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 2021

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 2021.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2021

	Notes	**2021** ***HK$'000***	2020 *HK$'000*
Revenue	*5*	**23,788**	5,086
Cost of sales		**(16,912)**	(4,406)
Gross profit		**6,876**	680
Other income	*5*	**4,218**	2,032
Selling and distribution expenses		**(1,000)**	(221)
Administrative expenses		**(102,999)**	(108,769)
Impairment of mining assets		**(689,997)**	(27,605)
(Impairment)/reversal of impairment of trade receivables, net		**(4,434)**	2,313
Impairment of construction in progress		**–**	(10,529)
Impairment of other receivables and prepayments, net		**(8,798)**	(8)
Impairment of property, plant and equipment		**–**	(12,889)
Reversal of impairment/(impairment) of intangible assets		**5,119**	(10,000)
Change in fair value of financial assets at fair value through profit or loss ("FVTPL")		**3,406**	1,376
Finance costs	*6*	**(537)**	(483)
Loss before income tax	*7*	**(788,146)**	(164,103)
Income tax credit	*8*	**851**	2,081

	Notes	**2021** *HK$'000*	2020 *HK$'000*
Loss for the year		**(787,295)**	(162,022)
Other comprehensive income/(loss) for the year			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**189,592**	(181,099)
Total comprehensive loss for the year		**(597,703)**	(343,121)
Loss attributable to:			
– Owners of the Company		**(780,525)**	(146,850)
– Non-controlling interests		**(6,770)**	(15,172)
		(787,295)	(162,022)
Total comprehensive loss attributable to:			
– Owners of the Company		**(587,869)**	(330,713)
– Non-controlling interests		**(9,834)**	(12,408)
		(597,703)	(343,121)
Loss per share			
– Basic and diluted *(HK$)*	*10*	**(0.1)**	(0.02)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2021

	Notes	2021 HK$'000	2020 HK$'000
Non-current assets			
Property, plant and equipment		**47,345**	48,381
Construction in progress		**74,268**	68,493
Right-of-use assets		**91,394**	80,615
Mining assets	*11*	**1,826,229**	2,342,532
Other intangible assets	*12*	**18,316**	16,733
Other receivables, deposits and prepayments		**12,925**	15,740
Total non-current assets		**2,070,477**	2,572,494
Current assets			
Inventories		**29,216**	24,555
Trade receivables	*13*	**7,534**	7,614
Contract assets		**10,630**	9,803
Other receivables, deposits and prepayments		**56,693**	57,216
Financial assets at FVTPL		**16,278**	12,034
Cash and bank balances		**52,697**	71,673
Total current assets		**173,048**	182,895
Total assets		**2,243,525**	2,755,389

	Notes	2021 HK$'000	2020 HK$'000
Current liabilities			
Accounts payable	*14*	**8,637**	8,633
Other payables and accruals		**77,314**	61,562
Contract liabilities		**1,789**	4,284
Lease liabilities		**3,753**	4,884
Total current liabilities		**91,493**	79,363
Net current assets		**81,555**	103,532
Total assets less current liabilities		**2,152,032**	2,676,026
Non-current liabilities			
Deferred tax liabilities		**8,352**	8,514
Other payables		**64,694**	59,664
Lease liabilities		**7,534**	133
Total non-current liabilities		**80,580**	68,311
Total liabilities		**172,073**	147,674
NET ASSETS		**2,071,452**	2,607,715
Equity			
Share capital	*15*	**82,902**	68,549
Reserves		**2,024,830**	2,565,612
Equity attributable to owners of the Company		**2,107,732**	2,634,161
Non-controlling interests		**(36,280)**	(26,446)
TOTAL EQUITY		**2,071,452**	2,607,715

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, 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 and mining.

On 28 May 2021, a special general meeting of the Company is held and a resolution is passed to change the Company's name from China Dynamics (Holdings) Limited（中國動力（控股）有限公司 in Chinese) to Ev Dynamics (Holdings) Limited（科軒動力（控股）有限公司 in Chinese).

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

(a) Adoption of new or amended HKFRSs – effective 1 April 2020

The Hong Kong Institute of Certified Public Accountants has issued a number of new or amended HKFRSs that are first effective for the current accounting period of the Group:

Amendments to HKFRS 3	Definition of a Business
Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform
Amendments to HKFRS 16	COVID-19-Related Rent Concessions

None of these new or amended HKFRSs has a material impact on the Group's results and financial position for the current or prior period. The Group has not early applied any new or amended HKFRSs that is not yet effective for the current accounting period except for the amendments to HKFRS 16, COVID-19-Related Rent Concessions. Impact on the application of amendments to HKFRS 16, COVID-19-Related Rent Concessions are summarised below:

Amendments to HKFRS 16 – COVID-19-Related Rent Concessions

HKFRS 16 was amended to provide a practical expedient to lessees in accounting for rent concessions arising as a result of the COVID-19 pandemic, by including an additional practical expedient in HKFRS 16 that permits entities to elect not to account for rent concessions as modifications. The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 pandemic and only if all of the following criteria are satisfied:

(a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

(b) the reduction in lease payments affects only payments originally due on or before 30 June 2021; and

(c) there is no substantive change to other terms and conditions of the lease.

Rent concessions that satisfy these criteria may be accounted for in accordance with this practical expedient, which means the lessee does not need to assess whether the rent concession meets the definition of lease modification. Lessees shall apply other requirements of HKFRS 16 in accounting for the rent concession.

Accounting for rent concessions as lease modifications would have resulted in the Group remeasuring the lease liability to reflect the revised consideration using a revised discount rate, with the effect of the change in the lease liability recorded against the right-of-use asset. By applying the practical expedient, the Group is not required to determine a revised discount rate and the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

The Group has elected to utilise the practical expedient for all rent concessions that meet the criteria. In accordance with the transitional provisions, the Group has applied the amendment retrospectively, and has not restated prior period figures. As the rent concessions have arisen during the current financial period, there is no retrospective adjustment to opening balance of retained earnings at 1 April 2020 on initial application of the amendment.

The application of the practical expedient has resulted in the reduction of total lease liabilities of HK$177,000. The effect of this reduction has been recorded in profit or loss as “government subsidies” in the period in which the event or condition that triggers those payments occurs.

(b) New or amended HKFRSs that have been issued but are not yet effective

The following new or amended 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 1 April 2021 when they become effective.

Amendments to HKAS 1 and Hong Kong Interpretation 5 (2020) ("HK-INT5 (2020)")	Classification of Liabilities as Current or Non-current and Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause[5]
Amendments to HKAS 1	Disclosure of Accounting Policies[5]
Amendments to HKAS 8	Definition of Accounting Estimates[5]
Amendments to HKAS 12	Recognition of Deferred Tax Liabilities and Deferred Tax Assets[5]
Amendments to HKFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021[2]
Amendments to HKAS 16	Proceeds before Intended Use[3]
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract[3]
Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2[1]
Amendments to HKFRS 3	Reference to the Conceptual Framework[4]
Annual Improvements to HKFRSs 2018-2020	Amendments to HKFRS 9 Financial Instruments and Illustrative Examples accompanying HKFRS 16 Leases[3]

1 Effective for annual periods beginning on or after 1 January 2021.

2 Effective for annual periods beginning on or after 1 April 2021.

3 Effective for annual periods beginning on or after 1 January 2022.

4 Effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022.

5 Effective for annual periods beginning on or after 1 January 2023.

Further information about the above HKFRSs which are expected to be applicable to the Group is as follows:

Amendments to HKAS 1 and HK Int 5 (2020) – Classification of Liabilities as Current or Non-current and Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability and explain that rights are in existence if covenants are complied with at the end of the reporting period. The amendments also introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

HK Int 5 (2020) was revised as a consequence of the amendments to HKAS 1 issued in August 2020. The revision to HK Int 5 (2020) updates the wordings in the interpretation to align with the amendments to HKAS 1 with no change in conclusion and do not change the existing requirements.

The directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the Group's consolidated financial statements.

Amendments to HKAS 1 – Disclosure of Accounting Policies

The key amendments to HKAS 1 include:

- Requiring companies to disclose their material accounting policies rather than their significant accounting policies;

- Clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and

- Clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a group's financial statements.

The directors of the Company do not anticipate that the application of these amendments in the future will have an impact on the Group's consolidated financial statements.

Amendments to HKAS 8 – Definition of Accounting Estimates

The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.

The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a Group develops an accounting estimate to achieve the objective set out by an accounting policy.

The directors of the Company do not anticipate that the application of these amendments in the future will have an impact on the Group's consolidated financial statements.

Amendments to HKAS 12 – Recognition of Deferred Tax Liabilities and Deferred Tax Assets

The amendments narrow the scope of the recognition exemption in paragraphs 15 and 24 of HKAS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

The directors of the Company do not anticipate that the application of these amendments in the future will have an impact on the Group's consolidated financial statements.

Amendments to HKFRS 16 – COVID-19-Related Rent Concessions beyond 30 June 2021

The amendments modify one of the criteria that must be met in order for the practical expedient to be applied. They extend the period over which lease payments originally due may be reduced to end on 30 June 2022 (previously 30 June 2021). Therefore, using the earlier example of a rent concession which reduced lease payments originally due by 15% from July 2020 to July 2021, an entity that is eligible to apply the revised practical expedient could account for this rent concession using the practical expedient, whereas it could not under the original amendments issued in May 2020.

The directors of the Company is currently assessing the impact that the application of the amendments will have on the Group's consolidated financial statements.

Amendments to HKAS 16 – Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, the proceeds from selling such items, and the cost of producing those items, is recognised in profit or loss.

The directors of the Company is currently assessing the impact that the application of the amendments will have on the Group's consolidated financial statements.

Amendments to HKAS 37 – Onerous Contracts – Cost of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (e.g. direct labour and materials) or an allocation of other costs that relate directly to fulfilling contracts (e.g. the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The directors of the Company is currently assessing the impact that the application of the amendments will have on the Group's consolidated financial statements.

Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16 – Interest Rate Benchmark Reform – Phase 2

The amendments address issues that might affect financial reporting when a group replaces the old interest rate benchmark with an alternative benchmark rate as a result of the interest rate benchmark reform (the "Reform"). The amendments complement those issued in November 2019 and relate to (a) changes to contractual cash flows in which an entity will not have to derecognise or adjust the carrying amount of financial instruments for changes required by the Reform, but will instead update the effective interest rate to reflect the change to the alternative benchmark rate; (b) hedge accounting in which an entity will not have to discontinue its hedge accounting solely because it makes changes required by the Reform, if the hedge meets other hedge accounting criteria; and (c) disclosures in which an entity will be required to disclose information about new risks arising from the Reform and how it manages the transition to alternative benchmark rates.

The directors of the Company do not anticipate that the application of these amendments in the future will have an impact on the Group's consolidated financial statements.

Amendments to HKFRS 3 – Reference to the Conceptual Framework

The amendments update HKFRS 3 so that it refers to the revised Conceptual Framework for Financial Reporting 2018 instead of the version issued in 2010. The amendments add to HKFRS 3 a requirement that, for obligations within the scope of HKAS 37, an acquirer applies HKAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of HKFRIC 21 Levies, the acquirer applies HKFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. The amendments also add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The directors of the Company is currently assessing the impact that the application of the amendments in the future will have on the Group's consolidated financial statements.

Annual Improvements to HKFRSs 2018-2020 – Amendments to HKFRS 9 Financial Instrument and Illustrative Examples accompanying HKFRS 16 Leases

Details of the amendments that are expected to be applicable to the Group are as follows:

- HKFRS 9, Financial Instruments, which clarify the fees included in the '10 per cent' test in paragraph B3.3.6 of HKFRS 9 in assessing whether to derecognise a financial liability, explaining that only fees paid or received between the entity and the lender, including fees paid or received by either the entity or the lender on other's behalf are included.

- HKFRS 16, Leases, which amend Illustrative Example 13 to remove the illustration of reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.

The directors of the Company do not anticipate that the application of these amendments in the future will have an impact on the consolidated financial statements.

3. BASIS OF PREPARATION

(a) Statement of compliance

These 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 (Cap.622). In addition, these 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 and going concern assumption

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

The Group incurred a loss of HK$787,295,000 (2020: HK$162,022,000) for the year ended 31 March 2021. This condition may cast significant doubt about the Group's ability to continue as a going concern.

Management of the Group has prepared a cash flow forecast for the next twelve months after the end of the reporting period. Management is of the view that the Group meets its day-to-day working capital requirements through internal funding and placing of shares. The Group's forecasts and projections, taking account of the placing of shares taken place on 24 June 2021 and the reasonably possible changes in trading performance, show that the Group would be able to operate within the level of its current resources. The directors of the Company are of the view that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

(c) Functional and presentation currency

These 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 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. 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

	Development of electric vehicles		Mining		Metal and minerals trading		Total	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue from external customers	**23,788**	5,086	**–**	–	**–**	–	**23,788**	5,086
Reportable segment (loss)/profit	**(61,205)**	(90,016)	**(696,380)**	(46,295)	**(1,043)**	1,228	**(758,628)**	(135,083)
Interest income	**11**	76	**–**	–	**–**	4	**11**	80
Unallocated interest income							**50**	60
Total interest income							**61**	140
Depreciation	**(9,606)**	(13,135)	**(549)**	(537)	**–**	–	**(10,155)**	(13,672)
Unallocated depreciation expenses							**(4,515)**	(6,247)
Total depreciation							**(14,670)**	(19,919)
Amortisation	**(4,951)**	(10,014)	**–**	–	**–**	–	**(4,951)**	(10,014)
(Impairment)/reversal of impairment of other receivables and prepayments, net	**(8,798)**	284	**–**	–	**–**	–	**(8,798)**	284
Unallocated							**–**	(292)
Total impairment of other receivables and prepayments, net							**(8,798)**	(8)
Impairment of inventories	**–**	(4,894)	**–**	–	**–**	–	**–**	(4,894)
Impairment of property, plant and equipment	**–**	(12,889)	**–**	–	**–**	–	**–**	(12,889)
Reversal of impairment/ (impairment) of intangible assets	**5,119**	(10,000)	**–**	–	**–**	–	**5,119**	(10,000)
Impairment of construction in progress	**–**	–	**–**	(10,529)	**–**	–	**–**	(10,529)
Impairment of mining assets	**–**	–	**(689,997)**	(27,605)	**–**	–	**(689,997)**	(27,605)
Reportable segment assets	**295,388**	290,054	**1,863,519**	2,377,387	**11,918**	11,942	**2,170,825**	2,679,383
Additions to non-current assets	**1,526**	11,043	**–**	382	**–**	–	**1,526**	11,425
Unallocated assets							**931**	15
Total additions to non-current assets							**2,457**	11,440
Reportable segment liabilities	**(160,221)**	(139,678)	**(2,989)**	(3,225)	**(130)**	(79)	**(163,340)**	(142,982)

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

	2021	2020
	HK$'000	*HK$'000*
Revenue		
Reportable segment revenue and consolidated revenue	**23,788**	5,086
Loss before income tax		
Reportable segment loss	**(758,628)**	(135,083)
Unallocated other income	**3,012**	110
Change in fair value of financial assets at FVTPL	**3,406**	1,376
Unallocated share-based payments	**(20,552)**	(4,996)
Unallocated other corporate expenses	**(14,847)**	(25,027)
Finance costs	**(537)**	(483)
Consolidated loss before income tax	**(788,146)**	(164,103)
Assets		
Reportable segment assets	**2,170,825**	2,679,383
Unallocated corporate assets*	**72,700**	76,006
Consolidated total assets	**2,243,525**	2,755,389
Liabilities		
Reportable segment liabilities	**163,340**	142,982
Unallocated corporate liabilities	**8,733**	4,692
Consolidated total liabilities	**172,073**	147,674

* *Unallocated corporate assets as at 31 March 2021 mainly represent cash and bank balances of HK$41,130,000 (2020: HK$55,132,000) and financial assets at FVTPL of HK$16,278,000 (2020: HK$12,034,000) 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**	
	2021	2020	**2021**	2020
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
PRC, including Hong Kong	**18,223**	2,656	**2,070,143**	2,571,338
Japan	**–**	–	**334**	1,156
Peru	**–**	2,430	**–**	–
Philippines	**5,565**	–	**–**	–

(d) Information about major customers

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

	2021	2020
	HK'000	*HK'000*
Customer A	**8,862**	–
Customer B	**7,400**	–
Customer C	**5,565**	2,430
Customer D	**365**	2,021
Customer E	**–**	581
	22,192	5,032

5. REVENUE AND OTHER INCOME

Revenue from contracts with customers within the scope of HKFRS 15

(a) Disaggregation of revenue from contracts with customers

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

	2021	2020
	HK'000	*HK'000*
Sale of motor vehicles	**23,788**	5,032
Sale of batteries	**–**	54
	23,788	5,086

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

(b) Assets and liabilities related to contracts with customers

The following table provides information about contract assets and contract liabilities from contracts with customers:

	2021	2020
	HK'000	*HK'000*
Contract assets	**10,630**	9,803
Contract liabilities	**1,789**	4,284

The contract assets primarily relate to certain portion of the sales of electric vehicles of the Group that will be settled by the PRC government by the way of national subsidies in accordance with the Circular on Financial Support Policies for the Promotion and Application of New Energy Vehicles 2016-2020 (Cai Jian [2015] 134) and other relevant and applicable government's notices and policies promulgated by the PRC government, and the sales contracts made between the Group and these customers.

The contract liabilities mainly relate to the advance consideration received from customers. HK$4,284,000 of the contract liabilities as of 31 March 2020 has been recognised as revenue for the year ended 31 March 2021.

	2021	2020
	HK'000	*HK'000*
Other income		
(Loss)/gain on disposal of property, plant and equipment	**(2)**	412
Gain on lease modification	**–**	26
Rental income	**762**	–
Government grants *(note)*	**838**	279
Exchange gain	**2,219**	–
Sundry income	**340**	1,175
Interest income	**61**	140
	4,218	2,032

Note: Government grants were received from local government authority, 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

	2021	2020
	HK'000	*HK'000*
Interest on lease liabilities	**537**	483

7. LOSS BEFORE INCOME TAX

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

	2021	2020
	HK$'000	*HK$'000*
Auditor's remuneration	**1,560**	1,560
Amortisation of other intangible assets	**4,951**	10,014
Cost of inventories recognised as expenses	**16,912**	4,406
Depreciation of property, plant and equipment	**7,238**	9,932
Depreciation of right-of-use assets	**7,432**	9,987
Exchange (gain)/loss, net	**(2,219)**	899
Impairment of inventories	**–**	4,894
Impairment/(reversal of impairment) of trade receivables, net	**4,434**	(2,313)
Reversal of impairment of contract assets	**–**	(150)
Impairment of mining assets	**689,997**	27,605
Impairment of other receivables and prepayments, net	**8,798**	8
Impairment of property, plant and equipment	**–**	12,889
(Reversal of impairment)/impairment of intangible assets	**(5,119)**	10,000
Impairment of construction in progress	**–**	10,529
Short-term and low-value lease expense	**3,181**	2,459
Research and development cost	**283**	1,183
Directors' remuneration	**10,789**	4,972
Employee costs (excluding directors' remuneration)		
– Salaries and allowances	**20,139**	25,664
– Share-based payments *(note 16)*	**17,418**	7,379
– Other benefits	**1,039**	1,655
– Pension contributions	**1,223**	1,251
	39,819	35,949

8. INCOME TAX

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

	2021	2020
	HK$'000	*HK$'000*
Current tax		
– Provision for PRC enterprise income tax for the year	**–**	–
Deferred tax		
– Origination and reversal of temporary differences	**(851)**	(2,081)
Income tax credit	**(851)**	(2,081)

9. DIVIDEND

No dividend has been proposed or paid by the Company in respect of the years ended 31 March 2021 and 2020.

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:

	2021	2020
	HK'000	*HK'000*
Loss for the year attributable to owners of the Company	**(780,525)**	(146,850)

	2021	2020
	Number	*Number*
Weighted average number of ordinary shares in issue	**7,311,107,678**	6,884,139,267

Basic and diluted loss per share is HK$0.1 per share (2020: HK$0.02 per share) based on the loss for the year of HK$780,525,000 (2020: HK$146,850,000) 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

Cost and net carrying value:

	2021	2020
	HK$'000	*HK$'000*
At 1 April	**2,342,532**	2,534,111
Impairment loss	**(689,997)**	(27,605)
Exchange realignment	**173,694**	(163,974)
At 31 March	**1,826,229**	2,342,532

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 eighteen-year period from 2023 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 a six-year period from 2023 to 2028 are based on financial budgets approved by senior management. Cash flows beyond the six-year period are extrapolated using an estimated weighted average income growth rate of 2.68% (2020: 2.84%), 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-year period from 2023 to 2028 reflect 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. Management considered that reasonably possible change in the key assumptions used for the recoverable amount would not cause further impairment loss.

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

	2021	2020
Thenardite price per ton	**RMB903**	RMB926
Required rate of return for working capital	**3.68%**	3.68%
Required rate of return for fixed assets	**13.41%**	12.27%
Required rate of return for assembled workforce	**21.96%**	20.98%
Post-tax discount rate	**21.96%**	20.98%
Income growth rate within the projected period	**2.68%**	2.84%
Costs growth rate within the projected period	**1.40%**	1.25%

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 2010 to 2021 and the costs growth rate represents the China Producer Price Index from 2001 to 2021. 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 2021 was HK$1,826 million, which was lower than its carrying value of HK$2,540 million, and hence an impairment loss of HK$689,997,000 was recognised in the profit or loss (2020: HK$27,605,000).

12. OTHER INTANGIBLE ASSETS

	Technical know-how	Industrial proprietary rights	Total
	HK$'000	*HK$'000*	*HK$'000*
At 1 April 2019	24,517	14,282	38,799
Amortisation	(7,824)	(2,190)	(10,014)
Impairment	(10,000)	–	(10,000)
Exchange realignment	(1,176)	(876)	(2,052)
At 31 March 2020 and 1 April 2020	5,517	11,216	16,733
Amortisation	(2,891)	(2,060)	(4,951)
Reversal of impairment	5,119	–	5,119
Exchange realignment	541	874	1,415
At 31 March 2021	**8,286**	**10,030**	**18,316**

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 of HK$44,175,000 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 the technical know-how on the use of aluminium body frame and the industrial proprietary rights were allocated to the CGU of the development of electric vehicles. The directors determined the recoverable amount of the CGU from its value in use based on a valuation performed by the Valuers using the income approach.

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

	2021	2020
Pre-tax discount rate	**22.98%**	20.40%
Gross profit margin	**19.8%-23%**	16%-24.21%

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

As the recoverable amount of the CGU exceeded the carrying value of the CGU's non-current assets, which comprises the property, plant and equipment, right-of-use assets, construction in progress and intangible assets, the directors are of the opinion that there was reversal of impairment of HK$5,119,000 on the assessed non-current assets as at 31 March 2021 (2020: impairment loss of HK$10,000,000).

13. TRADE RECEIVABLES

	2021	2020
	HK$'000	*HK$'000*
Trade receivables at amortised cost	**20,497**	15,339
Less: Accumulated impairment losses	**(12,963)**	(7,725)
	7,534	7,614

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

	2021	2020
	HK$'000	*HK$'000*
0 – 30 days	**1,137**	74
31 – 90 days	**–**	312
91 – 180 days	**386**	58
181 – 365 days	**2,764**	1,010
More than 1 year	**3,247**	6,160
	7,534	7,614

The average credit period on sales of electric vehicles is 30-365 days from the invoice date. The Group recognised impairment losses based on the accounting policy stated in the consolidated financial statements. Further details of the Group's credit policy and credit risk arising from trade receivable, contract assets, financial assets included in other receivables and deposits are set out in the consolidated financial statements.

14. ACCOUNTS PAYABLE

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

	2021	2020
	HK$'000	*HK$'000*
0 – 30 days	**–**	612
31 – 90 days	**48**	8
91 – 180 days	**550**	36
181 – 365 days	**322**	398
More than 1 year	**7,717**	7,579
	8,637	8,633

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

15. SHARE CAPITAL

	2021		2020	
	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	**6,854,963,200**	**68,549**	5,366,046,800	53,660
Placing of shares *(note (i))*	**–**	**–**	670,000,000	6,700
Subscription of shares *(note (i))*	**268,000,000**	**2,680**	–	–
Cancellation of repurchased shares *(note (ii))*	**(70,000)**	**(1)**	(253,670,000)	(2,537)
Conversion of Convertible Notes *(note (iii))*	**1,167,413,600**	**11,674**	1,072,586,400	10,726
At 31 March	**8,290,306,800**	**82,902**	6,854,963,200	68,549

Notes:

(i) During the year ended 31 March 2021, 268,000,000 ordinary shares (2020: 670,000,000 ordinary shares) of the Company were issued at a subscription price of HK$0.145 each (2020: HK$0.11) to independent third parties at an aggregate consideration of HK$38,860,000 (2020: HK$73,700,000) of which HK$2,680,000 (2020: HK$6,700,000) was credited to share capital and the remaining balance of HK$36,180,000 (2020: HK$64,046,000) was credited to share premium account.

(ii) During the year ended 31 March 2020, the Company repurchased and cancelled 253,670,000 shares of the Company in the open market at an aggregate consideration of approximately HK$27,429,000. During the year ended 31 March 2021, the Company cancelled the remaining 70,000 shares of the Company carried forward from repurchase in the financial year 31 March 2020.

(iii) During the year ended 31 March 2021, the Company's Convertible Notes in principal amount of HK$875,560,200 (2020: HK$804,439,800) were converted into 1,167,413,600 (2020: 1,072,586,400) ordinary shares of the Company at the conversion price of HK$0.75 (2020: HK$0.75) per share, of which approximately HK$11,674,000 (2020: HK$10,726,000) was credited to share capital and the remaining balance of approximately HK$761,634,000 (2020: HK$699,768,000) was credited to share premium account.

16. SHARE-BASED PAYMENT TRANSACTIONS

Share option scheme

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.

A old share option 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") (the "Old Scheme"), 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 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"). 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.

On 25 February 2021, 278,000,000 share option (2020: nil) under the New Scheme were grant to a director and employee with exercise price of HK$0.13 per share. The closing price at the date of grant was HK$0.12 per share.

In addition, subsequent to the end of the financial year, on 7 April 2021, 15,000,000 share options under the New Scheme were granted to a grantee with both exercise price and closing price at date of grant at HK$0.14 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 01/04/2019	Lapsed/ forfeited during the year	At 31/03/2020	Granted during the year	Forfeited during the year	At 31/03/2021	Exercise price	Closing price at date of offer of grant	Exercise period	Vesting period
Under the Old Scheme										
16/12/2009	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	57,000,000	(8,000,000)	49,000,000	–	–	49,000,000	HK$1.15	HK$1.11	12/04/2016 to 10/04/2024	12/04/2016 to 12/04/2020
10/03/2016	325,600,000	(7,500,000)	318,100,000	–	(30,000,000)	288,100,000	HK$0.30	HK$0.28	10/03/2016 to 09/03/2026	10/03/2016 to 11/03/2020
25/2/2021	–	–	–	278,000,000	–	278,000,000	HK$0.13	HK$0.12	25/02/2021 to 24/02/2031	N/A
	423,000,000	(55,900,000)	367,100,000	278,000,000	(30,000,000)	615,100,000				

The weighted average remaining contractual life of options outstanding at the end of the year was 6.96 years (2020: 5.73 years). The weighted average exercise price of options outstanding at the end of the year was HK$0.29 (2020: HK$0.41).

615,100,000 (2020: 357,300,000) share options were exercisable at the end of the year.

There was no exercise of share options during the years ended 31 March 2021 and 2020.

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 was measured based on Black-Scholes model and the New Scheme 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.

Fair value of share options and assumptions:

	Offer of grant on			
	16 December 2009	**11 April 2014**	**10 March 2016**	**25 February 2021**
Fair value at measurement date	HK$0.43	HK$0.63	HK$0.14	HK$0.06
Share price at the date of offer of grant	HK$0.45	HK$1.11	HK$0.28	HK$0.12
Exercise price	HK$0.46	HK$1.15	HK$0.30	HK$0.13
Expected volatility	125.98%	63.33%	96.26%	68.27%
Expected life	10 years	10 years	10 years	10 years
Expected dividend rate	0%	0%	0%	0%
Risk-free interest rate	2.387%	2.048%	1.367%	1.480%

An equity-settled share-based payment expense of approximately HK$17,932,000 (2020: HK$3,958,000) was recognised during the year.

Share award plan

On 8 May 2019, a new share award plan (the “Share Award Plan”) was adopted by the Company for the purpose of providing incentives and aligning the interests of the selected employees with that of shareholders. On 25 October 2019, award shares were granted to the eligible participants.

Fair value of share award and assumptions:

	Offer of grant on 25 October 2019
Fair value at measurement date	HK$0.096 – HK$0.106
Share price at the date of offer of grant	HK$0.106
Expected volatility	60.57%
Expected life	2 years
Expected dividend rate	0%
Risk-free interest rate	1.67%
Vesting period	2 years

The Company has used the market approach to assess the fair value of the above total of 165,000,000 award shares granted during the year ended 31 March 2020. For the year ended 31 March 2021, the Group recognised a total expense of HK$4,648,000 (2020: HK$3,581,000) in relation to such award shares.

17. CAPITAL COMMITMENTS

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

	2021	2020
	HK$'000	*HK$'000*
Acquisition of property, plant and equipment	**20,835**	19,591
Capital expenditure in respect of the construction of the ores processing plant	**3,685**	3,664
Capital expenditure in respect of the mining operations	**8,868**	8,178
Capital expenditure in respect of the development of electric vehicles	**21,542**	15,904
	54,930	47,337

18. RELATED PARTY TRANSACTIONS

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

The Group had no significant transactions with related parties during the years ended 31 March 2021 and 2020.

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 2021, the Group recorded revenue of approximately HK$23.8 million (2020: HK$5.1 million), which was derived from the sales of motor vehicles. Gross profit amounted to approximately HK$6.9 million (2020: HK$0.7 million), with a gross profit ratio of 28.9% (2020: 13.4%). The increase in revenue and gross profit on the sales of motor vehicles was the result of an increase in sales orders and better economies of scale. Following the enhancement of its R&D capabilities and the efforts made on international commercial and sales, the Group's results have rebounded and remained on a more positive trend. The Group is now working on a cost optimization plan in order to ensure maximum efficiency and thus add more value to its final products. Details of the Group's current development are set out in the section headed "Business Review" below.

The Group recorded a loss of approximately HK$787.3 million for the year, as compared with a loss of approximately HK$162.0 million for last year. The increase in the loss was mainly due to the increase in non-cash expenses including (i) an impairment loss on the mining assets in Guangxi of approximately HK$690.0 million (2020: HK$27.6 million); and (ii) the share-based payment expenses to approximately HK$22.6 million (2020: HK$7.5 million). Such expenses were non-cash items and will not affect the cash flow of the Group.

The loss was partly offset by the reversal on the impairment loss of intangible assets of approximately HK$5.1 million (2020: impairment loss of HK$10.0 million) in respect of the development of electric vehicles with details in the "Electric bus and electric vehicles" segment under "Business Review".

The loss attributable to the owners of the Company was approximately HK$780.5 million (2020: HK$146.9 million). Basic and diluted loss per share for the year was HK$0.1 per share (2020: HK$0.02 per share).

DIVIDEND

The directors of the Company do not recommend the payment of any dividend for the year ended 31 March 2021 (2020: HK$ nil).

BUSINESS REVIEW

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

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

During the year, Suitong has successfully completed sales orders from Wulong County for its 8.5-meter buses. Although the massive EV market in the People's Republic of China (the "PRC") remains highly competitive, we maintain confidence in the Group's advantage in technical capabilities and believe that Suitong will remain committed to seeking new sales orders and will subsequently be able to reap a rewarding return from the huge potential within the PRC market in the years to come.

As discussed in the last annual report, the Group have diversified its business into overseas markets instead of relying solely on the PRC market. In the current year, the Group completed sales orders from the Hong Kong Productivity Council for two smart electric buses as part of a trial run by the Airport Authority Hong Kong and the Hong Kong Anti-Cancer Society. Orders for two more new smart electric buses are currently under negotiation. The Company will also start to sell our fully electric 65-seats coached to the Hong Kong market in the latter half of the year. Two of the coaches have already arrived in Hong Kong ready to sell and we are now negotiating terms with prospective buyers. 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 Company had launched its fully electric 19-seat low-floor minibus late last year, which will be ready for sale in the second half of this year. The Company has already secured a small trial order for this minibus. This minibus is suitable for both the franchise and non-franchise minibus sectors in Hong Kong with total more than 4,000 units. Given our minibus's unique low-floor design with no comparable model at this moment, the Company is highly confident that we can secure a sizeable market share in these sectors.

The Group has also completed the development of a customised city bus named COMET for emerging markets in Southeast Asia, with the first orders having been unveiled and delivered during the year under review. A launching ceremony was held in the Philippines to showcase this pioneering and environmentally friendly form of public transportation. Again, the potential of the markets that the Group has entered is enormous and we expect many more orders in the near future. For the year under review, several sales orders from the Philippines were completed and are thus recorded in the current year's results. Following the successful showcase in the Philippines, the Company has received sizable follow-up orders and will deliver no fewer than 500 COMET units in the coming 24 months. The Company is currently producing these follow-up orders and is expected to deliver around 100 units of the COMET in the third and early in the fourth quarter of 2021. The Group believes that COMET is by far the most suitable and feasible model for replacing the Jeepney in Philippines. The market size of the Jeepney in the Philippines is several hundred thousand units. The Group is very confident in dominating the Philippines Jeepney market through progressive market penetration.

For the South American market, the Group has developed a 12-meter "rolling platform", which is a complete chassis with a 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. The Group has already secured a sizable order for 12-meter e-platforms and another 12-meter city bus from Latin America. These orders will certainly contribute positive revenue upon completion and will therefore improve the Group's overall financial performance. Nevertheless, as a result of the travel restrictions imposed in response to the COVID-19 pandemic, together with country-specific impact from the pandemic, the completion of such sales orders has been complicated by unexpected delays.

On 30 April 2021, the Company has entered into an investment agreement to subscribe for 4.98% of Quantron AG, a company incorporated in Germany principally engaged in e-mobility in inner-city and regional passenger and freight transport. The Group believes that this investment will bring synergy effect and present a good opportunity to further expand our business in Europe. As such, the Company has successfully obtained orders through Quantron AG in Europe for our 12-meter electric bus and 12-meter hydrogen bus, which are expected to be delivered in the third and fourth quarter of 2021 respectively. The demand for electric buses and vehicles in Europe is strongly growing and the Company expects there will be a steady stream of orders after the delivery of these buses.

The Group strongly believe that a trend for a faster rollout for overseas markets is now underway. In addition, the Group has obtained a trial order of its logistics vehicles for the European market which is expected to be delivered within a few months. Again, the Group is highly confident that further orders from Europe will be secured following the trial period of this first series of orders. Moreover, during the year, the Group appointed a new chief executive officer, Mr. Miguel Valldecabres Polop, who is leading its internationalisation and whose appointment has attracted the attention of international investors who have now begun to pay closer attention to the Group's recent development.

The COVID-19 pandemic has inevitably affected the Group's production schedule as well as the placement and fulfilment of orders, particularly those from overseas. Suitong was able to restart its production from April 2020 onwards, and progress in production is picking up nicely alongside the steady advances in reopening of national supply chains in the PRC. However, the intensified restrictions worldwide have made it impossible for Suitong's technical personnel to travel to target markets to perform product commissioning. Travel bans and lockdowns remain a significant challenge for the Group, as they make the order process and cooperation more difficult since EV products have to comply with local regulations and operational requirements.

In the current year, several sales orders from Central and South American countries were confirmed with expected delivery by 2021.

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. The main building blocks of the new production plant in the Qijiang District of Chongqing, meanwhile, have been completed but the installation of production equipment has still not commenced. The Group is evaluating the situation and is considering the best use of the new plant in order to maximize its efficiency and the Group's interest.

Mining and production of mineral products

The Group's wholly-owned subsidiary, Guangxi Weiri Mining Company Limited (the "Guangxi Weiri"), owns a glauberite mine located in the Guangxi Zhuang Autonomous Region of the PRC (the "Glauberite Mine"). The product extracted from the Glauberite Mine is thenardite, an important raw material used in chemical and light industrial manufacturing. No other significant exploration, development or production activity related to the Glauberite Mine was conducted during the year ended 31 March 2021. The mineral resources available have not changed since its acquisition on 28 February 2014. Further details regarding these resources are available in the "Mineral Resources and Ore Reserves" section below.

Guangxi Weiri has completed the purchase of land use rights covering 63,118 square meters of land at a cost of RMB7.6 million. 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 the local government is still executing the land management process. The purchase procedure for approximately 41,500 square meters of land for road access has also been completed, but no payment has been made to the government 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. Guangxi Weiri is working closely with the local government to resolve the land issue. The Group has been in regular communication with the local government and has closely monitored the progress of the issuance of land use rights.

Guangxi Weiri will weigh the relevant risks involved before any construction work is carried out. As mentioned in previous annual reports, Guangxi Weiri is considering all options, including the possibility of negotiating with the local government to take over an abandoned thenardite processing plant nearby so as to resolve the long-term land issues. Although that plant is not within the Guangxi Weiri mine site, careful assessment has found it feasible from both the geotechnical resources and government administrative perspectives. Guangxi Weiri will carefully assess this possibility and will reduce risks, if any, by strictly controlling the relevant capital expenditure that may be incurred.

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 asset's overall situation. The Group has also engaged the services of a qualified independent valuer to assess its fair value. The fair value is calculated under the Multi Period Excess Earnings Method, which is based on a financial budget covering an 18-year period from 2023 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. Details of the key assumptions applied for the Glauberite Mine are set out in note 11. In accordance with the report of the Valuer, the fair value of the Glauberite Mine as at 31 March 2021 is RMB1,540.1 million. The carrying value of RMB2,142.0 million exceeded the fair value and hence the impairment loss on the mining assets of RMB601.9 million, equivalent to HK$690.0 million (2020: HK$27.6 million), was made in the current year. The decrease in fair value of the mining assets was due to the multiple effect on the assumption used in the Multi Period Excess Earnings Method, including the increase in discount rate to 21.96% (2020: 20.98%), decrease in income growth rate to 2.68% (2020: 2.84%) and increase in costs growth rate to 1.40% (2020:1.25%). The higher discount rate is due to the uncertainty and fluctuation of global demand during the outbreak of COVID-19 and its subsequent period. Such impairment loss are non-cash items and will not affect the cash flow of the Group. The Group will assess any possibility 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.

Mineral resources and ore reserves

As at 31 March 2021, the Company, through its wholly-owned subsidiary in the PRC, owns a Glauberite Mine in Guangxi. The following table sets out the mineral information of the mine as at 31 March 2021:

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 2021 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 Kentwell was obtained by China Dynamics (Holdings) Limited on 28 May 2021.

Metals and minerals trading

As the metals and minerals trading industry remained weak and the profit margins of such business are low, the Group had not concluded any trading contract on metal ores during the year to avoid any possible risks. 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.

LIQUIDITY AND FINANCIAL RESOURCES

The directors have considered various ways of raising funds and consider that the subscription and placing 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. As at 31 March 2021, the net asset value of the Group amounted to approximately HK$2,071.5 million (2020: HK$2,607.7 million). The gearing ratio of the Group was nil, given no bank borrowings as at 31 March 2021 (2020: HK$ nil) and the equity attributable to owners of the Company was approximately HK$2,107.7 million (2020: HK$2,634.2 million).

As at 31 March 2021, the Group's other payables and accruals amounted to HK$142.0 million, an increase of 17.2% as compared with HK$121.2 million as at 31 March 2020. The increase was attributable to the 7.8% appreciation of Renminbi against the Hong Kong Dollar and the increase in the construction cost for the manufacturing plant of motor vehicles in Chongqing. The other payables and accruals mainly represented (i) the government grant in relation to the acquisition of land use rights of approximately HK$64.7 million (2020: HK$59.7 million), which will be recognized as a reduction of construction costs in property, plant and equipment after the completion of the construction of the manufacturing plant in Chongqing and the fulfilment of the conditions of the government grant; and (ii) the construction cost incurred for the manufacturing plant in Chongqing of approximately HK$53.1 million (2020: HK$40.8 million), with the construction of the main building blocks having been completed in the previous year ended 31 March 2020.

As at 31 March 2021, the Company has (i) outstanding convertible notes in the principal amount of HK$7.5 million (2020: HK$883.1 million) which could be converted into 10,000,000 shares (2020: 1,177,413,600 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 the Listing Rules; (ii) outstanding share options entitling participants to subscribe for a total of 615,100,000 shares (2020: 367,100,000 shares) of the Company, for which 615,100,000 shares (2020: 357,300,000 shares) are vested; and (iii) outstanding share awards entitling participants to obtain a total of 97,000,000 shares (2020: 97,000,000 shares) of the Company, which are under vesting conditions, and a total of 48,500,000 shares are vested as at 31 March 2021.

The operating cash flows of the Group are mainly denominated in HK dollars, Renminbi and US dollars. Certain bank deposits, receivables and payables of the Group are denominated in Renminbi, US dollars and Euros. As at 31 March 2021, the Group had unpledged cash and bank balances of approximately HK$52.7 million (2020: HK$71.7 million), of which 83.5% (2020: 56.6%) was denominated in HK dollars, 0.6% (2020: 25.2%) was denominated in Euros, 14.6% (2020: 16.8%) was denominated in Renminbi and 0.1% (2020: 0.7%) was denominated in US dollars.

During the reporting period, the exchange rate of the Renminbi appreciated by approximately 7.8% against the HK dollar. This had a positive impact on the Group's results thanks to the increased value 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. 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.

USE OF PROCEEDS

On 18 March 2021, the Company issued 268,000,000 new shares to a subscriber at a price of HK$0.145 per subscription share under the general mandate granted to the directors of the Company at the annual general meeting of the Company held on 31 August 2020. The net proceeds from the subscription after deducting all relevant expenses were approximately HK$38.86 million. The net proceeds have partly been utilised as per intended use, as outlined below:

	Actual use of proceeds up to the date of this announcement *HK$'000* *(approximately)*	**Remaining proceeds kept in an interest-bearing bank account pending usage** *HK$'000* *(approximately)*
General working capital for the settlement of administrative expenses	16,412	2,788
Development of electric vehicle business of the Group	12,263	7,397
	28,675	10,185

Subsequent to the reporting date, on 24 June 2021, the Company issued 367,660,000 new shares at a placing price of HK$0.15, details of which are set out in the section headed "Events after the reporting date" below.

PROSPECTS

Since early 2020, the impact of COVID-19 spreading across the world resulting in the lockdown measures imposed by various countries which have disrupted global logistics and deteriorated the global economy. Under these unfavorable circumstances, the Group has still managed to obtain new sales orders from various countries. It is expected that the business environment will return to normal in the coming financial year, and in the meantime the Group will, on a best-efforts basis, continue to support its customers and stakeholders through this difficult period.

The Group believes that the new energy sectors are a major trend in improving air pollution and enhancing economic sustainability and are therefore a key focus of global interest. With this in mind, the use of electric vehicles with zero emissions is becoming increasingly widespread worldwide. With the Group's diversification of business into overseas export markets, it is confident that the eBus and EVs 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 is also capable of expanding and capturing new 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 believes that the Glauberite Mine is a valuable asset and will continue to regularly assess its resources, financial viability and general condition.

SHARE REPURCHASES

The Company cancelled 70,000 shares at an aggregate cost of approximately HK$6,000 during the year. Other than these purchases, 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 2021.

CHARGES ON THE GROUP'S ASSETS AND CONTINGENT LIABILITIES

There was no other charge on the Group's assets and the Group did not have any significant contingent liabilities as at 31 March 2021 and 31 March 2020.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2021, the Group employed 111 (2020: 140) 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. During the current year, the salaries expenses, excluding the share-based payments, have been decreased 21.6% to HK$22.4 million (2020: HK$28.6 million).

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 adopted on 8 May 2019.

During the year under review, on 25 February 2021, the Company granted 278,000,000 share options under the Share Option Scheme to certain participants at the exercise price of HK$0.13 per share for a period of ten years from the date of the grant.

EVENTS AFTER THE REPORTING DATE

On 7 April 2021, the Company granted 15,000,000 share options under the Share Option Scheme to a participant at the exercise price of HK$0.142 per share for a period of ten years from the date of grant. In addition, on 13 April 2021, the Company granted 97,000,000 shares as awards to eligible participants under the Share Award Plan.

On 29 April 2021, one contractor has commenced an arbitration against Guangxi Weiri (the "Arbitration") and applied to the People's Court of Qingxiu District Nanning Municipality for judicial preservation to freeze the assets of Guangxi Weiri up to RMB2,055,087. Accordingly, a land property of Guangxi Weiri has been ordered to be detained for a period of three years from 29 April 2021. The carrying value of the land property is RMB6.6 million as at 31 March 2021. The Arbitration has entered the judicial process. We may provide guarantee in the full sum of RMB2,055,087 as security for the Arbitration in order to release the subjected land property.

On 30 April 2021, the Company entered into an investment agreement to subscribe for 4.98% of Quantron AG, a company incorporated in Germany, at a cash consideration of EUR2.03 million. Up to the date of this announcement, EUR2.03 million (equivalent to approximately HK$19.0 million) has been paid and share registration is processing. Quantron AG is principally engaged in e-mobility systems for inner-city and regional passenger and freight transport. It specializes in the electrification of used and existing vehicles.

On 14 May 2021, the Company entered into a placing agreement with a placing agent to place, on a best effort basis, a maximum of 1,000,000,000 new shares at HK$0.15 per placing share under the general mandate granted to the directors of the Company at the annual general meeting of the Company held on 31 August 2020. The placing was completed on 24 June 2021 and issued 367,660,000 new shares to not less than six independent third parties. The net proceeds from the placing after deducting all relevant expenses were approximately HK$53.5 million and are intended to be used for general working capital purposes and the development of the electric vehicle business of the Group. Up to the date of this announcement, the raised funds have still not been utilized and the balance is currently being kept in an interest-bearing bank account pending usage.

On 18 May 2021, the Group received a court notice from the Intermediate People's Court of Nanning Municipality (the "Court") that Guangxi Weiri has commenced legal proceedings (the "Proceedings") against its holding company, Wise Goal Enterprises Limited, and applied to the Court for the equity interest in Guangxi Weiri to be judicially preserved (the "Property Preservation"). The Group considered that the Proceedings and Property Preservation are untrue and misleading and hence has lodged an application to the Court on 24 May 2021 to release the Property Preservation. The Court hearing was held on 18 June 2021 and accepted our statement on the objection of Property Preservation. Up to the date of this announcement, the Group have not received the Court decision on the Proceedings.

On 28 May 2021, a special general meeting of the Company was held, and the shareholders approved the change of the Company's name from "China Dynamics (Holdings) Limited" to "Ev Dynamics (Holdings) Limited". Up to the date of this announcement, the application on the change of name is in process at the Registrar of Companies in Bermuda.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

The Company cancelled 70,000 shares at an aggregate cost of approximately HK$6,000 during the year. Other than these purchase, neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year.

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions set out in the Corporate Governance Code (the "Code") as set out in Appendix 14 of the Listing Rules. The Company has applied the principles in the Code and complied with the code provisions set out in the Code for the year ended 31 March 2021 except for Code Provisions A.2.1, A.4.1 and A.6.7.

Code Provision A.2.1 stipulates that the roles of chairman and chief executive officer (the "CEO") should be separated and should not be performed by the same individual. During the year, the roles of chairman and CEO of the Company have been performed by Mr. Cheung Ngan until 16 October 2020. 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.

On 16 October 2020, Mr. Cheung Ngan resigned from the position of CEO of the Company and Mr. Miguel Valldecabres Polop has been appointed as an executive director and the CEO on the same day. Following the change of the CEO, the Company has complied with the code provision A.2.1.

Code Provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election. One non-executive director do not have specific terms of appointment during the year. However, he is subject to retirement by rotation at least once every three years under the Company's Bye-Laws. Following the removal of non-executive director on 22 December 2020, the Company has complied with the code provision A.4.1.

Code Provision A.6.7 stipulates that independent non-executive directors and non-executive director should attend general meetings. Due to other business engagements, one independent non-executive director could not attend the annual general meeting of the Company held on 31 August 2020 and one independent non-executive director could not attend the special general meeting of the Company held on 22 December 2020.

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 2021.

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 directors of the Company, has been renewed for a further two years from 1 July 2021 to 30 June 2023 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. 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 2021 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 2021 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, 30 June 2021

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. Hu Guang and Dato' Tan Yee Boon.