Ev Dynamics (Holdings) Limited
科軒動力(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 2023

The board of directors (the "**Board**") of Ev 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 2023.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	**2023** *HK$'000*	2022 *HK$'000*
Revenue	*5*	**36,347**	49,947
Cost of sales		**(36,980)**	(45,638)
Gross (loss)/profit		**(633)**	4,309
Other income	*5*	**42,141**	1,471
Selling and distribution expenses		**(646)**	(757)
Administrative expenses		**(88,168)**	(101,980)
Impairment of mining assets		**(96,364)**	(301,762)
Impairment of trade receivables, net		**(5,824)**	(3,217)
Impairment of other receivables		**(14,099)**	–
Write-off of other receivables and prepayments, net		**(4,867)**	(7,592)
Change in fair value of financial assets at fair value through profit or loss ("**FVTPL**")		**87,712**	(5,579)
Realised loss on disposal of financial assets at FVTPL		**–**	(2,567)
Finance costs	*6*	**(770)**	(1,035)
Loss before income tax	*7*	**(81,518)**	(418,709)
Income tax credit	*8*	**127**	3,618
Loss for the year		**(81,391)**	(415,091)

	Note	2023 HK$'000	2022 HK$'000
Other comprehensive income for the year			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising from:			
– translation of foreign operations		**(126,310)**	74,549
– reclassification relating to deemed disposal of a subsidiary		**(1,559)**	–
– reclassification relating to dissolution of subsidiaries		**–**	579
Other comprehensive income for the year		**(127,869)**	75,128
Total comprehensive income for the year		**(209,260)**	(339,963)
Loss attributable to:			
– Owners of the Company		**(81,160)**	(408,335)
– Non-controlling interests		**(231)**	(6,756)
		(81,391)	(415,091)
Total comprehensive income attributable to:			
– Owners of the Company		**(211,837)**	(332,490)
– Non-controlling interests		**2,577**	(7,473)
		(209,260)	(339,963)
Loss per share			
– Basic and diluted *(HK$)*	*10*	**(0.01)**	(0.05)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2023

	Notes	2023 HK$'000	2022 HK$'000
Non-current assets			
Property, plant and equipment		**35,293**	44,574
Construction in progress		**26,841**	77,321
Right-of-use assets		**26,720**	92,512
Mining assets	*11*	**1,380,000**	1,595,000
Investment in an associate		**2,863**	–
Other intangible assets	*12*	**5,782**	8,343
Amount due from an associate		**6,565**	–
Other receivables, deposits and prepayments		**12,093**	13,062
Total non-current assets		**1,496,157**	1,830,812
Current assets			
Inventories		**23,751**	31,132
Trade receivables	*13*	**19,324**	31,879
Contract assets		**10,246**	11,067
Other receivables, deposits and prepayments		**73,563**	59,388
Financial assets at FVTPL		**85,400**	42,768
Cash and bank balances		**1,429**	4,669
Total current assets		**213,713**	180,903
Total assets		**1,709,870**	2,011,715

	Notes	2023 HK$'000	2022 HK$'000
Current liabilities			
Accounts payable	*14*	**9,785**	12,741
Other payables and accruals		**29,415**	89,380
Contract liabilities		**21,405**	4,280
Loans from shareholders		**6,938**	–
Bank and other borrowings		**4,750**	741
Lease liabilities		**4,050**	6,170
Total current liabilities		**76,343**	113,312
Net current assets		**137,370**	67,591
Total assets less current liabilities		**1,633,527**	1,898,403
Non-current liabilities			
Deferred tax liabilities		**4,522**	5,022
Other payables		**–**	67,354
Loans from shareholders		**4,458**	4,123
Bank borrowing		**5,143**	6,296
Lease liabilities		**1,088**	4,958
Total non-current liabilities		**15,211**	87,753
Total liabilities		**91,554**	201,065
NET ASSETS		**1,618,316**	1,810,650
Equity			
Share capital	*15*	**92,796**	90,096
Reserves		**1,566,129**	1,763,740
Equity attributable to owners of the Company		**1,658,925**	1,853,836
Non-controlling interests		**(40,609)**	(43,186)
TOTAL EQUITY		**1,618,316**	1,810,650

1. CORPORATE 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 46th Floor, United Asia Finance 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 and mining.

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

Adoption of amended HKFRSs – effective 1 April 2022

The Hong Kong Institute of Certified Public Accountants ("**HKICPA**") has issued a number of amended HKFRSs that are first effective for the current accounting period of the Group:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRS 1, HKFRS 9, Illustrative examples accompanying HKFRS 16, and HKAS 41	Annual Improvements to HKFRSs 2018–2020

The Group has not early applied any amended HKFRSs that is not yet effective for the current accounting period. None of these amended HKFRSs has a material impact on the Group's results and financial position for the current or prior period.

3. BASIS OF PREPARATION

Statement of compliance

These consolidated financial statements have been prepared in accordance with all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations (hereinafter collectively referred to as the "**HKFRSs**") and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, these consolidated 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**").

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 three reportable segments. The segments are managed separately as each business offers different products and services and requires different business strategies.

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

Inter-segment transactions are priced with reference to prices charged to external parties for similar orders. Corporate income 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

	Development of electric vehicles		Mining		Metal and minerals trading		Total	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue from external customers	**36,347**	49,947	**–**	–	**–**	–	**36,347**	49,947
Reportable segment loss	**(19,249)**	(61,293)	**(104,323)**	(317,144)	**(524)**	(919)	**(124,096)**	(379,356)
Interest income	**680**	197	**–**	–	**–**	–	**680**	197
Unallocated interest income							**1**	1
Total interest income							**681**	198
Gain on settlement of a legal case	**24,149**	–	**–**	–	**–**	–	**24,149**	–
Gain on deemed disposal of a subsidiary	**13,484**	–	**–**	–	**–**	–	**13,484**	–
Depreciation	**(9,218)**	(10,421)	**(300)**	(537)	**–**	–	**(9,518)**	(10,958)
Unallocated depreciation expenses							**(2,521)**	(2,781)
Total depreciation							**(12,039)**	(13,739)
Amortisation	**(1,937)**	(10,566)	**–**	–	**–**	–	**(1,937)**	(10,566)
Impairment of trade receivables, net	**(5,824)**	(3,217)	**–**	–	**–**	–	**(5,824)**	(3,217)
Impairment of other receivables	**–**	–	**–**	–	**–**	–	**–**	–
Unallocated impairment of other receivables							**(14,099)**	–
Total impairment of other receivables							**(14,099)**	–
Write-off of other receivables and prepayments, net	**(88)**	(592)	**(4,756)**	(7,000)	**–**	–	**(4,844)**	(7,592)
Unallocated write-off of other receivables and prepayments, net							**(23)**	–
Total write-off of other receivables and prepayments, net							**(4,867)**	(7,592)
Write-down of inventories	**(4,821)**	(474)	**–**	–	**–**	–	**(4,821)**	(474)
Impairment of mining assets	**–**	–	**(96,364)**	(301,762)	**–**	–	**(96,364)**	(301,762)
Reportable segment assets	**171,927**	318,936	**1,416,066**	1,639,422	**64**	150	**1,588,057**	1,958,508
Additions to non-current assets	**19,501**	6,430	**447**	555	**–**	–	**19,948**	6,985
Unallocated additions to non-current assets							**–**	35
Total additions to non-current assets							**19,948**	7,020
Reportable segment liabilities	**(72,766)**	(187,053)	**(5,377)**	(6,657)	**(204)**	(129)	**(78,347)**	(193,839)

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

	2023	2022
	HK$'000	*HK$'000*
Revenue		
Reportable segment revenue and consolidated revenue	**36,347**	49,947
Loss before income tax		
Reportable segment loss	**(124,096)**	(379,356)
Unallocated other income	**1,399**	114
Change in fair value and realised loss on disposal of financial assets at FVTPL	**87,712**	(8,146)
Unallocated share-based payments	**(16,926)**	(2,521)
Unallocated other corporate expenses	**(28,837)**	(27,765)
Finance costs	**(770)**	(1,035)
Consolidated loss before income tax	**(81,518)**	(418,709)
Assets		
Reportable segment assets	**1,588,057**	1,958,508
Unallocated corporate assets*	**121,813**	53,207
Consolidated total assets	**1,709,870**	2,011,715
Liabilities		
Reportable segment liabilities	**78,347**	193,839
Unallocated corporate liabilities	**13,207**	7,226
Consolidated total liabilities	**91,554**	201,065

* Unallocated corporate assets as at 31 March 2023 mainly represent cash and bank balances of HK$73,000 (2022: HK$664,000), unallocated other receivables and prepayments of HK$30,295,000 (2022: HK$495,000) and financial assets at fair value through profit or loss of HK$85,400,000 (2022: HK$42,768,000) 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	
	2023	2022	**2023**	2022
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
PRC, including Hong Kong	**–**	–	**1,489,592**	1,830,023
Japan	**–**	–	**–**	789
India	**780**	–	**–**	–
Philippines	**–**	23,150	**–**	–
Spain	**–**	11,095	**–**	–
Mexico	**35,567**	6,576	**–**	–
Germany	**–**	9,126	**–**	–

(d) Information about major customers

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

	2023	2022
Development of electric vehicles	***HK$'000***	*HK$'000*
Customer A	**35,880**	40,821
Customer B	**N/A**	9,126

5. REVENUE AND OTHER INCOME

(a) Revenue from contracts with customers within the scope of HKFRS 15

The Group derives revenue from the transfer of goods at a point in time in the following major product line:

	2023	2022
	HK$'000	*HK$'000*
Sale of electric vehicles	**36,347**	49,947

Note: Disaggregation of revenue from contracts with customers by geographic markets is disclosed in note 4(c).

(b) Other income

	2023	2022
	HK$'000	*HK$'000*
Gain on disposal of property, plant and equipment	**24**	63
Gain on settlement of a legal case	**24,149**	–
Gain on deemed disposal of a subsidiary	**13,484**	–
Gain on lease termination	**517**	–
Rental income	**15**	108
Government grants *(note)*	**1,696**	158
Exchange gain	**829**	–
Sundry income	**746**	944
Interest income	**681**	198
	42,141	1,471

Note: Government grants were received from local government authority and the entitlements of which were under the discretion of the relevant authorities. There are no unfulfilled conditions or other contingencies attaching to the government grants that have been recognised.

6. FINANCE COSTS

	2023	2022
	HK$'000	*HK$'000*
Interest on bank borrowing	**308**	315
Interest on lease liabilities	**462**	720
	770	1,035

7. LOSS BEFORE INCOME TAX

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

	2023	2022
	HK$'000	*HK$'000*
Auditor's remuneration	**1,800**	5,136
Amortisation of other intangible assets *(note 12)*	**1,937**	10,566
Cost of inventories recognised as expenses *(note)*	**36,980**	45,638
Depreciation of property, plant and equipment	**5,550**	6,521
Depreciation of right-of-use assets	**6,489**	7,218
Exchange (gain)/loss, net	**(829)**	123
Loss on write-off of property, plant and equipment	**225**	–
Impairment of trade receivables, net	**5,824**	3,217
Impairment of mining assets *(note 11)*	**96,364**	301,762
Impairment of other receivables	**14,099**	–
Write-off of other receivables and prepayments, net	**4,867**	7,592
Short-term and low-value lease expense	**1,695**	923
Research cost (included in administrative expenses)	**288**	8,143
Directors' remuneration	**9,022**	6,776
Employee costs (excluding directors' remuneration)		
– Salaries and allowances	**18,449**	17,084
– Share-based payments *(note 16)*	**14,189**	2,521
– Other benefits	**453**	762
– Pension contributions	**995**	1,500
	34,086	21,867

Note: Cost of inventories recognised as expenses for the year ended 31 March 2023 includes HK$nil (2022: HK$2,495,000) relating to depreciation of property, plant and equipment and HK$4,821,000 (2022: HK$474,000) relating to write-down of inventories.

8. INCOME TAX

The amount of income tax credit in the consolidated statement of profit or loss and other comprehensive income represents:

	2023	2022
	HK$'000	*HK$'000*
Current tax		
– Provision for PRC enterprise income tax for the year	**–**	–
Deferred tax		
– Origination and reversal of temporary differences	**(127)**	(3,618)
Income tax credit	**(127)**	(3,618)

9. DIVIDEND

No dividend has been proposed or paid by the Company in respect of the years ended 31 March 2023 and 2022.

10. LOSS PER SHARE

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

	2023	2022
	HK$'000	*HK$'000*
Loss for the year attributable to owners of the Company	**(81,160)**	(408,335)

	2023	2022
	Number	*Number*
Weighted average number of ordinary shares in issue	**9,093,268,016**	8,810,030,012

Basic and diluted loss per share is HK$0.01 per share (2022: HK$0.05 per share) based on the loss for the year attributable to owners of the Company of HK$81,160,000 (2022: HK$408,335,000) 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, the share options and share award plan are anti-dilutive.

11. MINING ASSETS

	HK$'000
Cost:	
At 1 April 2021	2,668,000
Exchange realignment	109,684
At 31 March 2022 and 1 April 2022	2,777,684
Exchange realignment	(206,048)
At 31 March 2023	**2,571,636**
Accumulated impairment loss:	
At 1 April 2021	841,771
Impairment loss	301,762
Exchange realignment	39,151
At 31 March 2022 and 1 April 2022	1,182,684
Impairment loss	96,364
Exchange realignment	(87,412)
At 31 March 2023	**1,191,636**
Carrying amount:	
At 31 March 2023	**1,380,000**
At 31 March 2022	1,595,000

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 construction of processing factory as planned upon adequate land is acquired. The Group acquired a land use right covering 63,118 square meters of land at a cost of RMB7.6 million in prior year ("**Guangxi Land**") and another RMB8.6 million has been paid for approximately 100,000 square meters of land for a factory site. However, the relevant land use right has not yet been issued and the local bureau has issued a notice for the revocation of the land use right as the Guangxi Land remained idle since the end of 2018. The Group is working closely with the local government on resolving the land issue. As at the date of this announcement, the Group has yet to receive any confirmation from local government as to whether the land use right of the Guangxi Land has been or will be revoked. 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 less costs of disposal based on a valuation 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 covering a seventeen-year period from 2025 to 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 the first six-year period from 2025 to 2030 are based on financial budgets approved by senior management. Cash flows beyond the six-year period are extrapolated to 2041 using an estimated weighted average income growth rate of 2.90% (2022: 2.90%), which does not exceed the geometric mean of twelve-year average of China Producer Price Index-non ferrous Metals Mining and Dressing Year over Year. Management considers the six years period from 2025 to 2030 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:

	2023	2022
Thenardite price per ton	**RMB825**	RMB771
Required rate of return for working capital	**3.68%**	3.68%
Required rate of return for fixed assets	**12.96%**	12.69%
Required rate of return for assembled workforce	**25.67%**	24.78%
Post-tax discount rate	**25.67%**	24.78%
Income growth rate within the projected period	**2.90%**	2.90%
Costs growth rate within the projected period	**1.58%**	1.78%

Management determined the thenardite price based on relevant data obtained from third party's quotation and market research report performed by third party organisation pertaining to the mining business in Guangxi. The income growth rate represents the expected inflation rate based on the China Producer Price Index for non-metal minerals from 2011 to 2023 and the costs growth rate represents the China Producer Price Index from 2002 to 2023. 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.

Accordingly, the recoverable amount of the mining assets as at 31 March 2023 was HK$1,380.0 million (2022: HK$1,595.0 million), which was lower than its carrying value of HK$1,477.7 million (2022: HK$1,901.3 million), and hence an impairment loss of HK$96.4 million was recognised in the profit or loss (2022: HK$301.8 million).

12. OTHER INTANGIBLE ASSETS

	Technical know-how *HK$'000*	Industrial proprietary rights *HK$'000*	Total *HK$'000*
Cost:			
At 1 April 2021	36,168	22,464	58,632
Exchange realignment	1,703	923	2,626
At 31 March 2022 and 1 April 2022	37,871	23,387	61,258
Exchange realignment	(3,120)	(1,734)	(4,854)
At 31 March 2023	**34,751**	**21,653**	**56,404**
Accumulated amortisation and impairment loss:			
At 1 April 2021	27,882	12,434	40,316
Charge for the year	8,498	2,068	10,566
Exchange realignment	1,491	542	2,033
At 31 March 2022 and 1 April 2022	37,871	15,044	52,915
Charge for the year	–	1,937	1,937
Exchange realignment	(3,120)	(1,110)	(4,230)
At 31 March 2023	**34,751**	**15,871**	**50,622**
Carrying amount:			
At 31 March 2023	**–**	**5,782**	**5,782**
At 31 March 2022	–	8,343	8,343

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

Technical know-how on the use of aluminium body frame for electric motor bus was acquired as part of the acquisition of Chongqing Suitong New Energy Automotive Manufacturing Co., Ltd. in the prior year and has an estimated useful life of 5 years, over which the asset is amortised.

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

Both technical know-how on the use of aluminium body frame and industrial proprietary rights were allocated to the cash generating unit ("**CGU**") of the development of electric vehicles ("**EV CGU**"). The directors determined the recoverable amount of EV CGU from its value-in-use calculation based on a valuation performed by the Valuers.

Below are the key assumptions used for the value-in-use calculation:

	2023	2022
Pre-tax discount rate	**24.60%**	17.29%
Gross profit margin	**17%-23%**	18%-23%

The value-in-use of EV CGU was estimated using unobservable market data from the projection of the future cash flows of the businesses over its economic useful life.

As the recoverable amount of EV CGU exceeded the carrying value of the EV CGU's non-current assets, which comprises property, plant and equipment, right-of-use assets, construction in progress and intangible assets, the directors are of the opinion that there was no impairment on the assessed non-current assets as at 31 March 2023 (2022: HK$ nil).

13. TRADE RECEIVABLES

	2023	2022
	HK$'000	*HK$'000*
Trade receivables at amortised cost	**40,814**	48,604
Less: Accumulated impairment losses	**(21,490)**	(16,725)
Trade receivables, net	**19,324**	31,879

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

	2023	2022
	HK$'000	*HK$'000*
0–30 days	**–**	3,638
31–90 days	**–**	3,173
91–180 days	**–**	899
181–365 days	**–**	19,622
More than 1 year	**19,324**	4,547
	19,324	31,879

The average credit period on sales of electric vehicles is 30–365 days from the invoice date, except for a customer with carrying amount of receivables amounted to HK$11,979,000 (2022: HK$13,743,000), which bear interest at 5% per annum and repayable by monthly instalments in 5 years from the date on which the related goods has been delivered and accepted by the customer.

14. ACCOUNTS PAYABLE

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

	2023	2022
	HK$'000	*HK$'000*
0–30 days	**–**	2,710
31–90 days	**1**	126
91–180 days	**1**	661
181–365 days	**1,166**	1,907
More than 1 year	**8,617**	7,337
	9,785	12,741

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

15. SHARE CAPITAL

	2023		2022	
	Number of shares	***HK$'000***	*Number of shares*	*HK$'000*
Authorised:				
Ordinary shares of HK$0.01 each	**50,000,000,000**	**500,000**	50,000,000,000	500,000
Issued and fully paid:				
At 1 April	**9,009,678,975**	**90,096**	8,290,306,800	82,902
Placing of shares *(note (i))*	**–**	**–**	367,660,000	3,677
Issue of consideration shares for the acquisition of unlisted equity investments outside Hong Kong *(note (ii))*	**–**	**–**	254,712,175	2,547
Issue of shares from Share Award Plan *(notes (iii) and (iv))*	**270,000,000**	**2,700**	97,000,000	970
At 31 March	**9,279,678,975**	**92,796**	9,009,678,975	90,096

Notes:

(i) During the year ended 31 March 2022, 367,660,000 ordinary shares of the Company were issued at a subscription price of HK$0.15 each to independent third parties at an aggregate consideration of HK$55,149,000 of which HK$3,677,000 was credited to share capital and the remaining balance (net of share issue expenses of HK$8,368,000) of HK$43,104,000 was credited to share premium account.

(ii) On 13 August 2021, 254,712,175 ordinary shares of the Company were issued as consideration share for investment in Quantron AG.

(iii) During the year ended 31 March 2021, 97,000,000 shares were awarded to the Selected Participants. The first 50% of the award had been vested during the year ended 31 March 2021 and the remaining 50% of the award would be vested on 25 October 2021 (the "**Original Award**"). Due to the unsatisfactory administrative procedure on the Original Award, on 13 April 2021, the board of directors of the Company resolved to cancel and replace the Original Award with new award with the same terms as the Original Award. An amount of HK$8,585,000 was transferred from the share award reserve to the share premium account following the vesting of new award.

(iv) On 9 December 2022, 270,000,000 shares were awarded to the eligible participants under the Share Award Plan. All award were vested immediately on the date of grant.

16. SHARE-BASED PAYMENT TRANSACTIONS

Share option scheme

A share option scheme was adopted by an ordinary resolution of the shareholders at annual general meeting of the Company on 30 August 2013 (the "**Adoption Date**") (the "**Share Option Scheme**"). The Share Option Scheme governed by Chapter 17 of the Listing Rules and will remain in force for 10 years from the Adoption Date.

On 20 December 2022, 374,000,000 share options were granted to grantees with exercise price at HK$0.038 per share and closing price at date of grant of HK$0.032 per share. Among the options granted during the year, a total of 239,000,000 were granted to a total of 13 selected employees of the Group who are not advisor, consultant or any other service providers to the Group on a continuing or recurring basis. The remaining 135,000,000 were granted to the directors of the Company.

On 7 April 2021, 15,000,000 share options were granted to a grantee with both exercise price and closing price at date of grant of HK$0.142 per share. The grantee is not a director, chief executive or substantial shareholders or any of their associates as defined in the Listing Rules.

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

Date of offer of grant	At 01/04/2021	Granted/ (forfeited) during the year	At 31/03/2022	Granted during the year	Forfeited during the year	At 31/03/2023	Exercise price	Closing price at date of offer of grant	Exercise period	Vesting period
11/04/2014	49,000,000	–	49,000,000	–	(15,000,000)	34,000,000	HK$1.15	HK$1.11	12/04/2016 to 10/04/2024	12/04/2014 to 12/04/2020
10/03/2016	288,100,000	(9,500,000)	278,600,000	–	(17,500,000)	261,100,000	HK$0.30	HK$0.28	10/03/2016 to 09/03/2026	10/03/2016 to 11/03/2020
25/02/2021	278,000,000	–	278,000,000	–	(19,000,000)	259,000,000	HK$0.13	HK$0.12	25/02/2021 to 25/02/2031	N/A
07/04/2021	–	15,000,000	15,000,000	–	(15,000,000)	–	HK$0.142	HK$0.142	07/04/2022 to 06/04/2032	08/04/2021 to 07/04/2022
20/12/2022	–	–	–	374,000,000	(4,000,000)	370,000,000	HK$0.038	HK$0.032	20/12/2022 to 19/12/2032	N/A
	615,100,000	5,500,000	620,600,000	374,000,000	(70,500,000)	924,100,000				

The weighted average remaining contractual life of options outstanding at the end of the year was 6.95 years (2022: 6.07 years). The weighted average exercise price of options outstanding at the end of the year was HK$0.18 (2022: HK$0.29).

924,100,000 (2022: 605,600,000) share options were exercisable at the end of the year.

There was no exercise of share options during the years ended 31 March 2023 and 2022.

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 was measured based on Binomial model. The contractual life of the share options and expectations of early exercise of the share options were incorporated into the models.

Share award plan

The Company adopted the Share Award Plan on 8 May 2019.

On 9 December 2022, a total of 270,000,000 shares were awarded to 3 employees under the Share Award Plan to recognise and reward their contribution to the growth and development of the Group. All awards granted during the year were vested immediately on the date of grant. The fair value per award was HK$0.036, being the closing price at the date of grant.

The movement of the awards during the year were as follows:

Date of grant	Purchases price	Closing price immediately before the date of grant	Weighted average closing price immediately before vesting date	Fair value at the date of grant	Outstanding or unvested as at 1 April 2022	Granted during the year	Vested during the year	Cancelled/ lapsed during the year	Outstanding or unvested as at 31 March 2023	Vesting period
09/12/2022	–	HK$0.038	N/A	HK$0.036	–	270,000,000	270,000,000	–	–	N/A

An equity-settled share-based payment expense of approximately HK$9,720,000 (2022: HK$1,326,000) was recognised during the year in relation to the share awards.

17. CAPITAL COMMITMENTS

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

	2023	2022
	HK$'000	*HK$'000*
Acquisition of property, plant and equipment	**19,982**	21,583
Capital expenditure in respect of the construction of the ores processing plant	**3,698**	3,675
Capital expenditure in respect of the mining operations	**8,011**	8,653
Capital expenditure in respect of the development of electric vehicles	**1,076**	19,141
	32,767	53,052

18. RELATED PARTY TRANSACTIONS

Members of key management during the year comprised only of the directors whose remuneration is set out in note 7.

RESULTS

During the year ended 31 March 2023, the Group recorded revenue of approximately HK$36.3 million (2022: HK$49.9 million) derived from the sales of electric vehicles. The gross loss was approximately HK$0.6 million (2022: gross profit of HK$4.3 million). Excluding the loss on write-down of inventories of approximately HK$4.8 million, the gross profit was approximately HK$4.2 million and the gross profit ratio was 11.5% (2022: 9.6%). The decrease in revenue for the sales of electric vehicles was the result of unstable supply chain due to the prolonged lock down at early second quarter in the PRC. The increase in gross profit ratio was resulted from the better improvement of cost management by streamlining production process and increasing the production efficiency. During the current year, the Group has continued to expand globally by enhancing its network on export sales and hence targeting an upward trend on the sales turnover year on year. The Group will continue to work on the cost optimization plan to ensure maximum efficiency and add more value to its final products to gain its market shares.

The Group recorded a loss of approximately HK$81.4 million for the year as compared to a loss of approximately HK$415.1 million for last year. The reduction in loss was mainly due to the decrease in non-cash expense of an impairment loss on mining assets in Guangxi to approximately HK$96.4 million (2022: HK$301.8 million) and a positive change in fair value of financial asset through profit or loss amounting to approximately HK$87.7 million (2022: negative change of approximately HK$5.6 million). Such fair value change is a non-cash item and will not affect the cash flow of the Group.

The loss attributable to the owners of the Company was approximately HK$81.2 million (2022: HK$408.3 million). Basic and diluted loss per share for the year was HK$0.01 per share (2022: HK$0.05 per share).

DIVIDEND

The directors of the Company do not recommend the payment of any dividend for the year ended 31 March 2023 (2022: HK$nil).

BUSINESS REVIEW

Electric buses and electric vehicles

The Group, through its subsidiary, Chongqing Suitong New Energy Automotive Manufacturing Co., Ltd. ("**Suitong**"), has a production base in Chongqing engaged in the manufacturing of electric buses and their entire electric power and control systems, the manufacturing of other buses, and the marketing and selling of vehicle components.

During the current year, the Group has continued to diversify its sales network into various overseas markets.

Hong Kong market

The Group was in progress on order from the Hong Kong Productivity Council to deliver a 12-meter electric bus for a Hong Kong non-governmental organization; this is a new order after the successful delivery of the Council's earlier order of electric buses for the Airport Authority Hong Kong and the Hong Kong Anti-Cancer Society. This vehicle is specifically designed to be accessible to seniors and those with disabilities, with features such as an extra-low platform for easy accessibility. The Group is fully confident that we are in an extremely well position in this market segment and are expecting more orders for 12-meter smart electric buses going through Hong Kong Productivity Council or other customers coming. The Group also started to sell its full electric 65-seats coach to the Hong Kong market. Two coaches have already arrived in Hong Kong and are ready to sell. As the normal traveler clearance is resumed in early 2023, the Group is optimistic that tourism will revive in the post pandemic era and will drive a big demand for the inevitable switching to electrify coaches. Given our coaches are currently almost the only approved model of their type in Hong Kong, we are confident that the Company has a very strong advantage in this more than 7,000 unit-strong market sector.

In addition, the Group had launched its full electric 19-seats low-floor minibus ("**APEX-MINI**") and again, has received tremendous positive recognition from operators from various business sectors. As such, the Company has already secured a small trial order for APEX-MINI. APEX-MINI is suitable for both the franchise and non-franchise minibus sectors in Hong Kong with a total market size of more than 4,000 units. It is powered by fast-charging batteries with a unique low-floor design, there is no comparable model at this moment. APEX-MINI will first be operated on a green minibus route and is expected to commence service at the end of this year or early next year. In last year, the Company has been selected by the Hong Kong SAR Government as a prequalified supplier of a 40-unit electric public light buses for a sustainable public mobility pilot scheme that the Environmental Protection Department plans launched in 2023.

We believe that we will be able to successfully market and sell our vehicles and remain a strong competitor in the Hong Kong market.

Southeast Asian market

In recent years, the Philippines dedicated and supported the adoption of electric vehicles through cooperation between industry and the local government. The Philippines continues to strengthen its "green" policies by issuing incentives to encourage electric vehicle investment such as cutting tariffs, exempting duty and VAT, etc. The local transportation department of the Philippines has started a large-scale transportation initiatives since 2017 that aim on phasing out the Jeepney, currently the most popular public transportation in the Philippines. There are several hundred thousand units of Jeepney operating throughout the country that need to be replaced. The Group has developed a customized city bus – "COMET" which stands for Community Optimized Managed Electric Transport, a fully green transportation designed for emerging markets around the world. The first showcase of this pioneering and environmentally friendly form of public transportation was carried out in Davao and Manila of the Philippines. The Group believes that COMET is by far the most suitable and feasible model for replacing the Jeepneys in the Philippines. In 2021, the Group has received sizable orders and planning to deliver no fewer than 500 COMET units to the Philippines. Up to the reporting date, the Group has delivered 65 units and planned to complete further 200 units by the end of 2023. The COMET sees tremendous opportunities in the Philippines and we are expecting many more orders will be completed in the near future. The Group also believes that the COMET is the ideal replacement for other microbus type products, which are the dominant means of transport in the world's densest cities. The Group is very confident in dominating the Philippines Jeepney market through progressive market penetration.

In the current year, the Group has successfully completed a sale order of COMET to India and thus recorded in the current year's results. The Group will continue to explore market opportunities and promote COMET in Asian market.

American and European market

The Group has also developed a logistic vehicle type "cabin chassis platform", which is a complete chassis with a driver cabin, and with powertrain, battery pack, steering, wheels, and brakes, etc. This way the Group can meet the B2B business demand coming from local bus manufacturers that lack the technology to develop their own platform. Subsequent to the delivery of the first 10 testing units of electric chassis to Mexico in early 2022, the Group has received further orders to supply 1,000 units in aggregate of this model to the world largest bakery company in Mexico. The Group has completed part of the orders in the first quarter of 2023 and hence recorded in the current year's sales. The remaining units have been partly completed subsequent to the year end and are scheduled to be further delivered before early 2024. The Group foresees a huge demand for electric vehicle customization solutions in Latin America, Asia and Europe and is highly confident of further orders from America and Europe in the coming years.

In the previous year, the Company acquired 9,157 shares of Quantron (represented approximately 13.85% of entire equity interest in Quantron), a company incorporated in Germany principally engaged in e-mobility in inner-city and regional passenger and freight transport. In the current year, the Company has entered into a term sheet on 8 June 2022 to dispose of the entire 13.85% interest in Quantron at a total consideration of EUR12.5 million. Pursuant to the term sheet, a deposit in the sum of EUR2.0 million shall be paid by the purchaser within six weeks from the date of the term sheet. However, as the deposit was not received by the Company, no definitive sale and purchase agreement was then entered and the term sheet has lapsed.

On 23 November 2022, the Company has entered into a sale and purchase agreement with another purchaser, pursuant to which the Company has agreed to dispose of 3,238 shares of Quantron (the "**Sales Shares**") (representing approximately 4.9% of entire equity interest in Quantron) at the total consideration of approximately EUR5.6 million. A deposit of EUR0.5 million has been paid by the purchaser to the Company and the transfer of the Sales Shares has been completed during the year ended 31 March 2023. The Company will continue to catch the opportunity to realise the entire investment in Quantron. Despite the divestment in Quantron, it is expected that the Group will continue to receive purchase orders from Quantron after the disposals.

Business outlook

Although the impact of COVID-19 has progressively become less serious as the economy continued its recovery and the PRC government has reopened the border, the impact remains significant during the first half of the year under review. Nevertheless, the Group resumed its business operations and production in late 2022. The sales revenue of merely the first quarter of 2023 represented almost 70% of total the sales revenue in last year as a result of the robust recovery of demand in our export markets. During the year, we have also introduced our APEX-MINI to Hong Kong public-use platforms that we are very confident in gaining the acceptance of society at large and see a wide scope of potential applications for our electric minibus and electric bus.

The Group is currently utilizing the existing production plant in the Wulong District of Chongqing, which has sufficient production capacity to cope with the increasing number of overseas orders.

Litigations on Qijiang new plant

As mentioned in previous annual report, one contractor (the "**Chongqing Contractor**") initiated a litigation against a subsidiary of the Group, Chongqing Suitong Vehicles Industrial Development Company Limited ("**Chongqing Suitong Industrial**"), claiming outstanding construction fees, together with the late penalties, totalling approximately RMB45,477,000 (the "**Claimed Amount**"). The Group received a civil judgement made by the Fifth Intermediate People's Court of Chongqing (the "**Chongqing Court**") on the Claimed Amount payable to the Chongqing Contractor. In addition, the land use rights together with the buildings thereon were frozen under a preservation order applied by the Chongqing Contractor.

On 11 August 2022, the Company further received a notice from the Chongqing Court, that the Chongqing Qijiang District Bureau of Planning and Natural Resources ("**CQDB**") initiated litigations against Chongqing Suitong Industrial for the breaches of the contracts under the land use rights agreement on the year 2017, as the Qijiang project remain incomplete on or before 26 January 2021.

After several rounds of mediation by the Chongqing Court and CQDB, on 27 September 2022, the Chongqing Court issued a civil mediation judgement, pursuant to which, among other things, (i) Chongqing Suitong Industrial shall return the land use rights to CQDB; (ii) CQDB shall no longer be required to return the consideration of the land use rights to Chongqing Suitong Industrial; (iii) Chongqing Suitong Industrial shall no longer be required to return the land subsidies to the local authority in Qijiang; (iv) the Chongqing Contractor shall withdraw its litigation against Chongqing Suitong Industrial in relation to the Claimed Amount; and (v) the local authority in Qijiang shall reimburse to the Chongqing Contractor as compensation of the Claimed Amount.

On 2 November 2022, Chongqing Suitong Industrial entered into the Settlement Agreement with CQDB to return the land use right, together with all buildings and properties on the land, to CQDB. No consideration will be paid by CQDB, while Chongqing Suitong Industrial shall no longer be required to return the land subsidies to the local authority. Also, the local authority shall reimburse the Chongqing Contractor for the Claimed Amount. Please refer to the Company's announcement published on 2 November 2022 for details.

After the land use rights, together with all building and properties on the land were returned to CQDB and local authority reimbursed the Claimed Amount to the Chongqing Contractor during the year, an approximately HK$24.1 million gain has been recognised as a result of the settlement of this litigation. The Group is currently utilising its existing production plant in the Wulong District of Chongqing, which has sufficient production capacity to cope with the latest increasing number of overseas orders of electric vehicles. Nevertheless, the Group will continue to explore investment opportunity to expand its electric vehicle production capacity should the need and opportunity arise.

Mining and production of mineral products

The Group's wholly-owned subsidiary, Guangxi Weiri Mining Company Limited ("**Guangxi Weiri**"), owns a glauberite mine (the "**Glauberite Mine**") located in the Guangxi Zhuang Autonomous Region of the People's Republic of China ("**PRC**"). The product extracted from the Glauberite Mine is thenardite, an important raw material used in chemical and light industrial manufacturing. During the reporting period, the commencement of the mining project was still pending which was primarily due to the unsolved land issue regarding the issuance of the remaining land use right certificate for the processing factory. No significant exploration, development or production activity related to the Glauberite Mine was conducted during the year ended 31 March 2023. The mineral resources available have not changed since its acquisition on 28 February 2014. Details regarding these resources are available in the "Mineral resources and ore reserves" section below.

Mineral resources and ore reserves

The following table sets out the mineral information of the Guangxi Glauberite Mine as at 31 March 2023:

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**

Notes:

(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 mineralized 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 the 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 2023 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 mineralization 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.

The Competent Person's Consent Form from Mr. Daniel Jasper Kentwell was obtained by Ev Dynamics (Holdings) Limited on 9 June 2023.

Fair value assessment

The Group has closely monitored the Glauberite Mine development and has periodically assessed 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 assets' overall situation. The Group has engaged the services of a qualified independent valuer (the "**Valuer**") to assess its fair value annually. The independent valuer adopted the Multi Period Excess Earnings Method to estimate the fair value of the mining assets.

The Multi Period Excess Earnings Method was consistently adopted in the valuation of the mining assets for its impairment assessment since the acquisition of the mining assets by the Group. The valuation in the current year is based on a financial budget covering a 17-year period from 2025 to 2041 and then discounted to its present value 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 thenardite products, the exploitation volume of the resources and the discount rate adopted. There were no significant changes in the assumptions and basis of value of the inputs used under the Multi Period Excess Earnings Method from those previously adopted for the valuation of the mining assets for the years ended 31 March 2023 and 2022 except that the mine is expected to start commercial production in 2025 instead of 2024.

The summary of value of inputs under the Multi Period Excess Earnings Method for the valuation of the mining assets for the years ended 31 March 2023 and 2022 as disclosed in note 11 is as follows:

#	Key assumptions	FY2023	FY2022
1	Thenardite price per ton	**RMB825**	RMB771
2	Required rate of return for working capital	**3.68%**	3.68%
3	Required rate of return for fixed assets	**12.96%**	12.69%
4	Required rate of return for assembled workforce	**25.67%**	24.78%
5	Post-tax discount rate	**25.67%**	24.78%
6	Income growth rate within the projected period	**2.90%**	2.90%
7	Cost growth rate within the projected period	**1.58%**	1.78%

The summary of the basis of value of the inputs used under the Multi Period Excess Earnings Method, which was consistently applied by the Valuer in previous years, is set out as follows:

Key assumptions	Basis of assumptions
1. Thenardite price per ton	Relevant data obtained from third party's quotations pertaining to the mining assets in Guangxi and market research report performed by third party organization.
2. Required rate of return for working capital	(i) Prime rate as quoted by the People's Bank of China; and (ii) Statutory corporate income tax rate of the PRC.
3. Required rate of return for fixed assets	(i) PRC's long-term borrowing rate; (ii) Statutory corporate income tax rate of the PRC; and (iii) the cost of equity.

Key assumptions	Basis of assumptions
4. Required rate of return for assembled workforce	Being the weighted average cost of capital with a premium to reflect the higher risk nature of the mining assets as intangible assets.
5. Post-tax discount rate	Being the weighted average cost of capital with a premium to reflect the higher risk nature of the mining assets as intangible assets.
6. Income growth rate within the projected period	Expected inflation rate based on the geometric average of the China Producer Price Index-Non-Metals Minerals Mining and Dressing year-over-year from 2011 to 2023.
7. Cost growth rate within the projected period	The geometric average of the China Producer Price Index year-over-year from 2002 to 2023.

As illustrated above, the changes in value of inputs adopted under the Multi Period Excess Earning Method for the valuation of the mining assets for the years ended 31 March 2023 and 2022 is set out as follows:

1. *Thenardite price per ton*

   The thenardite price per ton adopted in the Valuation increased from RMB771 per ton for the year ended 31 March 2022 to RMB825 per ton for the year ended 31 March 2023 as a result of the price increase in the quotations from third parties in the industry. The products include thenardite (i.e. sodium sulfate), sodium carbonate and ammonium sulfate.

2. *Required rate of return for working capital*

   There is no change in the required rate of return for working capital which maintained at 3.68% for the years ended 31 March 2023 and 2022.

3. *Required rate of return for fixed assets*

   The required rate of return for fixed assets was 12.96% for the year ended 31 March 2023 (2022: 12.69%).

4/5. *Required rate of return for assembled workforce/Post-tax discount rate*

The required rate of return for assembled workforce/the post-tax discount rate increased from 24.78% for the year ended 31 March 2022 to 25.67% for the year ended 31 March 2023 was mainly due to the increase in the weight of equity in the calculation of the weighted average cost of capital.

6. *Income growth rate within the projected period*

The income growth rate within the projected period equals to 2.90%, being the geometric average of the "China Producer Price Index – Non-Metals Minerals Mining and Dressing" for the years ended 31 March 2023 and 2022.

7. *Cost growth rate within the projected period*

The cost growth rate within the projected period decreased as the geometric average of the "China Producer Price Index" decreased from 1.78% for the year ended 31 March 2022 to 1.58% for the year ended 31 March 2023.

The movement of the mining assets of the Group for the year ended 31 March 2023 as disclosed in note 11 is extracted as follows:

	HK$'000
As at 1 April 2022	1,595,000
Impairment loss	(96,364)
Exchange realignment	(118,636)
As at 31 March 2023	**1,380,000**

The fair value of the mining assets decreased from approximately HK$1,595.0 million (equivalent RMB1,292.0 million) as at 1 April 2022 to approximately HK$1,380.0 million (equivalent RMB1,207.4 million) as at 31 March 2023, which was mainly attributable to the following reasons:

(i) the present value of the estimated excess income decreased as a result of the increase in discount rate. The increase in discount rate was mainly due to the increase of risk-free rate as a result of the global interest rate hike; and

(ii) the decrease of the fair value of the mining assets as a result of the depreciation of Renminbi against Hong Kong dollar. The exchange rate of Renminbi with Hong Kong dollar adopted by the Group for accounting purpose decreased from 1.23 for the year ended 31 March 2022 to 1.14 for the year ended 31 March 2023.

The impairment loss of approximately HK$96.4 million (2022: HK$301.8 million) is a non-cash item and will not affect the cash flow of the Group. The Group will continue to assess any opportunities and means to minimize risks and to maximize shareholders benefits as a whole. 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.

Update of the land use right and Guangxi Weiri's litigation

Guangxi Weiri has purchased a land use rights covering 63,118 square meters of land at a cost of RMB7.6 million (the "**Guangxi Land**"). Another RMB8.4 million has been paid for approximately 100,000 square meters of land for a factory site, however, relevant land use rights have not yet been issued as Guangxi Weiri together with the local government is still working closely to resolve the land issue. No further payment has been made to the government on the land use right thus far since the land use rights of the second parcel of land as stated above are still pending approval. An accumulated expenditure of approximately RMB18.5 million was incurred for the construction of an access road to the factory site. The Group has been in regular communication with the local government and has closely monitored the progress of the land use rights.

On 29 April 2021, one contractor (the "**Guangxi Contractor**") has commenced an arbitration against Guangxi Weiri (the "**Arbitration**") and applied to the People's Court of Qingxiu District Nanning Municipality (the "**Qingxiu Court**") for judicial preservation to freeze the land use right of the Guangxi Land with carrying value of RMB7.6 million (the "**Frozen Guangxi Land Use Right**") for a period of three years from 29 April 2021. On 1 April 2022, Guangxi Weiri received the final judgement which requires repayment to the Guangxi Contractor of RMB1.6 million together with the late penalties, in aggregate of approximately RMB2.1 million. The amount has been provided and included in "other payables and accruals" as at 31 March 2022 and 31 March 2023. On 28 February 2023, the Court has made an execution ruling to seal the mining rights of the Group and that a forced auction will be conducted as part of the enforcement process due to the payment specified in above judgement on 1 April 2022 remains unpaid. Up to the reporting date, no forced auction was scheduled nor informed to schedule by the Court.

In relation to the above mentioned Arbitration, on 12 August 2021, the Group as a plaintiff, has commenced a legal proceeding against the Guangxi Contractor at the Qingxiu Court for the return of a prepayment of RMB1.1 million plus an interest of RMB0.3 million, in aggregate of RMB1.4 million. The Group received the decision of the Qingxiu Court dated 11 August 2022, which ordered Guangxi Contractor to reimburse Guangxi Weiri the prepayment of RMB0.5 million plus interest. An appeal has been lodged by Guangxi Contractor against such decision on 25 November 2022, which was subsequently dismissed on 14 March 2023 by the Court with the original decision upheld. Subsequent to the reporting period, on 29 May 2023, Guangxi Weiri and the Guangxi Contractor have reached a consensus at the Qingxiu Court, which both parties have agreed to offset the corresponding amounts of claim. The final settlement of approximately RMB1.7 million payable by Guangxi Weiri has been made on the same date. The Group has received the case closure notice issued by the Qingxiu Court dated 30 May 2023.

On 3 August 2021, the Group received a notice from the Intermediate People's Court of Nanning Municipality (the "**Nanning Court**") dated 27 July 2021. Pursuant to this notice, Mr. Zhou Bo as plaintiff has commenced an action at the Nanning Court against Wise Goal Enterprises Limited ("**Wise Goal**") as the defendant, seeking, among others, for payment by Wise Goal of its non-paid up share capital to Guangxi Weiri ("**Zhou's Action**") amounting RMB21.7 million (the "**Litigation**"). The plaintiff also applied to the Nanning Court for the equity interest in Guangxi Weiri to be judicially preserved (the "**Property Preservation**"). The Board is of the view that Zhou's Action is frivolous or vexatious as it is inconsistent with the Company's understanding of the current arrangement of paying up share capital of Guangxi Weiri by Wise Goal, as agreed among the shareholders of Guangxi Weiri. Hence the Board considered that no impairment on the investment held in Wise Goal is required. In order to defend the Company's interest, the Company has been seeking for legal advice from the PRC legal adviser to actively respond to Zhou's Action. The court hearings were held on 21 October 2021 and 26 November 2021 and the Group received the decision from the Nanning Court on 13 January 2023, which ordered Wise Goal to complete the non-paid up share capital of RMB21.7 million and to reimburse Mr. Zhou Bo RMB1.5 million (the "**Decision**"). On 3 February 2023, an appeal has been lodged against such Decision, which was subsequently dismissed on 27 June 2023 by the Higher People's Court of Guangxi with the Decision upheld.

The Board will closely monitor the cases as mentioned above and evaluate its impact to the Group.

Notice on revocation of Guangxi Land

On 14 November 2022, the Board came into attention that, on 20 January 2022, Hengxian Natural Resources Bureau ("**Resources Bureau**") has purported issued a notice (the "**Notice**") for the revocation of the land use rights of the Guangxi Land. Pursuant to the Notice, it was stated that, among other things, as the Guangxi Land remained idle since the end of 2018, the Resources Bureau has decided to revoke the land use rights of the Guangxi Land. The details of the Notice are disclosed in the announcement published by the Company on 19 December 2022.

Upon the settlement of the above Arbitration and receiving of the case closure notice, the Group is in the process of contacting the relevant local government departments for updating the status of the Guangxi Land. As at the date of this report, the Group has yet to receive any confirmation as to whether the land use right of the Guangxi Land has been or will be revoked.

Metals and minerals trading

The metals and minerals trading industry has remained weak and the profit margin of such business is low, the Group did not conclude 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.

FINANCIAL REVIEW

Revenue

The Group generated revenues from the sales of vehicles amounted to HK$36.3 million (2022: HK$49.9 million) for the year, decreased by 27.2% over last year. The geographical areas in which the customers are located is as follows:

	2023		2022	
	HK$'000	***%***	*HK$'000*	*%*
Mexico	**35,567**	**97.9**	6,576	13.2
India	**780**	**2.1**	–	–
Philippines	**–**	**–**	23,150	46.3
Spain	**–**	**–**	11,095	22.2
Germany	**–**	**–**	9,126	18.3
Total	**36,347**	**100.0**	49,947	100.0

Gross profit

Cost of sales primarily includes direct parts, materials, processing fee, labor cost and manufacturing overhead, including depreciation of assets associated with production.

During the year, an approximately HK$4.8 million loss on write-off of inventories is recognised as cost of sales, resulting in a gross loss. The reason of the write-off was due to write-off of the dead stocks including the unsold traditional bus and other aging raw materials. Excluding the write-off of inventories, the gross profit of the Group was HK$4.2 million (2022: HK$4.8 million) and the gross profit margin increased to 11.5% (2022: 9.6%) in the current year. The gross profit improvement was resulted from better improvement of cost management by streamlining production process and increasing the production efficiency as well as increasing the sales amount of more profitable export products.

Selling and distribution expenses

Selling and distribution expenses amounted to approximately HK$0.6 million (2022: HK$0.8 million) for the year, decreased by 25% over last year, as most of the ocean freight rates are borne by customers in export sales.

Administrative expenses

Administrative expenses amounted to approximately HK$88.2 million (2022: HK$102.0 million) for the year, decreased by 13.5% as compared to last year. Administrative expenses mainly consist of (i) employee compensation, including salaries, benefits and share-based payments; (ii) legal and professional fees; (iii) research and development expenses; and (iv) amortisation and depreciation expenses. Details of the items are set out in note 7.

Research and development expenses

Research and development expenses amounted to approximately HK$0.3 million (2022: HK$8.1 million) for the year, decreased by 96.3% over last year. Research and development expenses consist of (i) testing fee and certificates obtained on vehicles design; (ii) design and development expenses, which primarily include fees payable to third-party suppliers for software and vehicles systems; (iii) materials and supplies expenses in relation to testing materials; and (iv) certain other expenses. All expenses associated with research and development are expensed as incurred.

Impairment of mining assets

In accordance with an independent valuation report on the Glauberite Mine, the fair value of the Glauberite Mine as at 31 March 2023 is RMB1,207.4 million, which exceeded it carrying value of RMB1,292.0 million and hence the impairment loss on the mining assets of RMB84.6 million, equivalent to HK$96.4 million (2022: HK$301.8 million) was made in the current year. The decrease in fair value of the mining assets was due to the increase in discount rate to 25.67% (2022: 24.78%). Such impairment loss is a non-cash item and will not affect the cash flow of the Group.

Expected credit losses in relation to other receivables

As mentioned above under the "Business Review", on 23 November 2022, the Company has entered into a sale and purchase agreement with a purchaser, pursuant to which the Company has agreed to dispose of the Sales Shares at the total consideration of approximately EUR5.6 million. A deposit of EUR0.5 million has been paid by the purchaser to the Company and the transfer of the Sales Shares has been completed during the year ended 31 March 2023. The consideration of approximately EUR5.1 million (equivalent to approximately HK$43.9 million) remained unpaid as at 31 March 2023 (the "**Receivable**") and included in the other receivables. The Group is closely monitoring and negotiating with the purchaser regarding the repayment status. Since the amount of unpaid consideration was past due during the reporting period, the Group recognised provision for expected credit losses of approximately HK$14.1 million in relation to the Receivable.

Finance cost

Finance cost consists of interest on lease liabilities and bank loan.

Other income

Other income primarily consists of rental income, government grants, sundry income and interest income. The other income amounted to approximately HK$42.1 million (2022: HK$1.5 million) for the year. The surge of the amount was primarily due to (i) a gain of approximately HK$24.1 million (2022: HK$nil) recognised upon settlement of the litigation of Qijiang new plant as disclosed above under "Business Review" section; and (ii) a gain of approximately HK$13.5 million (2022: HK$nil) recognised from a deemed disposal of a subsidiary.

LIQUIDITY AND FINANCIAL RESOURCES

The directors have considered various ways of raising funds and consider that issuance of shares represents an attractive opportunity to raise capital for the Company while broadening the shareholder base and capital base of the Company. Due to the rapid expansion of the business mentioned above, the Group may continue to seek external financial resources in the future in order to finance its operations.

On 14 June 2022 and 18 July 2022, a subscription agreement and supplemental agreement respectively were entered into with Subscribers regarding the proposed issuance of convertible notes in the aggregate principal amount of up to HK$600 million. On 20 October 2022, the subscription agreement and supplemental agreement were terminated and a new subscription agreement was entered with the same Subscribers regarding the proposed issuance of convertible notes with an aggregate nominal value up to HK$200 million with 40 equal sub-tranches of HK$5 million each (the "**Subscription**"). However, the Subscription has lapsed since it was not approved at the Special General Meeting held on 8 December 2022.

As at 31 March 2023, the net asset value of the Group amounted to approximately HK$1,618.3 million (2022: HK$1,810.7 million). The gearing ratio of the Group was 1.59% (2022: 1.20%) and the equity attributable to owners of the Company was approximately HK$1,658.9 million (2022: HK$1,853.8 million).

As at 31 March 2023, the Group's other payables and accruals amounted to HK$29.4 million (2022: HK$156.7 million). The plunge of 81.2% was resulted from the settlement of the litigations on Qijiang New Plant that (i) the non-current portion of other payable related to the land subsidies of approximately HK$62.2 million was waived; and (ii) the amount payable to the Chongqing Contractor related to the construction of approximately HK$54.1 million and other related costs including accrued land use tax and late payment penalty of land use tax of approximately HK$19.4 million were borne by the local authority upon settlement of the litigation. Details of the litigation are set out in the "Business Review" above.

As at 31 March 2023, the Company has (i) outstanding convertible notes in the principal amount of HK$7.5 million (2022: HK$7.5 million) which could be converted into 10,000,000 shares (2022: 10,000,000 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 Codes on Takeovers and Mergers and Share Buy-backs and the Listing Rules; and (ii) outstanding share options entitling participants to subscribe for a total of 924,100,000 shares (2022: 620,600,000 shares) of the Company, for which 924,100,000 options (2022: 605,600,000) were exercisable.

The operating cash flows of the Group are mainly denominated in Hong Kong dollars, Renminbi, US dollars and Euro. Certain bank deposits, receivables and payables of the Group are denominated in Renminbi, US dollars and Euro. As at 31 March 2023, the Group had unpledged cash and bank balances of approximately HK$1.4 million (2022: HK$4.7 million), of which 31.6% (2022: 41.1%) was denominated in HK dollars, 52.7% (2022: 33.4%) was denominated in Renminbi, 5.6% (2022: 15.1%) was denominated in US dollars and 6.0% (2022: 9.0%) was denominated in JPY.

During the reporting period, the exchange rate of the Renminbi depreciated by approximately 7.3% against the Hong Kong dollar. This had a negative impact on the Group's results upon 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 Hong Kong dollars and US dollars is pegged. Foreign exchange exposure in respect of the Euro is also considered to be minimal in the current year. The Group will closely monitor its currency exposure and, when it considers appropriate, will take the necessary actions to ensure that such exposure is properly hedged.

PROSPECTS

The Group believes that new energy sectors, the major trend in addressing air pollution and enhancing economic sustainability, are becoming a key focus of global interest. With this in mind, electrifying transport with zero emissions is becoming increasingly widespread worldwide.

With the Group's diversification of business into overseas export markets, it is confident that the electric bus and electric vehicles business will grow at a fast pace, contributing more to the Group's overall revenue and elevating its business to the next level. The Group is well positioned and confident in its ability to further develop the market and can also expand and capture new opportunities as they arise.

The product of the Glauberite Mine including thenardite, sodium carbonate and ammonium sulfate, all of which are important raw material used in the chemical and light industrial manufacturing industries. The Group believes that the Glauberite Mine is a valuable asset and will continue to regularly assess its resources, financial viability and general condition.

CHARGES ON THE GROUP'S ASSETS AND CONTINGENT LIABILITIES

As at 31 March 2023, the Group has pledged a leasehold land and building in Wulong Chongqing with an aggregate carrying value of approximately RMB31.6 million to secure bank borrowing of approximately HK$5.8 million (31 March 2022: HK$7.0 million).

As at 31 March 2022, a land use right located in Qijiang Chongqing with carrying value of RMB46.2 million together with construction in progress thereon with carrying value of RMB52.6 million has been ordered to be detained for a period of three years until 29 March 2025. Upon the settlement of the litigation during the year, both of the land use right and the construction in progress on the land have been released and transferred to CQDB. The details of the litigation are set out in the "Business Review" above.

Besides, a land use right of located in Guangxi with carrying value of RMB7.6 million has been ordered to be detained for a period of three years from 29 April 2021 until 28 April 2024. Upon the final settlement made by Guangxi Weiri to the Guangxi Contractor on 29 May 2023, the Court is in the process of releasing the land use right. The details of the litigation are set out in the "Business Review" above.

Save as disclosed herein, there was no other charge on the Group's assets and the Group did not have any significant contingent liabilities not accounted for as at 31 March 2023 and 2022.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2023, the Group employed 62 (2022: 89) full-time managerial and skilled staff principally in Hong Kong and the PRC. The Group also engaged some international advisors in Europe to support its growth strategy in the global market. The Group is now working on a cost optimization plan in order to ensure maximum efficiency.

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, 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 and share awards are granted to eligible employees in accordance with the terms of the Company's share option scheme (the "**Share Option Scheme**") adopted on 30 August 2013 and the Company's share award plan (the "**Share Award Plan**") adopted on 8 May 2019.

On 20 December 2022, the Company granted 374,000,000 share options under the Share Option Scheme to certain participants at the exercise price of HK$0.038 per share for a period of ten years from the date of the grant.

On 9 December 2022, a total of 270,000,000 shares were awarded to the certain eligible participants. All awards granted during the year were vested immediately on the date of grant. The closing price at the date of grant was HK$0.036 per share.

Details of the Share Option Scheme and Share Award Plan are set out in note 16.

EVENTS AFTER THE REPORTING DATE

On 2 June 2023, the Group, through its indirect wholly-owned subsidiary, entered into a sale and purchase agreement for selling its entire equity interests in a group of subsidiaries (the "**Target Group**") to a purchaser (the "**Purchaser**") at a consideration of RMB34 million (the "**Suitong Disposal**"). The intended assets to be disposed are merely the certain intangible assets including the modified bus enterprise status (改裝類客車企業) which is embedded with the entity of Suitong, one of the subsidiaries of the Target Group, where all other major assets and liabilities of the Target Group will be retained in the Group prior to the completion through restructuring. The Company will continue to possess the production facilities and the ability to manufacture and directly export electric vehicles to overseas customers. There are no material impact on the business operation of the Company during the transitional period. The details of the Suitong Disposal are disclosed in the announcement published by the Company on 4 June 2023 and 7 June 2023.

SHARE REPURCHASES

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year ended 31 March 2023.

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 2023.

CODE OF CONDUCT ON DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the 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 2023.

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 appoint of Mr. Chan Francis Ping Kuen, independent non-executive directors of the Company, has been renewed for a further two years from 1 July 2023 to 30 June 2025 at a director's fee of HK$100,000 per annum.

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

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. Lee Kwok Leung 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 2023 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 2023 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
Ev Dynamics (Holdings) Limited
Cheung Ngan
Chairman

Hong Kong, 29 June 2023

As at the date of this announcement, the Board comprise three executive Directors, namely Mr. Cheung Ngan, Mr. Miguel Valldecabres Polop and Ms. Chan Hoi Ying, and three independent non-executive Directors, namely Mr. Chan Francis Ping Kuen, Mr. Lee Kwok Leung and Dato' Tan Yee Boon.