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Ev Dynamics (Holdings) Limited
科軒動力（控股）有限公司
(Incorporated in Bermuda with limited liability)
(Stock Code: 476)

INSIDE INFORMATION ANNOUNCEMENT

This announcement is made by Ev Dynamics (Holdings) Limited (the "**Company**", together with its subsidiaries, the "**Group**") pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**") and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) (the "**SFO**").

Purported notice on revocation of certain land use rights of the Group in Guangxi

Background of the Frozen Guangxi Land

Reference is made to the interim results announcement of the Company for the six months ended 30 September 2022.

Guangxi Weiri Mining Company Limited ("**Guangxi Weiri**"), a wholly-owned subsidiary of the Company, has purchased a land use rights covering 63,118 square meters of land at a cost of RMB7.6 million.

On 29 April 2021, a 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 assets of Guangxi Weiri up to RMB2,055,087. Accordingly, the land use rights for a land property with carrying value of RMB6.6 million of Guangxi Weiri (the "**Frozen Guangxi Land**") as at 30 September 2022 has been ordered to be detained for a period of three years from 29 April 2021. The Arbitration has entered the judicial process. On 1 April 2022, Guangxi Weiri received the final decision which requires repayment to the Guangxi Contractor of RMB1.6 million together with the late penalties, in aggregate of approximately RMB2.1 million. The settlement had not yet been made at the end of the reporting period. The Guangxi Contractor may request a compulsory auction of the land within two years. The Group may need to provide a guarantee in the full sum of RMB2,055,087 as security for the Arbitration in order to release the Frozen Guangxi Land. Up to the date of this announcement, the Group has not received any further notices for this Arbitration. The judicial preservation of the Frozen Guangxi Land has no material financial impact to the Group.

As a result of the Arbitration, on 12 August 2021, the Group, as a plaintiff, commenced a legal proceeding against the Guangxi Contractor at the Qingxiu Court for the return of a prepayment of RMB1.1 million with interest of RMB0.3 million, in aggregate of approximately RMB1.4 million. The Group has applied an order to detain the assets of the Guangxi Contractor with carrying value of RMB1,057,868. The Group received the decision of the Qingxiu Court dated 11 August 2022, which ordered Guangxi Contractor to reimburse Guangxi Weiri the prepayment of approximately RMB0.5 million with interest. However, on 25 November 2022, an appeal has been lodged against such decision. The Group will negotiate with Guangxi Contractor to return the prepayment by deducting the amount payable under the Arbitration and to release the Frozen Guangxi Land.

The Purported Notice

The board of directors of the Company (the "**Board**") recently came into attention that, on 20 January 2022, Hengxian Natural Resources Bureau ("**Resources Bureau**") has purported issued a notice (the "**Purported Notice**") for the revocation of the land use rights of the Frozen Guangxi Land.

To the best of the knowledge, information and belief of the Company and having made all reasonable enquiries, up to the date of this announcement, Guangxi Weiri and its legal representative did not receive the Purported Notice.

Pursuant to the Purported Notice, it was stated that, among other things, as the Frozen Guangxi Land remained idle since the end of 2018, the Resources Bureau has decided to revoke the land use rights of the Frozen Guangxi Land.

View of the Company

On 19 July 2022, Guangxi Weiri has entered into a memorandum of understanding with Hengxian Investment Promotion Bureau (橫縣投資促進局) ("**Investment Bureau**"), pursuant to which the Investment Bureau shall assist Guangxi Weiri for the development of the mining project of the Group in Guangxi. Accordingly, the Group was not aware of any indication of revocation of the Frozen Guangxi Land from the local government until the Purported Notice came into light.

The Group is in the process of contacting the relevant local government departments for verifying the authenticity of the Purported Notice. As at the date of this announcement, the Group has yet to receive any confirmation as to whether the Purported Notice is authentic and whether the Frozen Guangxi Land has been or will be revoked.

As the mining projects of the Frozen Guangxi Land are yet to commence operation and the carrying amount of the Frozen Guangxi Land was approximately RMB6.6 million as at 30 September 2022, the Group considers the purported revocation of the Frozen Guangxi Land will not have material impact on the Group's operation and financial position. During the course of preparing the annual results of the Company for the year ending 31 March 2023, the Company will continue to monitor and review the valuation of its mining project in Guangxi.

In the event there are any material developments on the Frozen Guangxi Land, the Company will publish further announcement to inform the shareholders and potential investors as and when appropriate.

Investigation on the Chairman by the local authority in the PRC

The Board recently came into attention that, in September 2022, the Nanning Public Security Bureau has accepted a case to commence investigation on Mr. Cheung Ngan, the Chairman of the Company, in relation to certain alleged misappropriation of funds of Guangxi Weiri in 2017 (the "**Investigation**"). Based on publicly available information, it was alleged that, Mr. Cheung has misappropriated funds of Guangxi Weiri through transferring funds from Guangxi Weiri to Chongqing Suitong Vehicles Industrial Development Company Limited, which are both subsidiaries of the Company.

To the best of the knowledge, information and belief of the Company and having made all reasonable enquiries, Mr. Cheung was not aware of the Investigation until recently, and he did not receive any notice from any authorities in this regard up to the date of this announcement.

As at the date of this announcement, Mr. Cheung is not and has not been detained or arrested and he continues performing his duties as a Director. As advised by Mr. Cheung, he considers the allegation is untrue and groundless. The Company will cooperate with the local authorities for the Investigation as and when necessary.

In the event there are any material developments on the Investigation, the Company will publish further announcement to inform the shareholders and potential investors as and when appropriate.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

For and on behalf of the Board
Ev Dynamics (Holdings) Limited
Cheung Ngan
Chairman

Hong Kong, 19 December 2022

As at the date of this announcement, the Board comprises 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.