
Other payables		**63,809**	68,274
Total non-current liabilities		**75,089**	82,695
Total liabilities		**155,214**	148,780
NET ASSETS		**2,919,986**	3,203,293
Equity			
Share capital	*15*	**53,660**	50,360
Reserves		**2,860,364**	3,126,186
Equity attributable to owners of the Company		**2,914,024**	3,176,546
Non-controlling interests		**5,962**	26,747
TOTAL EQUITY		**2,919,986**	3,203,293

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 which was discontinued in December 2017.

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

(a) Adoption of new/revised HKFRSs – effective 1 April 2018

The Group adopted the following new/revised HKFRSs which are relevant to its operations:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the Related Amendments
Amendments to HKFRS 15	Clarifications to HKFRS 15 Revenue from Contracts with Customers
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions

Except as described below, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior year and/or on the disclosures set out in these consolidated financial statements.

HKFRS 9 – Financial Instruments

(i) Classification and measurement of financial instruments

HKFRS 9 replaces HKAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 April 2018, bringing together all three aspects of the accounting for financial instruments: (1) classification and measurement; (2) impairment and (3) hedge accounting. The adoption of HKFRS 9 from 1 April 2018 has resulted in changes in accounting policies of the Group, and impact on the classification and measurement of the Group's financial assets as at 1 April 2018.

The following tables summarised the impact, net of tax, of transition to HKFRS 9 on the opening balances of accumulated losses and non-controlling interests as at 1 April 2018:

	HK$'000
Accumulated losses	
Accumulated losses as at 31 March 2018	(754,413)
Increase in expected credit losses ("ECLs") in trade receivables and contract assets *(note 2(a)(ii) below)*	(3,469)
Reclassify equity investments from available-for-sale at cost to fair value through profit or loss ("FVTPL")	50,948
Restated accumulated losses as at 1 April 2018	(706,934)
Non-controlling interests	
Non-controlling interests as at 31 March 2018	26,747
Increase in ECLs in trade receivables and contract assets *(note 2(a)(ii) below)*	(1,294)
Restated non-controlling interests as at 1 April 2018	25,453

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. However, it eliminates the previous HKAS 39 categories for financial assets of held to maturity financial assets, loans and receivables and available-for-sale financial assets. The adoption of HKFRS 9 has no material impact on the Group's accounting policies related to financial liabilities and derivative financial instruments.

Under HKFRS 9, except for certain trade receivables (that the trade receivables do not contain a significant financing component in accordance with HKFRS 15), an entity shall, at initial recognition, measure a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs. A financial asset is classified as: (i) financial assets at amortised cost ("amortised cost"); (ii) financial assets at fair value through other comprehensive income ("FVOCI"); or (iii) financial assets at FVTPL. The classification of financial assets under HKFRS 9 is generally based on two criteria: (i) the business model under which the financial asset is managed and (ii) its contractual cash flow characteristics (the "solely payments of principal and interest" criterion, also known as "SPPI criterion"). Under HKFRS 9, embedded derivatives are no longer required to be separated from a host financial asset. Instead, the hybrid financial instrument is assessed as a whole for the classification.

A financial asset is measured at amortised cost if it meets both of the following conditions and it has not been designated as at FVTPL:

- It is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criterion.

A debt investment is measured at FVOCI if it meets both of the following conditions and it has not been designated as at FVTPL:

- It is held within a business model whose objective is to be achieved by both collecting contractual cash flows and selling financial assets; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criterion.

On initial recognition of an equity investment that is not held for trading, the Group could irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. All other financial assets not classified at amortised cost or FVOCI as described above are classified as FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or FVOCI at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The following accounting policies would be applied to the Group's financial assets:

FVTPL (equity investments)	Equity investments at FVTPL is subsequently measured at fair value. Changes in fair value and dividends are recognised in profit or loss.
Amortised cost	Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

As of 1 April 2018, certain unlisted equity investments were reclassified from available-for-sale financial assets at cost to FVTPL. These unlisted equity investments have no quoted price in an active market. The Group has designated such unlisted equity investments at the date of initial application (i.e. 1 April 2018) as measured at FVTPL. As at 1 April 2018, the difference between the previous carrying amount and the fair value of HK$50,948,000 has been recognised in accumulated losses.

The following table summarises the original measurement categories under HKAS 39 and the new measurement categories under HKFRS 9 for each class of the Group's financial assets as at 1 April 2018.

Financial assets	**Original classification under HKAS 39**	**New classification under HKFRS 9**	**Carrying amount as at 1 April 2018 under HKAS 39**	**Carrying amount as at 1 April 2018 under HKFRS 9**
			HK$'000	*HK$'000*
Unlisted equity investments	Available-for-sale (at cost)	FVTPL	69,802	120,750
Trade receivables	Loans and receivables	Amortised cost	48,220	28,581
Other receivables and deposits	Loans and receivables	Amortised cost	45,084	45,084
Cash and cash equivalents	Loans and receivables	Amortised cost	92,933	92,933

(ii) Impairment of financial assets

The adoption of HKFRS 9 has changed the Group's impairment model by replacing the HKAS 39 "incurred loss model" to the "expected credit loss model" ("ECL model"). HKFRS 9 requires the Group to recognise ECL for trade receivables, financial assets at amortised cost, contract assets and debt investments at FVOCI earlier than HKAS 39. Cash and cash equivalents are subject to ECL model but the impairment is immaterial for the current year.

Under HKFRS 9, the losses allowances are measured on either of the following bases: (1) 12-month ECLs: these are the ECLs that result from possible default events within the 12-month after the reporting date: and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Measurement of ECLs

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group measures loss allowances for trade receivables using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other financial assets at amortised cost, the ECLs are based on the 12-month ECLs. The 12-month ECLs is the portion of the lifetime ECLs that results from possible default events on a financial instrument within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Presentation of ECLs

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Impact of the ECL model

(a) Impairment of trade receivables and contract assets

As mentioned above, the Group applies the HKFRS 9 simplified approach to measure ECLs which adopts a lifetime ECLs for trade receivables. To measure the ECLs, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The loss allowance for trade receivables and contract assets as at 1 April 2018 was determined as follows:

Trade receivables

		At 1 April 2018			
	ECL rate – weighted average	**Gross carrying amount**	**Loss allowance under HKAS 39**	**Additional allowance on adoption of HKFRS 9**	**Net carrying amount**
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Collective assessment					
Not yet past due	4%	16,511	(341)	(319)	15,851
Less than one month past due	60%	670	(38)	(364)	268
One to three months past due	70%	1,961	(62)	(1,311)	588
More than three months but less than one year past due	76%	3,907	(1,076)	(1,894)	937
More than one year past due	100%	1,713	(1,458)	(255)	–
		24,762	(2,975)	(4,143)	17,644
Individual assessment					
More than one year past due	0%	10,937	–	–	10,937
		35,699	(2,975)	(4,143)	28,581

Contract assets

	At 1 April 2018				
	ECL rate – weighted average	**Gross carrying amount**	**Loss allowance under HKAS 39**	**Additional allowance on adoption of HKFRS 9**	**Net carrying amount**
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Not yet past due	4%	15,496	–	(620)	14,876

The increase in loss allowance for trade receivables and contract assets upon the transition to HKFRS 9 on 1 April 2018 was HK$4,143,000 and HK$620,000 respectively.

(b) Impairment of other receivables

The directors consider that the impairment losses on other receivables by applying the ECL model as at 1 April 2018 and 31 March 2019 are insignificant.

(c) Financial guarantee contracts

The directors consider that the loss allowances on financial guarantee contracts provided to customers by applying the ECL model as at 1 April 2018 and 31 March 2019 are insignificant.

(d) Hedge accounting

Hedge accounting under HKFRS 9 has no impact on the Group as the Group does not apply hedge accounting in its hedging relationships.

(e) Transition

The Group has applied the transitional provision in HKFRS 9 such that HKFRS 9 was generally adopted without restating comparative information. The reclassifications and the adjustments arising from the new ECLs rules are therefore not reflected in the consolidated statement of financial position as at 31 March 2018, but are recognised in the consolidated statement of financial position on 1 April 2018. This means that differences (if any) in the carrying amounts of financial assets and financial liabilities resulting from the adoption of HKFRS 9 are recognised in equity as at 1 April 2018. Accordingly, the information presented for 2018 does not reflect the requirements of HKFRS 9 but rather those of HKAS 39.

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application of HKFRS 9 which is 1 April 2018:

- The determination of the business model within which a financial asset is held and;

- The designation of certain equity investments not held for trading as at FVTPL.

HKFRS 15 – Revenue from Contracts with Customers ("HKFRS 15")

HKFRS 15 supersedes HKAS 11 Construction Contracts, HKAS 18 Revenue and related interpretations. HKFRS 15 has established a five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at the amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Group has adopted HKFRS 15 using the modified retrospective method of adoption. The Group elected to apply the practical expedient for completed contracts and did not restate the contracts completed before 1 April 2018, thus the comparative figures have not been restated.

Summary of effects arising from initial application of HKFRS 15

The adoption of HKFRS 15 does not have a significant impact on the pattern of revenue and profits recognised as there is only one performance obligation identified in the contacts with customers and the performance obligation is satisfied at a point in time.

The following adjustments were made to the amounts recognised in the consolidated statement of financial position as at 1 April 2018. Line items that were not affected by the changes have not been included:

	Carrying amount previously reported at 31 March 2018	**Reclassification**	**Carrying amount under HKFRS 15 at 1 April 2018**
	HK$'000	*HK$'000*	*HK$'000*
Assets			
Trade receivables	14,876	(14,876)	–
Contract assets	–	14,876	14,876
Liabilities			
Receipts in advance	2,947	(2,947)	–
Contract liabilities	–	2,947	2,947

The following tables summarised the impact of adopting HKFRS 15 on the Group's consolidated statement of financial position as at 31 March 2019. There was no material impact on the Group's consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows for the year ended 31 March 2019:

	As reported	**Adjustments**	**Amount without application of HKFRS 15**
	HK$'000	*HK$'000*	*HK$'000*
Assets			
Trade receivables	11,477	14,246	25,723
Contract assets	14,246	(14,246)	–
Liabilities			
Receipts in advance	–	(970)	(970)
Contract liabilities	970	(970)	–

Details of the new significant accounting policies and the nature of the changes to previous accounting policies in relation to the Group's various goods and services are set out below:

Note	**Product**	**Nature of the goods or services, satisfaction of performance obligations and payment terms**	**Nature of changes in accounting policy and impact on 1 April 2018**
(i)	Sale of motor vehicles/batteries	Customers obtain control of the motor vehicles/batteries when the goods are delivered to and have been accepted. Revenue is thus recognised when the customers accepted the motor vehicles/batteries. There is generally only one performance obligation. Invoices are usually payable within 30 – 365 days. No right of return is granted to customers.	**Impact** As at 1 April 2018, the Group reclassify contract assets of HK$14,876,000 and contract liabilities of HK$2,947,000 from trade receivables and receipts in advance respectively. As at 31 March 2019, contract assets of HK$14,246,000 and contract liabilities of HK$970,000 were recognised respectively.
(ii)	Trading of metals and minerals	Customers obtain control of the metals and minerals when the goods are delivered to and have been accepted. Revenue is thus recognised when the customers accepted the metals and minerals. There is only one performance obligation and no right of return is granted to customers.	**Impact** HKFRS 15 did not result in significant impact on the Group's accounting policies and there is no impact on 1 April 2018 as the Group has not traded metals and minerals since 1 April 2017.

Amendments to HKFRS 15 – Clarifications to HKFRS 15 Revenue from Contracts with Customers

The amendments to HKFRS 15 included clarifications on identification of performance obligations; application of principal versus agent; licenses of intellectual property; and transition requirements.

The adoption of these amendments has no impact on these consolidated financial statements as the Group first adopted HKFRS 15 and the clarifications for the year ended 31 March 2019.

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

The following new/revised HKFRSs, potentially relevant to the Group's consolidated 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.

HKFRS 16	Leases[1]
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments[1]
Amendments to HKFRS 3	Definition of a Business[3]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKAS 1 and HKAS 8	Definition of Material[2]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycles[1]
Conceptual Framework for Financial Reporting	Revised Conceptual Framework for Financial Reporting[2]

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

[2] *Effective for annual periods beginning on or after 1 January 2020*

[3] *Effective for business combinations and asset acquisition for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020*

[4] *Effective for annual periods beginning on or after a date to be determined*

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.

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 2019, the Group has non-cancellable operating lease commitments of HK$13,595,000. In the consolidated statements of profit or loss and other comprehensive income, depreciation will be recognised on the related right-of-use asset and interest expenses will be recognised on the lease liability instead of rental expense. Interest expenses on the lease liability will be presented separately from depreciation under finance costs. The combination of a straight-line depreciation of the right-of-use asset and the effective interest rate method applied to the lease liability will result in a higher total charge to comprehensive income in the initial year of the lease and decreasing expenses during the latter part of the lease term on a lease by lease basis.

The Group expected that the recognition of right-of-use asset and the lease liability on operating lease commitments upon adoption of HKFRS 16 would result in increase in non-current assets and total liabilities respectively. It is also expected that there will be no material impact on the total expenses to be recognised by the Group over the entire lease period and the performance over the lease period are not expected to be materially affected. The adoption of HKFRS 16 would not affect the total cash flows in respect of the lease.

HK(IFRIC)-Int 23 – Uncertainty over Income Tax Treatments

The interpretation supports the requirements of HKAS 12 Income Taxes, by providing guidance over how to reflect the effects of uncertainty in accounting for income taxes. Under the interpretation, the entity shall determine whether to consider each uncertain tax treatment separately or together based on which approach better predicts the resolution of the uncertainty. The entity shall also assume the tax authority will examine amounts that it has a right to examine and has full knowledge of all related information when making those examinations. If the entity determines it is probable that the tax authority will accept an uncertain tax treatment, then the entity should measure current and deferred tax in line with its tax filings. If the entity determines it is not probable, then the uncertainty in the determination of tax is reflected using either the "most likely amount" or the "expected value" approach, whichever better predicts the resolution of the uncertainty. The Group does not expect its adoption will have significant impact on the Group's financial position and performance.

Amendments to HKFRS 3 – Definition of a Business

The amendments to HKFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group does not expect its adoption will have significant impact to the Group's consolidated financial statements.

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.

The Group does not expect their adoption will have significant impact on the Group's financial position and performance.

Amendments to HKAS 1 and HKAS 8 – Definition of Material

The amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

The Group does not expect the adoption of these new pronouncements will result in significant impact on the Group's results and financial position.

Amendments to HKAS 28 – Long-term Interests in Associates and Joint Ventures

The amendment clarifies that HKFRS 9 applies to long-term interests ("LTI") in associates or joint ventures which form part of the net investment in the associates or joint ventures and stipulates that HKFRS 9 is applied to these LTI before the impairment losses guidance within HKAS 28.

The Group does not expect its adoption will have significant impact on the Group's financial position and performance.

Amendments to HKFRSs – Annual Improvements to HKFRSs 2015-2017 Cycle

HKAS 23 Borrowing Costs

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

The Group anticipate that the amendments will not have material impact to the Group's consolidated financial statements.

Conceptual Framework for Financial Reporting ("Conceptual Framework")

The Conceptual Framework sets out a comprehensive set of concepts for financial reporting, standard setting, guidance for preparers in developing consistent accounting policies and assistance to others in their efforts to understand and interpret the standards. The revised Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. The changes to the Conceptual Framework may affect the application of HKFRSs in situation where no standard applies to a particular transaction or event.

The Group anticipates that the amendments will not have material impact to the Group's 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.

(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.

Continuing operations:

- Development of electric vehicles;
- Mining; and
- Metals and minerals trading.

Discontinued operations:

- 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.

(a) Reportable segments

	Continuing operations								Discontinued operations			
	Development of electric vehicles		Mining		Metals and minerals trading		Total		Ores processing and trading		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue from external customers	3,003	59,568	–	–	–	–	3,003	59,568	–	–	3,003	59,568
Reportable segment loss	(99,618)	(110,216)	(9,588)	(115,572)	(19,325)	(19,482)	(128,531)	(245,270)	(17,809)	(129,677)	(146,340)	(374,947)
Interest income	177	1,059	1	1	–	–	178	1,060	1	–	179	1,060
Unallocated interest income											184	254
Total interest income											363	1,314
Depreciation	(7,970)	(8,756)	(279)	(480)	–	–	(8,249)	(9,236)	(3)	(362)	(8,252)	(9,598)
Unallocated depreciation expenses											(1,570)	(1,504)
Total depreciation											(9,822)	(11,102)
Amortisation	(12,311)	(13,366)	–	–	–	–	(12,311)	(13,366)	–	–	(12,311)	(13,366)
Impairment loss on goodwill	–	–	–	–	–	–	–	–	–	(38,162)	–	(38,162)
Impairment loss on assets held for sale	–	–	–	–	–	–	–	–	(10,275)	(84,547)	(10,275)	(84,547)
Impairment loss on other receivables and prepayments	–	(727)	–	–	(15,678)	(15,678)	(15,678)	(16,405)	–	–	(15,678)	(16,405)
Impairment loss on other non-current assets	–	–	–	(104,048)	–	–	–	(104,048)	–	–	–	(104,048)
Impairment loss on inventories	(30,976)	(13,214)	–	–	–	–	(30,976)	(13,214)	–	–	(30,976)	(13,214)
Reportable segment assets	355,533	411,396	2,580,870	2,757,852	281	17,353	2,936,684	3,186,601	12,862	30,109	2,949,546	3,216,710
Additions to non-current assets	57,302	59,913	73	2,627	–	–	57,375	62,540	–	777	57,375	63,317
Unallocated assets											22	802
Total additions to non-current assets											57,397	64,119
Reportable segment liabilities	(150,832)	(141,616)	(2,225)	(2,827)	(325)	(25)	(153,382)	(144,468)	(197)	(2,210)	(153,579)	(146,678)

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

	2019	2018
	HK$'000	*HK$'000*
Revenue		
Reportable segment revenue and consolidated revenue	**3,003**	59,568
Loss before income tax and discontinued operations		
Reportable segment loss	**(146,340)**	(374,947)
Segment loss from discontinued operations	**17,809**	129,677
Unallocated other income	**110**	705
Change in fair value of financial assets at fair value through profit or loss	**(11,328)**	(255)
Unallocated share-based payments	**(3,831)**	(7,136)
Unallocated impairment of interest in joint venture	**(277)**	(5,358)
Unallocated other corporate expenses	**(17,634)**	(14,157)
Finance costs	**(69)**	(690)
Consolidated loss before income tax from continuing operations	**(161,560)**	(272,161)
Assets		
Reportable segment assets	**2,949,546**	3,216,710
Unallocated corporate assets*	**125,654**	135,363
Consolidated total assets	**3,075,200**	3,352,073
Liabilities		
Reportable segment liabilities	**153,579**	146,678
Unallocated corporate liabilities	**1,635**	2,102
Consolidated total liabilities	**155,214**	148,780

* *Unallocated corporate assets as at 31 March 2019 mainly represent cash and bank balances of HK$11,522,000 (2018: HK$55,906,000) and financial assets at fair value through profit or loss of HK$110,000,000 (2018: available-for-sale investments of HK$69,802,000) held by the Company.*

(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	
	2019	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
PRC, including Hong Kong	**3,003**	59,568	**2,838,912**	2,994,971
Chile	**–**	–	**11,775**	22,050

(d) Information about major customers

Revenue from customers of the segment of development of electric vehicles contributing over 10% of the total revenue of the Group is as follows:

	2019	2018
	HK'000	*HK'000*
Customer A	**–**	25,961
Customer B	**–**	5,958
Customer C	**1,021**	–
Customer D	**754**	–
Customer E	**751**	–
	2,526	31,919

5. REVENUE AND OTHER INCOME

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

	2019	2018
	HK$'000	*HK$'000*
Revenue		
Continuing operations		
Sale of motor vehicles	**1,505**	59,027
Sale of batteries	**1,498**	541
	3,003	59,568

	2019	2018
	HK$'000	*HK$'000*
Other income		
Continuing operations		
Gain on disposal of property, plant and equipment	**–**	114
Government grant *(note i)*	**3,411**	–
Sundry income	**1,456**	3,290
Interest income	**363**	1,314
	5,230	4,718
Discontinued operations		
Rental income	**1,273**	3,352
Interest income	**1**	–
Sundry income	**18**	–
Income from trading ore in Chile	**13**	1,335
Exchange gain, net	**–**	222
Gain on disposal of property, plant and equipment	**–**	12
	1,305	4,921

Disaggregation of timing of revenue recognition within scope of HKFRS 15:

	2019	2018
	HK$'000	*HK$'000*
Sale of motor vehicles		
– At a point in time	**1,505**	59,027
Sale of batteries		
– At a point in time	**1,498**	541
	3,003	59,568

Note:

(i) Government grants were received from local government authority, the entitlements of which were under the discretion of the relevant authority. There is no unfulfilled conditions and other contingencies attaching to the government grants that have been recognised.

(ii) The Group has initially applied HKFRS 15 using the cumulative effect method. Under this method, the comparative information is not restated and was prepared in accordance with HKAS 18.

6. FINANCE COSTS

	2019	2018
	HK$'000	*HK$'000*
Continuing operations		
Bank borrowings interest	**69**	690

7. LOSS BEFORE INCOME TAX

(a) Loss before income tax from continuing operations is arrived at after charging:

	2019	2018
	HK$'000	*HK$'000*
Continuing operations		
Auditor's remuneration	**1,560**	1,490
Amortisation of prepaid lease payments for land	**1,561**	1,417
Amortisation of other intangible assets	**10,750**	11,949
Cost of inventories recognised as expenses	**2,754**	58,732
Depreciation of property, plant and equipment	**9,819**	10,740
Exchange loss, net	**1,888**	44
Impairment of inventories	**30,976**	13,214
Impairment of trade receivables	**5,223**	2,813
Impairment of contract assets	**13**	–
Impairment of interest in joint venture	**277**	5,358
Impairment of mining assets	**–**	104,048
Impairment of other receivables and prepayments	**15,678**	16,405
Operating lease rentals on leasehold land and buildings	**11,859**	10,261
Research and development cost	**2,711**	19,956
Directors' remuneration	**5,017**	5,091
Employee costs (excluding directors' remuneration)		
– Salaries and allowances	**23,854**	28,864
– Share-based payments *(note 16)*	**8,663**	14,715
– Other benefits	**1,186**	1,604
– Pension contributions	**1,940**	2,128
	35,643	47,311

(b) Discontinued operations

In December 2017, management of the Group passed a resolution to discontinue the Group's ore processing and trading segment which was carried out by the Company's subsidiary, Minera Catania Verde S.A. ("Verde") in Chile as they consider that such businesses would not be commercially viable after the reassessment of the latest situation and the Group plans to focus its resources on development of its electric vehicle businesses. The associated assets were consequently classified as held for sale in the consolidated statement of financial position as at 31 March 2018.

The financial performance and cash flows of Verde were as follows:

	2019	2018
	HK$'000	*HK$'000*
Revenue	**–**	–
Other income	**1,305**	4,921
Administrative expenses	**(8,839)**	(11,889)
Loss before tax	**(7,534)**	(6,968)
Impairment loss on goodwill	**–**	(38,162)
Impairment loss on remeasurement at fair value less costs to sell	**(10,275)**	(84,547)
Loss for the year from discontinued operations	**(17,809)**	(129,677)
Net cash outflow from operating activities	**(6,374)**	(4,715)
Net cash inflow/(outflow) from investing activities	**1**	(766)
Net cash inflow from financing activities	**5,887**	6,161
Net cash (outflow)/inflow from discontinued operations	**(486)**	680

The carrying amounts of the non-current assets of Verde at the end of reporting period are disclosed in note 13.

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 2019, subject to the agreement by the Hong Kong Inland Revenue Department, the Group had unused tax losses of HK$115,974,000 (2018: HK$104,230,000) available for offsetting against future profits. In addition, the Group had unused tax losses related to subsidiaries operating in Mainland China of HK$191,642,000 (2018: HK$182,663,000). 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:

	2019	2018
	HK$'000	*HK$'000*
Loss before income tax from continuing operations	**(161,560)**	(272,161)
Loss before income tax from discontinued operations	**(17,809)**	(129,677)
Loss before income tax	**(179,369)**	(401,838)
Tax credit at the applicable rates	**(29,437)**	(73,312)
Tax effect of non-taxable revenue	**(1,195)**	(71)
Tax effect of non-deductible expenses	**19,947**	50,844
Tax effect of tax losses and temporary differences not recognised	**8,465**	20,298
Income tax credit for the year	**(2,220)**	(2,241)
Income tax credit is attributable to:		
Loss from continuing operations	**(2,220)**	(2,241)
Loss from discontinued operations	**–**	–
	(2,220)	(2,241)

9. DIVIDEND

No dividend has been proposed or paid by the Company in respect of the years ended 31 March 2019 and 2018.

10. LOSS PER SHARE

For continuing and discontinued operations

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

	2019	2018
	HK$'000	*HK$'000*
Loss for the year attributable to owners of the Company	**156,625**	(321,861)

	2019	2018
	Number	*Number*
Weighted average number of ordinary shares in issue	**5,110,183,786**	4,681,690,636

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.

For continuing operations

Basic and diluted loss per share for continuing operations is HK$0.03 per share (2018: HK$0.05 per share) based on the loss for the year from continuing operations of HK$145,939,000 (2018: HK$244,055,000) and the weighted average number of ordinary shares in issue detailed above. 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.

From discontinued operations

Basic and diluted loss per share for discontinued operations is HK$0.002 per share (2018: HK$0.02 per share) based on the loss for the year from discontinued operations of HK$10,686,000 (2018: HK$77,806,000) and the weighted average number of ordinary shares in issue detailed above. 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. MINING ASSETS

Cost and net carrying value:

	2019	2018
	HK$'000	*HK$'000*
At 1 April	**2,707,654**	2,537,127
Impairment loss	**–**	(104,048)
Exchange realignment	**(173,543)**	274,575
At 31 March	**2,534,111**	2,707,654

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 pending for the issuance of land use right certificate for the construction of 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 at its fair value based on a valuation of the mining assets performed by an independent firm of professional valuers (the "Valuers") using the multi period excess earnings method.

The multi period excess earnings method 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 2022 to June 2041 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. Cash flows covering a six-year period from 2022 to 2027 are based on financial budgets approved by senior management. Cash flows beyond the six-year period are extrapolated using an estimated weighted average growth rate of 3.26% (2018:3.12%), which does not exceed the geometric mean of 12-year average of China Producer Price Index-non ferrous Metals Mining and Dressing Year over Year. Management considers the six-year period from 2022 to 2027 reflects the length of time to incur necessary capital expenditure to exploit the economic benefits of the mining business of thenardite. The projected future cash flows are discounted to its present value by the appropriate discount rate determined from market data.

Below are the key assumptions used for the multi period excess earnings method:

	2019	2018
Thenardite price per ton	**RMB933**	RMB844
Required rate of return for working capital	**3.26%**	3.26%
Required rate of return for fixed assets	**12.71%**	9%
Required rate of return for assembled workforce	**19.63%**	18.05%
Post-tax discount rate	**19.63%**	18.05%
Income growth rate within the projected period	**3.26%**	3.12%
Costs growth rate within the projected period	**1.40%**	1.48%

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-metal minerals from 2007 to 2019 and the costs growth rate represents the China Producer Price Index from 2000 to 2019. 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 fair value 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 multi period excess earnings by the appropriate discount rate determined from market data.

As the recoverable amount of the mining assets exceeded its carrying value, no impairment loss was recognised for the year ended 31 March 2019 (2018: impairment loss of approximately HK$104,048,000).

12. TRADE RECEIVABLES

	2019	2018
	HK$'000	*HK$'000*
Trade receivables at amortised cost	**22,155**	51,195
Less: Accumulated impairment losses	**(10,678)**	(2,975)
	11,477	48,220

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

	2019	2018
	HK$'000	*HK$'000*
0 – 30 days	**–**	15,496
31 – 90 days	**–**	1,096
91 – 180 days	**81**	12,997
181 – 365 days	**–**	1,397
More than 1 year	**11,396**	17,234
	11,477	48,220

The average credit period on sales of electric vehicles is 30-365 days from the invoice date. The Group recognised impairment losses based on ECL model.

The Group applies provision matrix to measure the ECLs prescribed by HKFRS 9. As at 31 March 2019, the ECL rates applied in the provision matrix are determined with reference to the debtors' characteristics, including historical actual loss on the trade receivables and information specific to the debtors as well as pertaining to the economic environment in which the debtors operate. The weighted-average ECL rates ranging from 4% to 100% were applied to trade receivables.

Trade receivables

	At 31 March 2019			
	ECL rate – weighted average	**Gross carrying amount**	**Less: Loss allowance**	**Net carrying amount**
		HK$'000	*HK$'000*	*HK$'000*
Collective assessment				
Not yet past due	4%	7,569	(303)	7,266
Less than one month past due	60%	571	(342)	229
One to three months past due	70%	446	(312)	134
More than three months but less than one year past due	76%	3,359	(2,553)	806
More than one year past due	100%	2,093	(2,093)	–
		14,038	(5,603)	8,435
Individual assessment*				
More than one year past due	50%	8,117	(5,075)	3,042
		22,155	(10,678)	11,477

As there is no default event during the year, there is no change in the historical default rate and same ECL rates as at 1 April 2018 were applied as at 31 March 2019.

* *The individually assessed receivable represented a debtor which is owned by the PRC government and the Group consider the receivable was credit impaired during the year, as a result, the ECL rate increased to 50% as at 31 March 2019.*

Movement in loss allowance account in respect of trade receivables during the year is as follows:

	HK$'000
Balance as at 31 March 2018 under HKAS 39	2,975
Impact on initial application of HKFRS 9 *(note 2(a)(ii))*	4,143
Adjusted balance as at 1 April 2018	7,118
Impairment loss recognised	5,223
Reversal of impairment losses previously recognised	(1,202)
Exchange realignment	(461)
As at 31 March 2019	10,678

13. ASSETS CLASSIFIED AS HELD FOR SALE

In December 2017, management of the Group decided to discontinue operations of Verde after considering the ore processing and trading segment's commercial viability. As at 31 March 2018, the Group initiated an active programme to dispose of the non-current assets held by Verde, and it is expected that the associated assets will be disposed within 2018. Due to market condition, the Group did not receive reasonable offer for these assets and these assets were not sold as at 31 March 2019. In June 2019, the Group received an offer to acquire these assets at United States dollars ("US$") of 1.5 million (equivalent to approximately HK$11,775,000) and management accepted the offer. Therefore, the following major classes of non-current assets relating to Verde continues to be classified as held for sale in the consolidated statement of financial position as at 31 March 2019 and the carrying value was further written down based on the latest offer accepted by management.

	Carrying value *HK$'000*	**Impairment loss charged to profit or loss** *HK$'000*	**Lower of carrying value and fair value less costs to sell** *HK$'000*
Property, plant and equipment	7,515	(3,300)	4,215
Construction in progress	2,998	(1,400)	1,598
Intangible assets	11,537	(5,575)	5,962
	22,050	(10,275)	11,775

In accordance with HKFRS 5, the assets were written down to their fair value less costs to sell of HK$22,050,000 based on independent professional valuation as at 31 March 2018.

No impairment loss on goodwill was recognised (2018: HK$38,162,000) and impairment loss of HK$10,275,000 (2018: HK$84,547,000) on non-current assets of Verde at fair value less costs to sell were recognised in profit or loss for the year ended 31 March 2019. The impairment loss for the year ended 31 March 2019 was assessed based on the latest accepted offer.

The operation of Verde constitutes a discontinued operation as it represents a major geographical area of operation.

14. ACCOUNTS PAYABLE

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

	2019	2018
	HK$'000	*HK$'000*
0 – 30 days	**–**	65
31 – 90 days	**433**	974
91 – 180 days	**3,211**	12,855
181 – 365 days	**2,392**	7,454
More than 1 year	**10,628**	7,752
	16,664	29,100

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

15. SHARE CAPITAL

	2019 Number of shares	**2019** HK$'000	2018 Number of shares	2018 HK$'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	**5,036,046,800**	**50,360**	4,446,046,800	44,460
Placing of shares *(note i)*	**330,000,000**	**3,300**	–	–
Conversion of Convertible Notes *(note ii)*	**–**	**–**	590,000,000	5,900
At 31 March	**5,366,046,800**	**53,660**	5,036,046,800	50,360

Note:

(i) On 8 January 2019, 330,000,000 ordinary shares of the Company were issued at a subscription price of HK$0.1 each to independent third parties at an aggregate consideration of HK$33,000,000 of which HK$3,300,000 was credited to share capital and the remaining balance of HK$29,037,000 (net of share issue expenses of HK$663,000) was credited to share premium account.

(ii) During the year ended 31 March 2018, the Company's Convertible Notes in principal amount of HK$442,500,000 were converted into 590,000,000 ordinary shares of the Company at the conversion price of HK$0.75 per share, of which HK$5,900,000 was credited to share capital and the remaining balance of HK$384,922,000 was credited to share premium account.

16. 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 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 (2018: nil) 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 01/04/2017	Lapsed/ forfeited during the year	At 31/03/2018	Lapsed/ forfeited during the year	At 31/03/2019	Exercise price	Closing price at date of offer of grant	Exercise period	Vesting period
Under the Old Scheme									
11/07/2007	32,500,000	(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)	–	–	–	HK$2.95	HK$2.90	01/04/2008 to 17/09/2017	01/04/2008 to 31/03/2013
16/12/2009	40,400,000	–	40,400,000	–	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	91,000,000	(33,000,000)	58,000,000	(1,000,000)	57,000,000	HK$1.15	HK$1.11	12/04/2016 to 10/04/2024	12/04/2016 to 12/04/2020
10/03/2016	366,300,000	(28,600,000)	337,700,000	(12,100,000)	325,600,000	HK$0.30	HK$0.28	10/03/2016 to 09/03/2026	10/03/2016 to 11/03/2020
	535,200,000	(99,100,000)	436,100,000	(13,100,000)	423,000,000				

The weighted average remaining contractual life of options outstanding at the end of the year was 6.09 years (2018: 7.16 years). The weighted average exercise price of options outstanding at the end of the year was HK$0.43 (2018: HK$0.43).

Of the total number of options outstanding at the end of the year, 335,080,000 (2018: 266,220,000) were exercisable at the end of the year.

There was no exercise of share options during the years ended 31 March 2019 and 2018.

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$0.30
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$9,411,000 (2018: HK$16,462,000) was recognised during the year.

17. CAPITAL COMMITMENTS

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

	2019	2018
	HK$'000	*HK$'000*
Acquisition of property, plant and equipment	**20,526**	4,437
Capital expenditure in respect of the construction of the ores processing plant	**3,697**	3,697
Capital expenditure in respect of the mining operations	**8,746**	9,186
Capital expenditure in respect of the development of electric vehicles	**18,434**	68,377
	51,403	85,697

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 consolidated financial statements, the Group had no significant transactions with related parties during the years ended 31 March 2019 and 2018.

Members of key management during the reporting period comprised only of the directors whose remuneration is set out in note 7(a).

19. EVENTS AFTER THE REPORTING PERIOD

On 1 May 2019, the Company received a bona fide offer from a third party to purchase the investment in Rimac Automobili d.o.o. ("Rimac"). The Company has commenced legal procedures relating to the proposed disposal including the approval to be obtained from Rimac and the existing shareholders of Rimac. Once the approval is obtained, the Company will enter into a binding arrangement with the potential buyer and will disclose the relevant information in accordance with the requirements of the Listing Rules, if necessary.

On 6 May 2019, the Company issued 670,000,000 new shares of HK$0.01 each to not less than six independent third parties at a price of HK$0.11 per share under the general mandate granted to the directors of the Company at the annual general meeting of the Company held on 27 August 2018. Such placing was announced on 10 April 2019 whereas the closing price of the shares of the Company was HK$0.1356 on the date of the placing agreement, representing a discount of approximately 18.88%. The net proceeds of approximately HK$70.6 million were intended to be used for the general working capital purpose and development of electric vehicle businesses in the People's Republic of China (the "PRC"). Up to the date of this results announcement, the funds raised have not been fully utilised and the remaining balance is currently kept in an interest bearing bank account pending for usage.

On 8 May 2019, the board adopted a Share Award Plan, under which any eligible participants, including but not limited to any directors and employees of the Group, are eligible for participation in the Share Award Plan. Pursuant to the Share Award Plan, shares will be subscribed or acquired by the independent trustee from the market, at the cost of the Company and be held on trust for the selected participants until they vest. Vested shares will be transferred at no cost to the selected participants. The maximum number of shares to be awarded under the Share Award Plan shall not exceed 10% of the total number of issued shares as at 8 May 2019, which is 688,604,680 shares.

On 1 June 2019, the Group received and accepted an offer letter from an independent third party that they are willing to purchase those non-current assets of Verde for US$1,500,000 (equivalent to approximately HK$11,775,000). Since the carrying amount of assets held for sale amounted to HK$22,050,000 exceeds the offered price (which is considered as the fair value of the assets), a further impairment loss of HK$10,275,000 is recognised in profit or loss for the year ended 31 March 2019. The disposal is targeted to be completed before 30 September 2019.

RESULTS

During the year ended 31 March 2019, the Group recorded revenue of approximately HK$3.0 million (2018: HK$59.6 million) derived from the sales of motor vehicles and batteries. Gross profit decreased to approximately HK$0.2 million (2018: HK$0.8 million) with the gross profit ratio at 8.3% (2018: 1.4%). The decrease in revenue on the sales of motor vehicles and batteries was the result of a decline in sales orders which affected the economies of scale. Details of the current development are set out in the section headed "Business Review" below.

The Group recorded a loss of approximately HK$177.1 million for the year as compared to a loss of approximately HK$399.6 million for last year. The decrease in loss was mainly due to the decrease in administrative and other expenses to approximately HK$134.7 million (2018: HK$151.3 million), the decrease in impairment loss from discontinued operations in Chile to approximately HK$10.3 million (2018: HK$122.7 million) as detailed in the "Ores Processing and Trading" segment under the "Business Review" and no impairment loss was recognised on the mining assets during the year (2018: impairment loss of approximately HK$104.0 million) as detailed in the "Mining and Production of Mineral Products" segment under the "Business Review".

The loss attributable to the owners of the Company was approximately HK$156.6 million (2018: HK$321.9 million). Basic and diluted loss per share for the year was HK$0.03 per share (2018: HK$0.07 per share).

DIVIDEND

The directors of the Company do not recommend the payment of any dividend for the year ended 31 March 2019 (2018: nil).

BUSINESS REVIEW

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

Chongqing Suitong New Energy Automotive Manufacturing Co., Ltd. ("Suitong"), a subsidiary which is principally engaged in manufacturing of whole electric buses along with the entire electric power system and control system, manufacturing of other buses, marketing and selling the components of vehicles.

As discussed in the previous annual report, subsidy fraud investigation across the industry and various frequent policy changes have seriously affected the pace of our EVs business since those models which had already qualified had to resubmit approval applications for undergoing further newly added criteria and new tests. With ongoing unexpected new policies and measures promulgated periodically, launching new models in time has become a real challenge. Nonetheless, the Group welcomes such governmental initiatives, as they can eliminate the bad practices in the industry and lead to a more healthy and regulated market. Subsequent to the launching of 8.9m commuter bus, the 8.5m and 10.5m public transport buses in the previous year, Suitong had also gained inclusion in the revised Catalogue of Recommended Models for New Energy Automobile Popularisation (the "Catalogue") (《新能源汽車推廣應用推薦車型目錄》) for the two new models which it has been prioritised, namely the 3 tonnes logistic vehicle and 4.5 tonnes logistic vehicle during the reporting period.

Although the prevailing EVs market is highly competitive, the subsidy program in the PRC is expected to be a lot less significant next year and may totally stop in the year after, the EVs industry will definitely become more healthier and more fair and favorable to Suitong in obtaining reasonable sales contract by then. However, Suitong will respond to the market situation in Mainland China, and will diversify its business into oversea markets rather than to rely solely on the PRC market. As such, Suitong is currently seeking export market opportunities in South East Asia, South America and MENA region (Middle East and North Africa region), and is optimistic that a fast market roll out plan can be successfully carried out in the near future.

In May 2016, the Company has entered into a non-legally binding investment agreement with Qijiang District of Chongqing to acquire a parcel of land of approximately 800 mu for industrial purposes in the Qijiang District, Chongqing. The investment has outlined a construction plan for a new production facility to manufacture new energy vehicles and buses with an annual production capacity of 5,000 units. The construction is to be divided into two phases, the first phase of which is expected to be completed in two years. The Group considers this investment in the production facility to be a milestone of introducing its self-developed new energy vehicles and buses into mass production. The Group has completed the acquisition of 502.77 mu parcel of land at the cost of approximately RMB51.2 million. The acquisition on the parcel of land for the first phase is completed and the construction of the new production facility is in progress and target to be completed at the mid of 2019. Subsequent to the year ended 31 March 2019, part of the new production facility is being utilised and undergoing installation of the production facilities.

The Group has always emphasised the development of our Own Powertrain System as our unique competitiveness edge and has progressed in enhancing and optimising that system, and is vertically directing deeper research into areas such as new material batteries, optimising control hubs and power efficiency and intelligent control. The Group is of the view that this enhancement may complement future development of smart cities which is believed to be a major global trend. During the year ended 31 March 2019, the Group has entered into a Strategic Cooperation Framework Agreement with a cutting edge hydrogen fuel cell provider in the PRC to develop fuel cell battery new energy vehicles. The Group is of the view that only companies keeping their competitive capacity at the forefront can harvest and grasp the big opportunities in the coming near future. The details of the Strategic Cooperation Framework Agreement, was disclosed in the Company's voluntary announcement dated 21 November 2018. As at 31 March 2019, no hydrogen fuel cell vehicles have yet been produced in accordance with Strategic Cooperation Framework Agreement since no fuel cell from the provider is provided in due course. Nevertheless, the Group is dedicated to develop new energy and its application, and therefore, the Group may source alternative supplies elsewhere.

Although the pace of market development is still much slower than expected partially due to the dependence of various subsidy programs, the Group still considers that electrification of transportation vehicles or new energy vehicles is an inevitable global trend. Declining subsidy magnitude will also help to lead the market to become less reliant on governmental subsidies and to become more rational and better regulated. As such, market participants could compete on the basis of quality and value for money products. The Group strongly believes that the EVs or new energy markets still offer an enormous opportunity for business growth. The Group had also started to participate in electric boat ("Eboat") market and has entered into certain cooperations since May 2019. The Board is optimistic that the Group is well positioned to develop the eBus, electric vehicle as well as Eboat market, and is able to expand and capture opportunities for various new energy industry as they arise.

The investment in Rimac has been diluted from 8.06% as at 31 March 2018 to 7.19% as at 31 March 2019 resulting from a new capital investment from a new investor in Europe during the year under review. While Rimac has not yet made any positive contribution, nonetheless its sales orders are growing and its fair value is appreciating. As resulted from the application of HKFRS 9 as mentioned in note 2, the investment in Rimac is restated from the cost of approximately HK$69.8 million to the fair value of approximately HK$120.7 million.

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 Zhuang Autonomous Region, 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. The Glauberite Mine is one of the largest in terms of its confirmed resources within the PRC. It is also strategically located at Taowei county of Guangxi which is easily accessible by river transport to the industrial Pearl River Delta, as well as a short distance to the only land export gateway to China's largest thenardite exporting countries, in the ASEAN region. Along with the expanding economy of the PRC, the Group expects that there will be a corresponding increment of thenardite demand in the PRC as a result of ongoing urbanisation. At the same time, all old and small glauberite mine operators have been phased out over the past few years due to low quality of their products and low efficiency. This trend together with the efforts of the Industry Alliance set up by major participants promoting anti-dumping and fair competition, have caused the market to become more rational with the pricing of thenardite products rising gradually in recent years.

Land acquisitions for the factory as well as for road access have been progressing at a much slower pace than expected. An accumulated expenditure of approximately RMB18.5 million (2018: RMB18.4 million) was incurred for the construction of an access road to the factory site. No other significant exploration, development or production activity was conducted for the Glauberite Mine during the year ended 31 March 2019. The mineral resources have 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 land use rights covering 63,118 square meters of land for RMB7.6 million. Another RMB8.4 million was paid for approximately 100,000 square meters of land for a factory site, however, relevant land use rights have not been issued as processing on land management by the local government is continuing. Procedure for approximately 41,500 square meters of land for road access have also been completed but no payment has been made to the government since the land use rights of the second parcel of land as stated above is still pending approval. Guangxi Weiri will work closely with the local government to resolve the land issue, and hopes to obtain access to the land even without receiving relevant land use rights. However, Guangxi Weiri will weigh the relevant risks involved before any construction work is carried out. Before proceeding with the project, the Group is also considering the feasibility of adjusting the project schedule so as to enable Guangxi Weiri to commence certain auxiliary construction work first.

The Group has closely monitored the Glauberite Mine development and periodically assesses its resources, financial viability, and general condition. The management has conducted 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 has also engaged a qualified independent valuer to assess its fair value annually. The fair value is calculated under the Multi Period Excess Earnings Method, which is based on a financial budget covering a twenty-year period from 2022 to June 2041 and then reduced by the discount rate. The Group has assessed the key assumptions used for the calculation of the discounted cash flows, including the prevailing market condition of the thenardite products, the exploitation volume of the resources and the discount rate adopted. Details of the key assumptions applied for the Glauberite Mine are set out in note 11. As the recoverable amount of the mining assets exceeded its carrying value, no impairment loss was recognised for the year ended 31 March 2019 (2018: impairment loss of approximately HK$104.0 million). Given the Glauberite Mine's distinct advantage in terms of its immense resources, strategic location and market potential, the Group remains highly confident that it is a unique and valuable asset.

Mineral resources and ore reserves

As at 31 March 2019, 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 2019:

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 resources as at 31 March 2019 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.

Competent Person's Consent Form from Mr. Danny Kentwell have been obtained by China Dynamics (Holdings) Limited on 3 May 2019.

Metals and minerals trading

With the continued excess production capacity in the PRC, downward pressure on the prices of metals remained high. The trading industry consequently remained weak, hence the Group had not concluded any trading contract on metal ores during the year to avoid any possible risk. The Group continues to identify and pursue other types of resources for the trading business and believes that it will be able to seize such opportunities as they arise.

Ores processing and trading

As discussed in previous annual reports, the Group had already slowed down the progress on the development of its ores processing plant in Chile in 2009. In recent years, the water scarcity and prioritisation of water usage for agriculture and human consumption still continue. Mining companies in the region where our Chile's subsidiary, Verde, operates may be subject to legal actions filed by the Chile Regional Government and by the communities, for the impact caused by the use of water to the detriment of agriculture or human consumption. In previous year, the Group together with Verde's joint venture partners, Tong Guan Resources Holdings Ltd and Catania Copper (Chile) Limited, reviewed the situation and considered to discontinue the operation of Verde from 16 December 2017. Hence the major classes of non-current assets of Verde are classified as held for sale separately from other assets in the consolidated statement of financial position and its financial performance is presented in the consolidated statement of profit or loss and other comprehensive income separately from the continuing operations. Subsequent to the reporting period, the Group has received and accepted an offer letter from an independent third party that they are willing to purchase those non-current assets of Verde for US$1.5 million (equivalent to approximately HK$11.8 million), details of which are set out in note 19.

After the disposal of the assets and the settlement of the outstanding liabilities of Verde, the Group will commence the voluntary liquidation of Verde and its related companies 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 2019, 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 8 January 2019, the Company issued 330,000,000 new shares of HK$0.01 each to not less than six independent third parties at a price of HK$0.10 per share under the general mandate granted to the directors of the Company at the annual general meeting of the Company held on 27 August 2018. Such placing was announced on 13 November 2018 and the placing price was determined on 19 December 2018 whereas the closing price of the shares of the Company was HK$0.108 on the last trading day as at 19 December 2018, representing a discount of approximately 7.41%. The net proceeds of approximately HK$32.3 million were intended to be used for the general working capital purpose and development of electric vehicle businesses in the PRC. Up to the reporting date, the proceeds had been used as general working capital, mainly administrative expenses of the Group, and the development of electric vehicle businesses in the PRC.

Subsequent to the reporting period, on 6 May 2019, the Company further issued 670,000,000 new shares at a placing price of HK$0.11, details of which are set out in note 19.

The Group has generally financed its operations by internal resources. However, due to the rapid expansion of the business mentioned above, the Group may seek external financial resources in the future in order to finance its operations. As at 31 March 2019, the net asset value of the Group amounted to approximately HK$2,920.0 million (2018: HK$3,203.3 million). The gearing ratio of the Group was nil as no bank borrowings as at 31 March 2019 (31 March 2018: 0.2% based on bank borrowings of HK$6.2 million) and the equity attributable to owners of the Company of approximately HK$2,914.0 million (31 March 2018: HK$3,176.5 million).

As at 31 March 2019, the Company has (i) outstanding convertible notes in the principal amount of HK$1,687.5 million (2018: HK$1,687.5 million) which could be converted into 2,250,000,000 shares (2018: 2,250,000,000 shares) of the Company based on the conversion price of HK$0.75 per share 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 Listing Rules, respectively); and (ii) outstanding share options entitling participants to subscribe for a total of 423,000,000 shares (2018: 436,100,000 shares) of the Company, for which 335,080,000 shares (2018: 266,220,000 shares) are vested.

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. As at 31 March 2019, the Group had unpledged cash and bank balances of approximately HK$21.7 million (2018: HK$92.9 million), of which 60.6% (2018: 46.9%) was denominated in HK dollars, 37.7% (2018: 51.3%) was denominated in Renminbi and 1.1% (2018: 1.1%) was denominated in US dollars. There was no bank borrowings (31 March 2018: HK$6.2 million are denominated in Renminbi with the effective interest rates of 6.8% per annum) as at 31 March 2019.

During the current year, the exchange rate of the Renminbi has depreciated by approximately 6.9% against the HK dollars having a negative impact on the results of the Group on the translation of the Group's assets that are denominated in Renminbi. The Group has not entered into any foreign currency exchange forward contracts for hedging purposes for Renminbi during the year. Foreign exchange exposure in respect of US dollars is considered to be minimal as the exchange rate between HK dollars and US dollars is pegged. The Group will closely monitor the currency exposure and, when it considers it to be appropriate, will take the necessary actions to ensure that such exposure is properly hedged.

PROSPECTS

The Group believes that new energy sectors are definitely a focus of global interest and a major trend in improving air pollution and enhancing economic sustainability. With the Group's expected expansion of production capacity in Qijiang District, and the diversification of business into oversea export market, the Group is confident that the eBus and EVs business will grow at a fast pace contributing to revenue and bringing the Group's business to the next level. Also with the entering of other sectors like Eboat, fuel cell, and other new energy business, may widen the scope of the Group and hence the future opportunities. The Group is well positioned and confident to develop the market and is also capable to initiate expansion and capture opportunities as they arise.

The product of the Glauberite Mine is thenardite, which is an important raw material used in the chemical and light industrial manufacturing industries. The Group expects that there will be increasing thenardite demand in the PRC's market as the result of ongoing urbanisation. Furthermore, industry consolidation and the efforts of the Industry Alliance will also facilitate a more rational market. The Group therefore believes that the Glauberite Mine is a valuable asset and will continue to regularly assess its resources, financial viability and general condition.

Although the excess production capacity in the PRC will inevitably affect the demand of metals and minerals, nevertheless, the global economy has continued a moderate recovery. The Group will closely monitor the situation and will look for any potential trading opportunity.

CHARGES ON THE GROUP'S ASSETS AND CONTINGENT LIABILITIES

As at 31 March 2019, there was no charge on the Group's assets. In the previous year, the Group has pledged a parcel of land in Chongqing with aggregate carrying amount of approximately HK$17.8 million to secure a bank borrowing of approximately HK$6.2 million. In the current year, the bank borrowing was fully settled and the pledge of land has been released.

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 the customers' default, the Group will be required to compensate the financial institution for the outstanding receivables from the customers. As at 31 March 2019, the Group's maximum exposure to the arrangement was RMB2.7 million (2018: RMB9.8 million). During the year ended 31 March 2019, no payment has been made by the Group (2018: RMB1.9 million) resulting from the customers' default in making payments to the financial institution. Management considers the probability of further default is low and in case of default, the expected cash outflows of the Group is insignificant. Therefore, no provision has been made in the consolidated financial statements for these guarantees.

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

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2019, the Group employed 154 (2018: 239) 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 practices. Discretionary bonuses and other individual performance bonuses 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 labor legislation. In Hong Kong, the Group provides staff benefits including the 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

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

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 2019 except for the Code Provisions A.2.1 and A.6.7.

Code Provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. 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 is appropriate.

Code Provision A.6.7 stipulates that independent non-executive directors and non-executive directors should attend general meetings. Due to other business engagements, two independent non-executive directors could not attend the annual general meeting of the Company held on 27 August 2018.

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.

All directors have confirmed, following specific enquiry by the Company, they have complied with the required standards set out in the Model Code during the year ended 31 March 2019.

CHANGE IN DIRECTORS' 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 announcement, changes in directors' information are set out below:

- 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 2019 to 30 June 2021 at a director's fee of HK$100,000 per annum; and

- Dato' Tan Yee Boon, the independent non-executive director of the Company, has been appointed as an independent non-executive director of TIL Enviro Limited (a company listed on 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.

EVENTS AFTER THE REPORTING PERIOD

Details of the events after the reporting period are set out in note 19.

AUDIT COMMITTEE

The Company has an Audit Committee which was established in accordance with the requirements of the Code and comprised of three independent non-executive directors, Mr. Chan Francis Ping Kuen, Mr. Hu Guang and Dato' Tan Yee Boon. 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 annual 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 2019 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 2019 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, 24 June 2019

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Cheung Ngan and Ms. Chan Hoi Ying, one non-executive Director, namely Mr. Zhou Jin Kai, and three independent non-executive Directors, namely Mr. Chan Francis Ping Kuen, Mr. Hu Guang and Dato' Tan Yee Boon.