EvDynamics

Ev Dynamics (Holdings) Limited
科軒動力（控股）有限公司

(Incorporated in Bermuda with limited liability)
(Stock Code: 476)

2023 ANNUAL REPORT

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CORPORATE INFORMATION

DIRECTORS

Executive Directors
Mr. Cheung Ngan *(Chairman)*
Mr. Miguel Valldecabres Polop
(Chief Executive Officer)
Ms. Chan Hoi Ying

Independent Non-Executive Directors
Mr. Chan Francis Ping Kuen
Mr. Lee Kwok Leung
Dato' Tan Yee Boon

AUDIT COMMITTEE

Mr. Chan Francis Ping Kuen
Mr. Lee Kwok Leung
Dato' Tan Yee Boon

AUDITOR

BDO Limited
Certified Public Accountants
Registered Public Interest Entity Auditor
25th Floor, Wing On Centre
111 Connaught Road Central
Hong Kong

LEGAL ADVISOR IN HONG KONG

K&L Gates
44/F, Edinburgh Tower
The Landmark
15 Queen's Road Central
Hong Kong

BRANCH REGISTRAR IN HONG KONG

Tricor Tengis Limited
17th Floor, Far East Finance Centre
16 Harcourt Road
Hong Kong

STOCK CODE

0476

REGISTERED OFFICE

Clarendon House
2 Church Street, Hamilton HM 11
Bermuda

PRINCIPAL REGISTRAR

Ocorian Management (Bermuda) Limited
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Hamilton HM 10
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

46th Floor, United Asia Finance Centre
333 Lockhart Road
Wanchai, Hong Kong

AUTHORISED REPRESENTATIVE

Ms. Chan Hoi Ying
Mr. Leung Wai Chun, CPA
(appointed on 15 May 2023)
Ms. Lo Lai Man, CPA
(resigned on 15 May 2023)

COMPANY SECRETARY

Mr. Leung Wai Chun, CPA
(appointed on 15 May 2023)
Ms. Lo Lai Man, CPA
(resigned on 15 May 2023)

PRINCIPAL BANKER

Bank of Communications Co., Ltd
Hang Seng Bank Limited

WEBSITE

www.evdynamics.com

Dear Shareholders,

On behalf of Ev Dynamics (Holdings) Limited (the "Company") and its subsidiaries (the "Group"), I am pleased to present the annual results for the year ended 31 March 2023.

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 People's Republic of China (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 of approximately HK$87.7 million (2022: negative change of 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).

CHAIRMAN'S STATEMENT

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 (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.

APPRECIATION

On behalf of the Board of directors (the "Board"), I would like to thank the Group's shareholders for their continuing support. I would also like to take this opportunity to express my gratitude to my colleagues on the Board and all of the Group's employees for their dedication and efforts over the past year.

By order of the Board

Cheung Ngan
Chairman

Hong Kong
29 June 2023

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 initiative 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 calendar year 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 AG ("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 disposal.

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 rights, 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 the Glauberite Mine located in the Guangxi Zhuang Autonomous Region of the 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 the Company 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 19 to the consolidated financial statements 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.
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 Earnings Method for the valuation of the mining assets for the years ended 31 March 2023 and 2022 are 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 19 to the consolidated financial statements 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 right 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 right 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 approximately 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 approximately 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 11 to the consolidated financial statements.

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 is lower than its 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. Details of the deemed disposal are set out in Note 45 to the consolidated financial statements.

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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules" and "Stock Exchange", respectively); 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.

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, the land use rights located in Qijiang Chongqing with carrying value of RMB46.2 million together with construction in progress thereon with carrying value of RMB52.6 million have 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 rights and the construction in progress on the land with aggregate carrying value of approximately RMB97.9 million 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 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 Qingxiu 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 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 35 to the consolidated financial statements.

EVENTS AFTER THE REPORTING DATE

On 2 June 2023, the Group 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 certain intangible assets including the modified bus enterprise status 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.

The directors herein present their report and the audited financial statements of the Company and the Group for the year ended 31 March 2023.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries during the year consist of investment holding, development of new energy business, mining and trading of metals and minerals.

SEGMENT INFORMATION

An analysis of the Group's performance for the year by business and geographical segments is set out in Note 6 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2023 are set out in the "CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME" on pages 73 to 74 of this annual report.

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

BUSINESS REVIEW

A review of the business of the Group during the year, a discussion on its performance in different segments and an indication of likely future development in the Group's business are provided in the "CHAIRMAN'S STATEMENT" and "MANAGEMENT DISCUSSION AND ANALYSIS" on pages 3 to 22 of this annual report.

Financial key performance indicators

Set forth below are certain key performance indicators of the Group for the years ended 31 March 2023 and 2022:

	2023	2022
Revenue	**HK$36.3 million**	HK$49.9 million
Loss attributable to owners of the Company	**HK$(81.2 million)**	HK$(408.3 million)
Current ratio (current assets divided by current liabilities)	**2.8 times**	1.6 times
Gearing ratio (debts divided by equity attributable to owners of the Company)	**1.59%**	1.20%
Net assets value per share (net assets divided by total number of shares)	**HK$0.17**	HK$0.20

Principal risks and uncertainties

The Group's business may be affected by risks and uncertainties which are known and set out below:

1. Part of the Group's revenue is denominated in US dollars, and most of the Group's assets are denominated in Renminbi. As a result, fluctuations in exchange rates may affect the results of operation. The exchange rate of Renminbi depreciated by approximately 7.3% against Hong Kong dollars during the year. Hence, the value of our results and financial position are adversely affected when they are translated into Hong Kong dollars for reporting purposes;

2. The Group's reported results could be affected by the impairment of non-financial assets. The Group may be required to recognise or reverse the impairment charges as a result of various factors including the prevailing product selling price, discount and exchange rates, operating and development cost projections, etc. The recognition or reversal of impairment charge may have material non-cash effect to the Group's results during the relevant year but will not affect the future business operations and financial conditions of the Group;

3. The new energy business of the Group is subject to relevant governmental policies and subsidies. Policy shifts may lead to changes of products and the amount of subsidies receivable. The Group closely monitors such shifts as well as strives to improve its technology and expand its market share;

4. At the end of the reporting period, the Group had a certain concentration of credit risk were 55% (2022: 58%) and 100% (2022: 97%) of the trade-related receivables and contract assets due from the Group's largest customer and the five largest debtors respectively. The Group generally provides a credit period of 30 to 365 days to its customers or allows the customers to make instalment payments over three to five years. The Group maintains strict control over receivables which are reviewed regularly by senior management. The Group also endeavors to obtain quality and trustworthy customers and targets to maintain long-term strategic relationships with them; and

5. In addition, various capital and financial risks have been disclosed in Notes 41 and 42 to the consolidated financial statements.

Environmental policies and performance

The Group recognises its responsibility to protect the environment from the adverse effects of its business activities. The Group continually seeks to identify and manage the environmental impact attributable to its operational activities in order to minimise this impact if possible. It aims to implement effective energy conservation measures by encouraging recycling, and upgrading equipment such as lighting and air-conditioning systems in order to increase overall operating efficiency. Discussion on the Group's environmental policies and performance are provided in the "ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2023" which is published on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.evdynamics.com.

Compliance with laws and regulations

During the year under review, as far as the Group is aware, there was no material breach or non-compliance with applicable laws and regulations that had a significant impact on its business and operations. The Group has continuously reviewed the newly enacted laws and regulations affecting its operations.

The Group complies with the requirements under the Companies Ordinance, the Listing Rules, and the Securities and Futures Ordinance (the "SFO"), among other things, the disclosure of information and corporate governance, and the Group has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules.

Relationships with employees, customers and suppliers

1. The sustainable development of the Group depends on the efforts and contribution of our staff. Most of the management and general staff have been serving the Group for a long period of time. The Group ensures all staff are reasonably remunerated and regularly reviews the employment policies on remuneration and other benefits.

2. The Group maintains close contact with its customers and regularly reviews requirements of customers and complaints. The Group values the views and opinions of all customers and understands the market trends from the customer's perspective through their feedback.

3. The Group maintains good relationship with the suppliers so as to achieve long-term commercial benefits. The responsible departments work closely to make sure the procurement process is conducted in an open and fair manner. The Group's requirements and standards are also well communicated to suppliers before the commencement of a project.

FIVE-YEAR FINANCIAL SUMMARY

The following is a summary of the results of the Group for the last five financial reporting years and of its assets and liabilities as at the respective financial reporting year-end dates, as extracted from its published audited financial statements.

RESULTS

	Year ended 31 March				
	2023	2022	2021	2020	2019
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
REVENUE	**36,347**	49,947	23,788	5,086	3,003
LOSS BEFORE INCOME TAX	**(81,518)**	(418,709)	(788,146)	(164,103)	(179,369)
Income tax credit	**127**	3,618	851	2,081	2,220
LOSS FOR THE YEAR	**(81,391)**	(415,091)	(787,295)	(162,022)	(177,149)
ATTRIBUTABLE TO:					
Owners of the Company	**(81,160)**	(408,335)	(780,525)	(146,850)	(156,625)
Non-controlling interests	**(231)**	(6,756)	(6,770)	(15,172)	(20,524)
	(81,391)	(415,091)	(787,295)	(162,022)	(177,149)

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	As at 31 March				
	2023	2022	2021	2020	2019
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
TOTAL ASSETS	**1,709,870**	2,011,715	2,243,525	2,755,389	3,075,200
TOTAL LIABILITIES	**(91,554)**	(201,065)	(172,073)	(147,674)	(155,214)
NON-CONTROLLING INTERESTS	**40,609**	43,186	36,280	26,446	(5,962)
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	**1,658,925**	1,853,836	2,107,732	2,634,161	2,914,024

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group are set out in Note 15 to the consolidated financial statements.

SUBSIDIARIES

Particulars of the Company's principal subsidiaries are set out in Note 18 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the Company's share capital during the year, together with the reasons thereof, are set out in Note 34 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Bye-Laws of the Company or the laws of Bermuda which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

RESERVES

Details of movements in the reserves of the Group during the year are presented in the "CONSOLIDATED STATEMENT OF CHANGES IN EQUITY" on page 77 of this annual report.

DISTRIBUTABLE RESERVES

At the end of the reporting period, the Company had no retained profits available for distribution. Under the Companies Act 1981 of Bermuda (as amended from time to time), the contributed surplus of the Company in the amount of HK$87,109,000 as at 31 March 2023 (2022: HK$87,109,000) is distributable to shareholders in certain circumstances, prescribed by Section 54 thereof as mentioned in Note 36(b) to the consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

The information in respect of the Group's sales and purchases attributable to the major customers and suppliers respectively during the financial year is as follows:

	Percentage of the Group's total
Sales	
– The largest customer	98.7%
– Five largest customers combined	100.0%
Purchases	
– The largest supplier	99.7%
– Five largest suppliers combined	100.0%

None of the directors, their associates or any shareholders (which to the knowledge of the directors owns more than 5% of the Company's share capital) had an interest in the major customers or suppliers noted above.

DIRECTORS

The directors of the Company during the year and up to the date of this report were:

Executive directors

Mr. Cheung Ngan *(Chairman)*
Mr. Miguel Valldecabres Polop *(Chief Executive Officer)*
Ms. Chan Hoi Ying

Independent non-executive directors

Mr. Chan Francis Ping Kuen
Mr. Lee Kwok Leung
Dato' Tan Yee Boon

Ms. Chan Hoi Ying and Mr. Chan Francis Ping Kuen shall retire from the Board by rotation in accordance with the Company's Bye-Laws, and being eligible, shall offer themselves for re-election as directors of the Company at the forthcoming annual general meeting.

PERMITTED INDEMNITY PROVISION

The Company has arranged appropriate directors' and officers' liability insurance coverage in respect of legal actions against the directors and officers of the Group throughout the year.

The permitted indemnity provision is in force for the benefit of the directors as required by Section 470 of the Companies Ordinance when the directors' report is approved in accordance with Section 391(1)(a) of the Companies Ordinance.

TAX RELIEF AND EXEMPTION

The Company is not aware of any tax relief and exemption available to shareholders by reason of their holding of the Company's securities.

EMOLUMENT POLICY

The emoluments of the directors and senior management of the Company are decided by the Remuneration Committee, with regard to the market competitiveness, time commitment and comparable market statistics.

The emoluments of employees of the Group were determined on the basis of their performance, qualifications and competence.

Details of the directors' remuneration and that of the five highest paid individuals of the Group are set out in Notes 9 and 10 to the consolidated financial statements, respectively.

DIRECTORS' SERVICE CONTRACTS

None of the directors has a service contract with the Company which is not determinable by the Company within one year without payment of compensation other than statutory compensation.

MANAGEMENT CONTRACTS

No contracts, other than employment contracts, concerning the management and administration of the whole or any substantial part of any business of the Company were entered into or subsisted during the year.

EQUITY LINKED AGREEMENTS

The Group's equity linked agreements entered into during the year or subsisting at the end of the year include the convertible notes, share option scheme and share award plan which are detailed below:

Convertible notes

Details of the convertible notes of the Group are set out in Note 33 to the consolidated financial statements.

Share option scheme

The Company's Share Option Scheme, which was adopted by an ordinary resolution of the shareholders at the annual general meeting of the Company on 30 August 2013 (the "Adoption Date"), constitutes a share option scheme governed by Chapter 17 of the Listing Rules and will remain in force for 10 years from the Adoption Date. The purpose of the Share Option Scheme is to provide incentives and rewards to eligible participants who contribute to the success of the Group.

Pursuant to the Share Option Scheme, the Board is empowered, at its discretion, to invite any participant, including but not limited to any executive directors, non-executive directors and employees of the Company or 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 made 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 Scheme may not exceed 10% of the aggregate of the shares of the Company in issue as at 20 August 2021, the date upon which the limit was refreshed by an ordinary resolution of the shareholders. Pursuant to the Share Option 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 Scheme shall not exceed 30% of the shares in issue from time to time.

The Board shall not grant any options to any participant which, if exercised, would result in such participant becoming entitled to subscribe for such number of shares as, when aggregated with the total number of shares already issued or to be issued to him under all options granted to him (including those options exercised or outstanding) in any 12-month period exceed 1% of the shares in issue at such date. The Board may grant options to any participant in excess of the individual limit of 1% in any 12-month period with the approval of the shareholders in general meeting (with such participant and his associates abstaining from voting). In such situation, the Company will send a circular to the shareholders and the circular must disclose the identity of the participant, the number and terms of the options to be granted (and previously granted to such participant), which shall be subject to the requirements provided under the Listing Rules.

The exercise 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 of the Company.

Subject to the earlier termination by the Company in general meeting or by the Board, the Share Option Scheme shall be valid and effective for a period of 10 years from the date of its adoption (i.e. expiring on 30 August 2023). As at the reporting date, the remaining life of the Share Option Scheme is approximately 2 months.

On 20 December 2022, the Company granted 374,000,000 share options under the Share Option Scheme to certain directors and employees at the exercise price of HK$0.038 per share for a period of ten years from the date of grant. The closing price at the date of grant was HK$0.032 per share. For details, please refer to the announcement of the Company dated 20 December 2022.

No share option was granted to the Group's non-employee person during the year ended 31 March 2023.

The detailed movement of the share options of the Company for the year ended 31 March 2023 are set out as follows:

				Number of underlying shares comprised in share options						
Name and category of participant	Date of grant	Exercise price	Closing price immediately before the date of grant	Outstanding at 1 April 2022	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding at 31 March 2023	Exercise period	Vesting period
Directors										
Mr. Cheung Ngan	20 December 2022	HK$0.038	HK$0.033	–	9,000,000	–	–	9,000,000	20 December 2022 to 19 December 2032	N/A
	10 March 2016	HK$0.30	HK$0.30	3,700,000	–	–	–	3,700,000	10 March 2016 to 09 March 2026	10 March 2016 to 11 March 2020
Mr. Miguel Valldecabres Polop	20 December 2022	HK$0.038	HK$0.033	–	90,000,000	–	–	90,000,000	20 December 2022 to 19 December 2032	N/A
	25 February 2021	HK$0.13	HK$0.11	80,000,000	–	–	–	80,000,000	25 February 2021 to 24 February 2031	N/A
Ms. Chan Hoi Ying	20 December 2022	HK$0.038	HK$0.033	–	9,000,000	–	–	9,000,000	20 December 2022 to 19 December 2032	N/A
	10 March 2016	HK$0.30	HK$0.30	3,700,000	–	–	–	3,700,000	10 March 2016 to 09 March 2026	10 March 2016 to 11 March 2020
Mr. Chan Francis Ping Kuen	20 December 2022	HK$0.038	HK$0.033	–	9,000,000	–	–	9,000,000	20 December 2022 to 19 December 2032	N/A
	10 March 2016	HK$0.30	HK$0.30	3,700,000	–	–	–	3,700,000	10 March 2016 to 09 March 2026	10 March 2016 to 11 March 2020
Mr. Lee Kwok Leung	20 December 2022	HK$0.038	HK$0.033	–	9,000,000	–	–	9,000,000	20 December 2022 to 19 December 2032	N/A
Dato' Tan Yee Boon	20 December 2022	HK$0.038	HK$0.033	–	9,000,000	–	–	9,000,000	20 December 2022 to 19 December 2032	N/A
Other employees										
12 employees	20 December 2022	HK$0.038	HK$0.033	–	239,000,000	–	(4,000,000)	235,000,000	20 December 2022 to 19 December 2032	N/A
16 employees	25 February 2021	HK$0.13	HK$0.11	198,000,000	–	–	(19,000,000)	179,000,000	25 February 2021 to 24 February 2031	N/A
12 employees	10 March 2016	HK$0.30	HK$0.30	267,500,000	–	–	(17,500,000)	250,000,000	10 March 2016 to 09 March 2026	10 March 2016 to 11 March 2020
4 employees	11 April 2014	HK$1.15	HK$1.14	49,000,000	–	–	(15,000,000)	34,000,000	12 April 2016 to 10 April 2024	12 April 2016 to 12 April 2020
Non-employee person										
Consultant	7 April 2021	HK$0.142	HK$0.131	15,000,000	–	–	(15,000,000)	–	7 April 2022 to 6 April 2031	8 April 2021 to 7 April 2022
Total				**620,600,000**	**374,000,000**	**–**	**(70,500,000)**	**924,100,000**		

As at 31 March 2023, the total number of share options available for grant was 526,967,897 (2022: 900,967,897).

As at 31 March 2023 and the reporting date, the total number of shares available for issue under the Share Option Scheme was 924,100,000, represents 9.96% of the issued shares and 10.16% of the weighted average number of shares in issue of the Company respectively.

During the year ended 31 March 2023, no ordinary shares were issued in relation to the share options exercised by participants under the Share Option Scheme of the Company. Details of the Share Option Scheme are set out in Note 35 to the consolidated financial statements.

Share award plan

The Company adopted the Share Award Plan on 8 May 2019. The purpose of the Share Award Plan is to recognise and reward the contribution of eligible participants to the growth and development of the Group, to give incentives to eligible participants in order to retain them for the continual operation and development of the Group, and to attract suitable personnel for further development of the Group. The Share Award Plan was a discretionary scheme of the Company and did not constitute a share option scheme under Chapter 17 of the Listing Rules at the adoption date. No shareholders' approval was required for adoption of the Share Award Plan.

Pursuant to the Share Award Plan, the Board may award shares to selected participants (including but not limited to any executive directors, non-executive directors and employees of the Company or any entity in which any member of the Group holds any equity interest) ("Selected Participants"), with such shares being subscribed or acquired by the independent trustee from the market, at the cost of the Company and be held on trust as a share pool for the Selected Participants until they vest. Vested shares will be transferred at no cost to the Selected Participants. In the event that the trustee effects any purchases by off-market transactions, the purchase price for such purchases shall not be higher than the lower of (i) the closing market price on the date of such purchase, and (ii) the average closing market price for the five preceding trading days on which the shares were traded on the Stock Exchange.

The maximum number of shares to be awarded under the Share Award Plan shall not exceed 10% of the total number of issued shares as at the adoption date on 8 May 2019, representing 688,604,680 shares. However, the overall limit on the total number of shares (including awarded shares) which may be purchased and/or subscribed under the Share Award Plan and any other share award scheme of the Company at any time shall not, in aggregate, exceed such number of shares as equals 30% of the shares in issue from time to time.

The maximum number of shares which may be subject to an award or awards to a Selected Participant in the 12-month period up to and including the date of grant of such award shall not in aggregate exceed 1% of the total number of issued shares as at the date of grant of such award. Any grant of further awards above this limit shall be subject to (i) the approval of the shareholders at a general meeting, with such proposed grantee and his associates abstaining from voting; (ii) a circular in relation to the proposal for such grant having been sent by the Company to the shareholders with such information from time to time as may be required by the Listing Rules; and (iii) the number of awarded shares to be awarded and the terms of the awards to be granted to such proposed grantee shall be fixed before the relevant general meeting of the shareholders.

Neither the trustees of the Share Award Plan nor any Selected Participants may exercise the voting rights in respect of any shares held on trust under the Share Award Plan that have not yet vested.

The Board may from time to time, at its discretion, determine the earliest vesting date and other subsequent dates on which the trustee may vest the legal and beneficial ownership of the awarded shares, and/or any conditions or performance targets, if any, to be attained by the relevant Selected Participants, before any of the awarded shares may be transferred to and vested in such Selected Participants.

The Share Award Plan shall be valid and effective for a period of 10 years commencing from the adoption date (i.e. expiring on 8 May 2029), but may be terminated earlier as determined by the Board, provided that such termination shall not affect any subsisting rights of any Selected Participants. As at the reporting date, the remaining life of the Share Award Plan is approximately 5 years and 10 months.

On 9 December 2022, a total of 270,000,000 shares were awarded to 3 employees under the Share Award Plan. All awards granted during the year were vested immediately on the date of grant. The fair value of the award was HK$0.036, being the closing price at the date of grant. For details, please refer to the announcement of the Company dated 9 December 2022 and 15 December 2022.

No award was granted to any director of the Company during the year ended 31 March 2023. There was no outstanding or unvested award in favour of any director of the Company as at 31 March 2023.

Details of the movement of the awards granted during the year ended 31 March 2023 are set out in the table as follows:

						Number of awards					
Name and category of participant	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
Employees											
3 employees	9 December 2022	–	HK$0.038	N/A	HK$0.036	–	270,000,000	270,000,000	–	–	N/A

As at 31 March 2023, the total number of awards available for grant under the Share Award Plan was 321,604,680 (2022: 591,604,680). No shares available for issue in respect of the awards granted under the Share Award Plan as at 31 March 2023 and the reporting date.

Apart from the foregoing, at no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable the Directors or chief executive or any of their spouses or children under eighteen years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

Movements of the outstanding share options granted to the directors during the year ended 31 March 2023 are set out on page 33 of this annual report.

No share options were exercised by the directors during the year ended 31 March 2023.

Save as disclosed above, at no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable the Company's directors, their respective spouse, or children under eighteen years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

CONNECTED TRANSACTIONS

Details of the connected transactions undertaken by the Group during the years ended 31 March 2023 and 2022 are set out in Notes 32 and 40 to the consolidated financial statements. These transactions are entered in the ordinary course of business which were negotiated on normal commercial terms and on an arm's length basis and the Company has complied with the applicable requirements under the Listing Rules.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 March 2023, the interests and short positions of the directors in the shares and underlying shares of the Company or its associated corporations (within the meaning of Part XV of the SFO) which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required pursuant to the Model Code to be notified to the Company and the Stock Exchange were as follows:

Number of shares or underlying shares

Name of Director	Capacity or nature of interest	Long position	Short position	Approximate percentage of shareholding in the Company or associated corporation
Mr. Cheung Ngan	Beneficial owner & interest of controlled corporation	771,324,959 (Note 1)	–	8.31%
	Interest of controlled corporation	1,000 (Note 2)	–	20%
Mr. Miguel Valldecabres Polop	Beneficial owner	170,000,000 (Note 3)	–	1.83%
Ms. Chan Hoi Ying	Beneficial owner	12,700,000 (Note 3)	–	0.14%
Mr. Chan Francis Ping Kuen	Beneficial owner	12,700,000 (Note 3)	–	0.14%
Mr. Lee Kwok Leung	Beneficial owner	9,000,000 (Note 3)	–	0.10%
Dato' Tan Yee Boon	Beneficial owner	9,000,000 (Note 3)	–	0.10%

Notes:

1) The 771,324,959 shares include:

   a. the number of shares of 536,038,559 held by Mr. Cheung Ngan;

   b. the underlying shares of 12,700,000 from the share options granted, details of which are set out in the section headed "Directors' Rights to Acquire Shares" above; and

   c. the number of shares of 222,586,400 held by Faith Profit Holding Limited, which was wholly owned by Mr. Cheung Ngan.

2) The 1,000 shares represent the indirect interest in Tong Guan La Plata Company Limited ("TGLP"), which is 60% indirectly held by the Company and hence is an associated corporation. The 20% beneficial interest in TGLP is held by Catania Copper (Chile) Limited. Catania Copper (Chile) Limited is 40% held by Great Base Holdings Limited and 60% held by Catania Mining Limited. Catania Mining Limited is 55% held by CM Universal Corporation. Faith Profit Holding Limited held 50% interest in Great Base Holdings Limited. Mr. Cheung Ngan held 100% interest in Faith Profit Holding Limited and 51% interest in CM Universal Corporation.

3) Being options to acquire ordinary shares of the Company, and further details of which are set out in the section headed "Directors' Rights to Acquire Shares" above.

Save as disclosed above, as at 31 March 2023, none of the directors of the Company have interest or short positions in the shares and underlying shares or other securities of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 & 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required pursuant to the Model Code to be notified to the Company and the Stock Exchange.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

As set out in Note 32 to the consolidated financial statements, there were loans from two shareholders, Faith Profit Holding Limited and Entrust Limited. Faith Profit Holding Limited was wholly owned by Mr. Cheung Ngan and Ms. Chan Hoi Ying controlled 25% of Entrust Limited. Save as disclosed above, no director, whether directly or indirectly, had a material beneficial interest in any transaction, arrangement or contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 March 2023, the following shareholders had registered an interest or short position in the shares or underlying shares of 5% or more of the issued share capital of the Company in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Number of shares or underlying shares

Name of substantial shareholder	Capacity or nature of interest	Long position	Short position	Approximate percentage of shareholding in the Company
Mr. Cheung Ngan	Beneficial owner & interest of controlled corporation	771,324,959 (Note 1)	–	8.31%
Faith Profit Holding Limited	Beneficial owner	222,586,400 (Note 1)	–	2.40%
Entrust Limited	Beneficial owner	982,727,510 (Note 2)	–	10.59%
Mr. Chan Tok Yu	Interest of controlled corporation	982,727,510 (Note 2)	–	10.59%
Ms. Siu Kwan	Interest of controlled corporation	982,727,510 (Note 2)	–	10.59%

Note:

1) The number of shares of 771,324,959 shares include:

   a. the number of shares of 536,038,559 held by Mr. Cheung Ngan;

   b. the underlying shares of 12,700,000 from the share options granted to Mr. Cheung Ngan; and

   c. the number of shares of 222,586,400 held by Faith Profit Holding Limited, which was wholly owned by Mr. Cheung Ngan. Accordingly, Mr. Cheung Ngan is deemed to be interested in the shares in which Faith Profit Holding Limited is interested by virtue of the SFO.

2) Entrust Limited is controlled as to 34% by Mr. Chan Tok Yu, 25% by Ms. Chan Hoi Ying (executive director of the Company), 25% by Mr. Chan Hin Yeung and 16% by Ms. Siu Kwan. Mr. Chan Tok Yu's interest is held by Ms. Siu Kwan as a trustee. Accordingly, Mr. Chan Tok Yu and Ms. Siu Kwan are deemed to be interested in the shares in which Entrust Limited is interested by virtue of the SFO.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN CONTRACTS

Details of the contract of significance between the Group and the substantial shareholders are set out in Notes 32 and 40 to the consolidated financial statements.

BIOGRAPHICAL DETAILS IN RESPECT OF DIRECTORS

Name	Age	Position held	Number of years of service	Business experience
Mr. Cheung Ngan	66	Chairman, Executive Director	25	Joined the Group in March 1998 and is responsible for the development of corporate strategies, corporate planning, marketing and management functions of the Group. He has over 30 years' working experience in corporate management and investments in the PRC.

Name	Age	Position held	Number of years of service	Business experience
Mr. Miguel Valldecabres Polop	47	Chief Executive Officer, Executive Director	3	Appointed as an executive director and chief executive officer of the Company on 16 October 2020. Mr. Polop holds a Bachelor in Economics at Universidad de Valencia in Spain and holds a Master Degree in Accounting and Management at the University of Southampton in United Kingdom. He worked at Campos Racing, a Spanish motor racing team, as its chief financial officer and then worked for five years at PwC in Spain and United Kingdom. Mr. Polop co-founded and was appointed as board member of Formula E, a single-seater motorsport championship that uses only electric cars. With his entrepreneurial expertise, he pioneered and was a chief executive officer of QEV Technologies, an engineering company specializing in the field of electro-mobility solutions in Spain, which includes design, construction and homologation of electric vehicles, the potential and the use of electric vehicles in the racing world as well as the installation, control and maintenance of electric charging infrastructures. Mr. Polop has extensive experience in fund raising and management skills.

Name	Age	Position held	Number of years of service	Business experience
Ms. Chan Hoi Ying	36	Executive Director	7	Joined the Company in 2014 and was appointed as an executive director of the Company in 2016. Ms. Chan holds a Master's of Actuarial Practice from Macquarie University in Australia. She had worked for the audit department of Messrs. RSM Hong Kong for several years.
Mr. Chan Francis Ping Kuen	64	Independent Non-Executive Director	18	Appointed as an independent non-executive director of the Company in September 2004. Mr. Chan holds a Bachelor's Degree in economics from the University of Sydney in Australia. He is a member of the Chartered Accountants Australia and New Zealand and the Hong Kong Institute of Certified Public Accountants. Mr. Chan has over 30 years of experience in auditing, accounting and financial management and previously worked for an international accounting firm and a number of companies listed in Hong Kong and the United States. Mr. Chan is currently an executive director of Carrianna Group Holdings Company Limited, the shares of which are listed on the Main Board of the Stock Exchange.

Name	Age	Position held	Number of years of service	Business experience
Dato' Tan Yee Boon	48	Independent Non-Executive Director	7	Appointed as an independent non-executive director of the Company in June 2016. Dato' Tan holds a Bachelor of Laws degree from the University of Glamorgan, United Kingdom. He holds a Certificate of Legal Practice from the Legal Qualifying Board of Malaysia. He is currently practicing as an advocate and solicitor of the High Court of Malaya and is also a member of the Bar Council of Malaysia. He is now a partner of Messrs. David Lai & Tan, a firm of advocates and solicitors in Malaysia. Dato' Tan possesses over 20 years of extensive experience in the field of legal and corporate practice. Dato' Tan is currently an independent non-executive director of Protasco Berhad and Propel Global Berhad, the shares of which are listed on the Main Market of Bursa Malaysia. He is also an independent non-executive chairman of Ecoscience International Berhad, the shares of which are listed on the ACE Market of Bursa Malaysia. He is also an independent non-executive director of TIL Enviro Limited, the shares of which are listed on the Main Board of the Stock Exchange.

Name	Age	Position held	Number of years of service	Business experience
Mr. Lee Kwok Leung	69	Independent Non-Executive Director	2	Appointed as an independent non-executive director of the Company on 16 November 2021. He has over twenty years of experience in asset management or professional and institutional investors. Mr. Lee has extensive experience in portfolio construction, portfolio management, risk assessment and investment due-diligence. He was the managing director of BOCI Direct Investment Management Limited from 1992 to 1999, where he was responsible for the overall management of the private equity fund. Mr. Lee is the representative and responsible officer of Success Advance Investments Limited, a Type 4 and 9 regulated entity registered with the Securities and Futures Commission of Hong Kong. Mr. Lee is currently an executive director of China Castson 81 Finance Company Limited (formerly known as China Internet Investment Finance Holdings Limited) and the Chairman and executive director of Mayer Holdings Limited, both of which are listed on the Main Board of the Stock Exchange.

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 report, changes in directors' information are set out below:

- The term of appointment 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.

CONFIRMATION OF INDEPENDENCE

The Company has received a written confirmation in respect of independence from each of the independent non-executive directors in compliance with Rule 3.13 of the Listing Rules and considers each of them to be independent.

CORPORATE GOVERNANCE

A report on the principal corporate governance practices adopted by the Company is set out in the "CORPORATE GOVERNANCE REPORT" on pages 48 to 65 to this annual report.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

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

PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the directors as at the date of this report, the Company has maintained sufficient public float as required under the Listing Rules during the reporting period.

AUDITOR

The consolidated financial statements have been audited by BDO Limited who will retire and, being eligible, offer themselves for re-appointment. A resolution will be proposed at the forthcoming annual general meeting to re-appoint BDO Limited as the Company's auditor.

ON BEHALF OF THE BOARD

Cheung Ngan
Chairman

Hong Kong
29 June 2023

CORPORATE GOVERNANCE REPORT

The Company is committed to achieving and maintaining high standards of corporate governance. The Board devotes considerable efforts to identify and formalise the best corporate governance practices suitable for the Company's needs.

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.

THE BOARD

The Board is responsible for the leadership and control of the Company and overseeing the Group's business, strategic decisions and financial performances. The Board delegates to the management team the day-to-day management of the Company's business including the preparation of annual and interim reports, and for implementation of internal control, business strategies and plans developed by the Board.

Composition of the Board

The Board is currently comprised of three executive directors and three independent non-executive directors. The directors who served the Board during the year ended 31 March 2023 and up to the date of this annual report are as follows:

Executive directors

Mr. Cheung Ngan *(Chairman)*
Mr. Miguel Valldecabres Polop *(Chief Executive Officer)*
Ms. Chan Hoi Ying

Independent non-executive directors

Mr. Chan Francis Ping Kuen
Mr. Lee Kwok Leung
Dato' Tan Yee Boon

Each of the directors' respective biographical details are set out in the "Biographical details in respect of directors" in the REPORT OF THE DIRECTORS of this annual report. The Board believes that its composition is well balanced with each director having sound knowledge, skills, diversity of perspectives, and experience and/or expertise relevant to the business of the Group.

The Company had arranged appropriate insurance cover for all directors.

Independent non-executive directors

More than one-third of the Board is independent non-executive directors and one of them has appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.10(2) of the Listing Rules. Each of the independent non-executive directors has made an annual confirmation of independence, and the Company considers that all of the independent non-executive directors are independent in accordance with the guidelines as set out in Rule 3.13 of the Listing Rules.

Although one of the independent non-executive directors, Mr. Chan Francis Ping Kuen, has been serving the Board for more than nine years, all of them have not engaged in any executive or management role of the Company. They have made considerable contributions to the Company with their relevant experience and knowledge throughout their years of service and has maintained an independence view in relation to the Company's affair. Hence, taking into consideration of their independence and integrity when performing duties as independent non-executive directors over the past years, there is no evidence that length of tenure will have any adverse impact on their role. The Company therefore considers all of independent non-executive directors are independent throughout the year under review.

In addition to the above, to the best knowledge of the directors, there is no financial, business, family or other material/relevant relationship among members of the Board and in particular, between the Chairman and the Chief Executive Officer.

Term of appointment of non-executive directors

It is the Company policy that all non-executive directors have been appointed for a term of two years. All directors are subject to retirement by rotation at least once every three years under the Company's Bye-Laws.

Directors' continuous training and development

The directors acknowledge the importance of keeping abreast of the business activities and development of the Company, updating their professional development, and refreshing their knowledge and skills. The Company encourages the directors to participate in continuous professional development to develop and refresh their knowledge and skills to ensure their contribution to the Board remains informed and relevant. As such, all directors received updates and reading materials or attended seminars on worldwide financial market, investor relations, taxation in Hong Kong and the PRC, update on disclosure requirements and other regulatory subjects relevant to the directors' duties and responsibilities. All directors had provided a record of training they received during the year ended 31 March 2023 to the Company.

Chairman and Chief Executive Officer

The roles of the Chairman of the Board, Mr. Cheung Ngan and Chief Executive Officer, Mr. Miguel Valldecabres Polop are separated, with a clear division of responsibilities.

The Chairman continues to receive significant support from the directors. The Chairman is primarily responsible for the leadership of the Board, ensuring that all significant policy issues are discussed by the Board in a clear and constructive manner. All directors have been updated timely, giving a balanced and understandable assessment of the Company's performance and business information. The Board, led by the Chairman, sets the overall direction, strategy and policies of the Company. The Chairman provides leadership for the Board to ensure that it works effectively, performs its responsibilities and acts in the best interests of the Company. He is also responsible for overseeing effective functioning of the Board and application of good corporate governance practices and procedures. The Chairman also encourages the directors to make full and active contributions to the Board's affairs, to voice their concerns or different views and ensure that the decisions fairly reflect the consensus. The Chairman also held meetings and have communications with the independent non-executive directors without the presence of other directors during the reporting period to discuss the Company's strategy, director's contributions, and their independent view.

The Chief Executive Officer is responsible for proposing strategy to the Board and ensuring effective implementation of the strategy set by the Board for the Company's business. The Chief Executive Officer reports to the Board on the Company's actual and forecast performance against its objectives and monitors the achievement of objectives of the business units.

The Chairman and Chief Executive Officer can jointly oversee the daily management and operation of the various developments of the Group and business expansion. The Board also considers that there are adequate balance of power and safeguards in place and will review and monitor this situation periodically and will ensure that present structure would not impair the balance of power of the Company.

Appointment and re-election of directors

The Company follows a formal and considered procedure for the appointment of new directors. The Nomination Committee identifies suitably qualified individuals to the Board and makes recommendations on proposed appointments to complement the Company's corporate strategy. The Board shall select and appoint the candidates for directorships of the Company based on their appropriate experiences, personal skills and time commitments. Any director newly appointed shall hold office only until the next following general meeting after his appointment and be subject to re-election at such meeting.

All non-executive directors and independent non-executive directors of the Company were appointed for a specific term, but subject to the relevant provisions of the Bye-Laws of the Company, or any other applicable laws whereby the directors shall vacate or retire from their office. All of them have entered into letters of appointment with the Company for a term of not more than two years.

According to the Bye-Laws of the Company, at each annual general meeting (the "AGM") of the Company, one-third of the directors for the time being shall retire from office by rotation. Every director shall be subject to retirement by rotation at least once every three years.

BOARD MEETINGS AND ATTENDANCE

At least four Board meetings were scheduled to be held a year to discuss and formulate the overall strategy as well as the operational and financial performance of the Group. The board and committee meeting minutes reflect the matters considered and decisions reached in appropriate details. All minutes are kept by the Company Secretary and available to all directors for inspection.

The details of directors' attendance at the meetings (including the board meetings, remuneration committee meetings, audit committee meetings, nomination committee meetings, annual general meeting and special general meeting) held during the year are set out as follows:

	Number of meetings attended and held					
Name	**Board meeting**	**Remuneration committee**	**Audit committee**	**Nomination committee**	**Annual general meeting**	**Special general meeting**
Executive directors:						
Mr. Cheung Ngan *(Chairman)*	10/10	3/3	N/A	2/2	1/1	1/1
Mr. Miguel Valldecabres Polop *(Chief Executive Officer)*	10/10	N/A	N/A	N/A	1/1	1/1
Ms. Chan Hoi Ying	10/10	N/A	N/A	N/A	1/1	1/1
Independent non-executive directors:						
Mr. Chan Francis Ping Kuen *(Chairman of Audit Committee and Nomination Committee)*	10/10	3/3	2/2	2/2	1/1	0/1
Mr. Lee Kwok Leung	10/10	N/A	2/2	N/A	1/1	1/1
Dato' Tan Yee Boon *(Chairman of Remuneration Committee)*	10/10	3/3	2/2	2/2	1/1	1/1

BOARD COMMITTEE

The Board has established three committees with clearly-defined written terms of reference. The independent views and recommendations of the three committees ensure proper control of the Group and the continual achievement of the high standard of corporate governance practices.

Remuneration Committee

The Remuneration Committee is currently composed of two independent non-executive directors and one executive director, being Dato' Tan Yee Boon, Mr. Chan Francis Ping Kuen and Mr. Cheung Ngan respectively. The Remuneration Committee plays an advisory role to the Board and has every right to access to professional advice relating to remuneration proposal if considered necessary. The final authority to approve any remuneration package is retained by the Board. The full terms of reference setting out the authority of the Remuneration Committee are available on the websites of the Company and the Stock Exchange.

The Remuneration Committee meets at least once a year and will meet as and when necessary or when requested by a Committee member.

The brief duties of the Remuneration Committee as per the terms of reference are as follows:

i) to formulate remuneration policy for the approval of the Board by taking into consideration of individual performance and the prevailing market comparable;

ii) to make recommendations to the Board on the Company's policy and structure for the remuneration of the directors and senior management;

iii) to have the delegated responsibilities to determine the specific remunerations package of individual executive directors and senior management; and

iv) to review and approve compensation payable to executive directors and senior management in connection with any loss or termination of their office or compensation arrangement relating to dismissal or removal of directors.

The summary of work of the Remuneration Committee during the year ended 31 March 2023 includes:

i) reviewed the policy for the remuneration of directors and senior management with reference to the Board's corporate goals and objectives;

ii) reviewed the remuneration of the independent non-executive directors;

iii) made recommendations to the Board as to the remuneration packages of directors and senior management; and

iv) reviewed and approved the grants of share-based compensation to selected participants pursuant to the share options granted on 20 December 2022 under the Share Option Scheme and share awards granted on 9 December 2022 under the Share Award Plan.

Members of senior management during the reporting period comprised only of the executive directors and the details of the directors' remuneration are set out in Note 9 to the consolidated financial statements.

Audit Committee

The Audit Committee is currently composed of three independent non-executive directors, Mr. Chan Francis Ping Kuen, Dato' Tan Yee Boon and Mr. Lee Kwok Leung. The Audit Committee is responsible for providing an independent review of the effectiveness of the financial reporting process, internal control and risk management system of the Group, overseeing the audit process and the corporate governance functions. The Audit Committee also communicates among directors, the external auditor, the internal auditor and the management as regards financial reporting, internal control, risk management and the auditing. The full terms of reference setting out the authority of the Audit Committee are available on the websites of the Company and the Stock Exchange.

The Audit Committee meets at least twice a year and will meet as and when necessary or when requested by a Committee member, the external auditor or the internal auditor.

The brief duties of the Audit Committee as per the terms of reference are as follows:

i) to monitor integrity of the Company's consolidated financial statements and reports;

ii) to discuss with external auditor any matters arising from the audit of the Company's consolidated financial statements;

iii) to review financial controls, internal controls and risk management system; and

iv) to review the Company's financial and accounting policies and practices.

The summary of work of the Audit Committee during the year ended 31 March 2023 includes:

i) reviewed the interim report for the six months ended 30 September 2022 and the related results announcements;

ii) reviewed the annual financial statements for the year ended 31 March 2022 and the related results announcements;

iii) reviewed the Group's internal control system and discussed the relevant issues including financial, operational and compliance controls and risk management functions;

iv) reviewed the policies and practices on the Company's corporate governance, including respective policies and practices and disclosures in the Corporate Governance Report;

v) reviewed the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit and financial reporting functions;

vi) meeting with the internal auditor to discuss and confirm the audit plan, the risk management and internal control system of the Group and make recommendations in relation thereto;

vii) reviewed the internal audit report and the recommendations made to the Company and the effectiveness of internal audit activities;

viii) reviewed the effectiveness of the internal control and risk management systems;

ix) reviewed and recommended for the whistleblowing policy;

x) meeting with external auditor to discuss any issue arising from the audit and other matters the external auditor may raise; and

xi) reviewed the remuneration and terms of engagement of the Company's external auditor.

Nomination Committee

The Nomination Committee is currently composed of two independent non-executive directors and one executive director, being Mr. Chan Francis Ping Kuen, Dato' Tan Yee Boon and Mr. Cheung Ngan respectively. It considers matters regarding the nomination and appointment or re-appointment of directors. The Nomination Committee has the right to access to independent professional advice if considered necessary. The full terms of reference setting out the authority of the Nomination Committee are available on the websites of the Company and the Stock Exchange.

One of the responsibilities of the Nomination Committee is to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business, and able to devote sufficient time and attention to the affairs of the Company and make contributions to the Company that are commensurate with their role and board responsibilities. A balanced composition of executive directors and independent non-executive directors shall be included in the Board so that there is a strong independent element in the Board, which can effectively exercise independent judgement.

The Nomination Committee meets at least once a year and will meet as and when necessary or when requested by a Committee member. The brief duties of the Nomination Committee as per the terms of reference are as follows:

i) to review the structure, size and diversity (including but not limited to gender, cultural, educational background, ethnicity, professional experience, skills, knowledge and length of services) of the Board at least annually and make recommendations;

ii) to identify individuals suitably qualified to become board members and to receive nomination from shareholders or directors, and make recommendation on the selection of individuals nominated for directorship;

iii) to assess the independence of the independent non-executive directors in accordance with the Listing Rules and the Code; and

iv) to make recommendations to the board on the appointment or reappointment of directors and succession planning for directors.

The summary of work of the Nomination Committee during the year ended 31 March 2023 includes:

i) reviewed the structure, size and diversity of the Board, including but not limited to the independent non-executive directors, to ensure that it has a balance of expertise, skills and diversity of perspective appropriate to the business of the Company;

ii) identified individuals to become board members and make recommendation for directorship during the year;

iii) reviewed and made recommendations on the retirement of directors by rotation and the re-appointment of the retiring directors at the 2022 AGM;

iv) reviewed and made recommendations on the re-appointment of directors during the year; and

v) assessed the independence of the independent non-executive directors.

DIRECTORS' RESPONSIBILITY FOR FINANCIAL STATEMENTS AND CORPORATE GOVERNANCE FUNCTIONS

The directors acknowledge their responsibility for preparation of financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the Group, as well as their responsibility for performing the corporate governance functions. The directors ensure that the financial statements for the year ended 31 March 2023 were prepared in accordance with statutory requirements and applicable accounting standards.

The specific written terms of reference of the corporate governance functions is available on the Company's website. The primary duties of the corporate governance functions include reviewing the Company's policies, practices on corporate governance, compliance with legal and regulations requirements, monitoring the training and continuous professional development of the directors and senior management.

DIVERSITY POLICY

Board Diversity Policy

The Board adopted the board diversity policy in compliance with the Code. The Company recognised and embraced the benefits of having a diverse board to the quality of its performance. The policy was adopted to ensure that a range of diversity perspectives continues to remain in the composition of the Board.

In determining the Board's composition, the Board considered a range of diversity elements and measurable objectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge, terms of service and the independence requirements in the selection of independent non-executive director. The Nomination Committee then put forward the recommendation in respect of the above factors, where appropriate, to the Board for consideration and adoption. The final decision will be made according to the strengths of the candidate and its respective contributions to be made to the Board. The Nomination Committee ensures that the Board comprises members with mixed skills, knowledge and experience necessary for the Group's business development, strategies and operation.

Our Board has a balance of tenure, diversity and age, with an effective mix of experience and fresh perspective. According to Rule 13.92 of the Listing Rules, the Stock Exchange will not consider diversity to be achieved for a single gender board. As at the date of this report, the Board consists of one female Director, representing approximately 16.7% of the Board. The Board targets to maintain at least the current level of female representation. The Board will continue to seek opportunities to increase the proportion of female member over time as and when suitable candidates are identified. Having considered the business needs of the Company, the Nomination Committee considers that the current Board is sufficiently diversified in terms of its skills, gender, experience, knowledge and independence.

The Nomination Committee will monitor the implementation of the policy to ensure the effectiveness and will discuss any revisions that may be required, and recommend any such revisions to the Board for adoption. The Nomination Committee will review the Board Diversity Policy annually and disclose in the Corporate Governance Report on the Board's composition under diversified perspectives to achieve the objective on maintaining current regulatory requirements and good corporate governance practice.

Gender Diversity across Workforce

At workforce level, the Group aims to create an inclusive and safe working environment where everyone is treated equally and free from discrimination and gender bias. All employees are entitled to have equal opportunity in recruitment, career development, promotion, benefits and training. As at 31 March 2023, the ratio of men to women in the workforce (including senior management) of the Group was 35:27. The Group will actively promote corporate principles and values which include equal opportunity for men and women, and to reduce the reliance on male workers through implementing different measures, such as provision of additional machinery and equipment as well as optimisation of the work process and thereby enhance gender diversity.

DIVIDEND POLICY

The Company adopted a dividend policy on 8 May 2019 to set out standard rules and guidelines to be followed by the Board in considering whether to recommend dividend. The policy sets out the consideration factors for recommendation and declaration of dividend payment, such as the Group's business and financial performance, working capital requirements, capital expenditure and future development plans, retained earnings and distributable reserves of the Group and other factors that the Board deems relevant. The payment of the dividend is also subject to shareholders' approval and compliance with applicable laws and regulations including the laws of Bermuda and the Bye-Laws of the Company.

The dividend policy does not constitute a binding commitment by the Company on its future dividend and shall not obligate the Company to declare dividend at any time or from time to time, but only represents a general rules and reference purpose regarding the dividend policy. The Board will review the policy and reserve the right to amend the said policy from time to time.

AUDITORS' REMUNERATION AND AUDITOR RELATED MATTERS

The statement of the Company's auditors BDO Limited, regarding their report responsibilities is set out in the "INDEPENDENT AUDITOR'S REPORT" on pages 66 to 72 of this report.

Total auditors' remuneration in relation to audit and non-audit services provided to the Group amounted to HK$1.8 million (2022: HK$5.1 million), of which a sum of HK$1.8 million (2022: HK$1.6 million) was paid/payable to BDO Limited for audit service in accordance with Hong Kong Financial Reporting Standards. Another sum of HK$nil (2022: HK$3.5 million) was paid to MSPC Certified Public Accountants and Advisors, P.C. for audit service in conformity with International Financial Reporting Standards. The external auditor's fees are set out in Note 11 to the consolidated financial statements of this Annual Report.

COMPANY SECRETARY

During the reporting period, Ms. Lo Lai Man resigned as the Company Secretary of the Company on 15 May 2023. Mr. Leung Wai Chun was appointed as the Company Secretary of the Company on 15 May 2023.

Mr. Leung Wai Chun, age 58, joined the Group since 2001 and is presently the Chief Financial Officer and the Company Secretary of the Company. He held a MBA degree from The California State University of USA and a bachelor's degree majoring in Accountancy from The University of Southern Queensland of Australia. He is a member of the Hong Kong Institute of Certified Public Accountants and CPA Australia. He has over 30 years of experience in accounting, finance management, investment and corporate related matters.

The Company Secretary is responsible for advising the Board on governance matters and also facilitates induction and professional development of the directors. The Company Secretary reports to the Chairman of the Board. All directors have access to the advice and services of the Company Secretary. The Company Secretary has day-to-day knowledge of the Company's affairs and is also responsible for ensuring the procedures of the Board meetings are observed. During the reporting period, the Company Secretary had undertaken not less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board acknowledges its overall responsibility for maintaining an effective internal control system and risk management policy of the Company. In respect of the year ended 31 March 2023, the Board considered the internal control systems and risk management are effective and adequate. No significant areas of concern that may affect the financial, operational, compliance controls, and risk management functions of the Group has been identified. The systems are designed to manage, rather than eliminate, the risk of failure to achieve business objectives. They can only provide reasonable, and not absolute, assurance against material misstatement or loss. During the review, the Board also considered the resources, qualification/experience of staff of the Group's internal control, accounting and financial reporting function, and their training and budget were adequate.

The framework of the control is as follows:

The Board	• take any necessary and appropriate action to maintain an adequate internal control system to safeguard shareholders' investments and the Company's assets; • maintain proper accounting records and to ensure the reliability of financial information used for business operations and publication; • determine the nature of risk that the Company is willing to take in achieving the Company's objective; and • delegate the responsibility to the Audit Committee to review and oversee the effectiveness of the internal control systems and risk management of the Company.
Audit Committee	• review and oversee the effectiveness of the risk management and internal control systems of the Group; • discuss with the internal auditor on the major findings and review the internal audit report; and • review and discuss with the management of the Company to ensure that they take the responsibility on the design, implementation and monitoring the system and internal control.

Internal auditor	• prepare its yearly audit plan which is reviewed and approved by the Audit Committee; • discuss the major findings in respect of internal audit services with the Audit Committee and provide recommendations to improve the risk management and internal control system of the Group; and • deliver to the Audit Committee the internal audit reports regarding the main risk areas in relation to the internal audit plan.
The management of the Company	• design, implement and execute the system and internal control effectively; and • monitor the risks and supervise the day-to-day operations.

The Board, through the Audit Committee and internal auditor, has conducted an annual review of the effectiveness of the risk management and internal controls systems (including financial, operational and compliance controls) and was satisfied that the Company's internal control processes are adequate to meet the needs of the Company in its current business environment. The adequacy of resources, staff qualifications and experience, training programs and budget of the Company's accounting, internal audit and financial reporting functions have been reviewed and are considered to be adequate. The Board also reviewed the profile of the significant risks and how these risks have been identified, evaluated and managed, the changes since the last annual review, in the extent of significant risks, and the Group's ability to respond to changes in its business and the external environment. The Company also incorporated the recommendations from the internal auditor to maintain an effective and adequate risk management and internal control systems of the Company.

INTERNAL AUDIT FUNCTION

To comply with the Code in relation to the establishment of internal audit function, the Company engaged and reappointed Richard Poon & Partners Risk Management Limited as an internal auditor of the Company in relation to the provision of internal audit services to the Company throughout the year ended 31 March 2023. The internal audit function monitors compliance with policies and standards and the effectiveness of internal control structures of the Group.

ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

The Company is committed to maintain environmental and social standard to ensure business development and sustainability. We take steps to reduce the consumption of energy and promote green office policies e.g. advocate paperless office to reduce the consumption of paper, using internal communication in the form of direct electronic mail or other electronic device, turn off computers, printers and lighting immediately after use, and use environmentally friendly products and certified materials whenever possible.

Discussion on the Group's environmental policies and social performance is provided in the "ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2023" which is published on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.evdynamics.com.

INSIDE INFORMATION

There are internal procedures for the handling and dissemination of inside information, which has set out the procedures of identification, report and disclosure of inside information to ensure that the Company is able to disclose inside information properly and to ensure the information is kept confidential before such information is approved appropriately. Directors and management of the Company are responsible to take all reasonable measures to ensure that proper safeguards are in place to prevent the Company from breaching the statutory disclosure requirement.

WHISTLEBLOWING POLICY

Employees at all levels are expected to achieve the highest standards of openness, probity and accountability. A whistleblowing policy and system have been implemented and set up for employees and those who deal with the Group (e.g. customers and suppliers) to raise concerns, in confidential and anonymity, about any suspected misconduct or malpractice within the Group.

ANTI-CORRUPTION POLICY

The Company has established policies and system that promote and support anti-corruption laws and regulations. Detailed discussion on anti-corruption is set out in the "ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2023".

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Board recognises the importance of maintaining clear, timely and effective communication with shareholders of the Company and investors. The Board also recognises that effective communication with investors is the key to establish investor confidence and to attract new investors.

The Company is committed to providing the shareholders of the Company with balanced and understandable information about the Company and has adopted a shareholders' communication policy, the summary of which is set out below:

1. corporate communication is published on the Stock Exchange's website and the Company's own website in a timely manner as required by the Listing Rules;

2. the Company shall publish announcements (on inside information, corporate actions and transactions, etc.) and other documents (e.g. memorandum of association and bye-laws) on the Stock Exchange's website in a timely manner in accordance with the Listing Rules;

3. any information or documents of the Company posted on the Stock Exchange's website will also be published on the Company's website (www.evdynamics.com);

4. the annual general meeting and other general meetings of the Company are primary forum for communication between the Company and its shareholders where the shareholders are provided with relevant information on the resolutions(s) proposed at a general meeting in a timely manner in accordance with the Listing Rules. The information provided shall be reasonably necessary to enable the shareholders to make an informed decision on the proposed resolution(s);

5. the shareholders are encouraged to participate in general meetings or to appoint proxies to attend and vote at the meetings for and on their behalf if they are unable to attend the meetings;

6. where appropriate or required, the chairman of the Board and other Board members, the chairmen of board committees or their delegates, and the external auditors should attend general meetings of the Company to answer the shareholders' questions (if any); and

7. written enquiries (such as by mail to the Company's head office in Hong Kong) from the shareholders about corporate governance or other matters to be put to the Board and the Company will be dealt with by the Board.

The Board conducted review of the implementation and effectiveness of the communication policy for shareholders. Having considered the multiple channels of communication in place, the Board is of the view that the shareholders' communication policy has been properly implemented for the year ended 31 March 2023 and is effective.

SHAREHOLDERS' RIGHTS

Procedure for shareholders to convene a Special General Meeting (the "SGM")

Pursuant to the Bye-Laws of the Company, SGM can be convened on requisition by shareholders. Also, the Companies Act provides that shareholders, as at the date of deposit of the requisition, hold not less than one-tenth (10%) of the issued capital of the Company and carry the right of voting at general meeting, can request the directors to convene a SGM.

The shareholders must state the purpose of the meeting and the requisition must be deposited at the registered office of the Company. If the directors do not within twenty-one days from the date of the deposit of the requisition proceed duly to convene a meeting, the requisitionists, or any of them representing more than one half of the total voting rights of them, may themselves convene a meeting, but any meeting so convened shall not be held after the expiration of three months from the said date.

Shareholders' enquiries

Shareholders should direct questions about their shareholdings to the Company's Hong Kong branch share registrar. They can also make enquiry to the Board for any publicly available company information. They can, by stating the nature and reason in written form, make enquiry to the Board provided it has been duly served to the attention of the Board at the head office. The contact details are set out in the "CORPORATE INFORMATION" on page 2 of this annual report.

Procedure for making proposals at general meeting

Shareholders may put forward written proposals for consideration at a general meeting by submitting their proposals to the Board at the head office of the Company at least 60 days before the relevant general meeting. The proposal should be in the form of a proposed resolution and should comply with the following criteria:

(i) to be clearly and concisely set out the proposal for discussion;

(ii) to be in accordance with the Company's Memorandum of Association and Bye-Laws, all applicable laws and regulations and the Listing Rules;

(iii) to be relevant to the Company's business scope and comply with all relevant requirements of a general meeting; and

(iv) in the event that the proposed business includes a proposal to amend the Bye-Laws of the Company, the proposed resolution should be in complete text and supported by, including but not limited to the following:

- the class and total number of shares beneficially owned by the individual shareholders of the group of shareholders making the proposal;
- the reasons for the proposed resolution;
- any interest in or anticipated benefit to the proposing shareholder or its associate; and
- the benefits or disadvantage, if any, that the proposer suggests.

PROCEDURE FOR PROPOSING A PERSON FOR ELECTION AS A DIRECTOR

The procedure for proposing a person for election as a director was made available on the Company's website.

CONSTITUTIONAL DOCUMENTS

The Company has adopted the amended and restated memorandum of association and the bye-laws of the Company by special resolution passed at the 2022 AGM on 26 August 2022 and effective on the same date. Save as disclosed, there was no change in the memorandum of association and bye-laws of the Company during the year ended 31 March 2023. The amended and restated memorandum of association and bye-laws is available on the websites of the Company and of the Stock Exchange.

INDEPENDENT AUDITOR'S REPORT

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TO THE SHAREHOLDERS OF EV DYNAMICS (HOLDINGS) LIMITED

(incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Ev Dynamics (Holdings) Limited ("the Company") and its subsidiaries (together the "Group") set out on pages 73 to 180, which comprise the consolidated statement of financial position as at 31 March 2023, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the HKICPA's "Code of Ethics for Professional Accountants" (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment assessment of assets attributable to the mining assets

As at 31 March 2023, the Group had mining assets with carrying value of approximately HK$1,380,000,000. The mining assets are subject to annual impairment review.

The directors have concluded that there was impairment loss of approximately HK$96,364,000 in respect of the mining assets for the year ended 31 March 2023. This conclusion was based on the recoverable amount of the mining assets, determined using a fair value calculation which is based on a discounted cash flow valuation model that involved significant judgement and assumptions with respect to the discount rate and the underlying cash flows, in particular the future revenue growth, of the mining assets.

We focused on this area because of the magnitude of mining assets and the significance of management judgements involved in the impairment assessment of these assets. An independent professional valuer was engaged by the Group as management's expert to assess the recoverable amount of the mining assets.

Refer to Note 19 to the consolidated financial statements, critical accounting judgements and key sources of estimation uncertainty in Note 5 and the accounting policies in Notes 4(f) and 4(g).

Our response

Our audit procedures included:

- Engaging our external valuation expert as auditor's expert to assist us in reviewing the recoverable amount calculation prepared by the management's expert, in particular the underlying assumptions and methodology adopted.

- Analysing and challenging the reasonableness of significant judgements and estimates built in the underlying cash flows used in management's impairment tests based on our knowledge of the business and industry.

- Checking the appropriateness and reasonableness of key inputs and assumptions (e.g. thenardite market price, discount rate, operating costs, depreciation etc.) of the recoverable amount valuation model.

- Evaluating the competence, capability and objectivity of the management's expert.

Impairment assessment of non-current assets of electric vehicles business

As at 31 March 2023, the Group had other intangible assets, property, plant and equipment, construction in progress and right-of-use assets with carrying value of approximately HK$5,782,000, HK$34,762,000, HK$16,094,000 and HK$16,196,000 respectively and other non-current assets which have been attributable to the cash generating unit ("CGU") of development of electric vehicles. These assets are subject to impairment review as impairment indicators existed.

The directors have concluded that there is no impairment loss in respect of these non-current assets for the year ended 31 March 2023. This conclusion was based on the recoverable amount of the CGU, determined using a value in use calculation which is based on a discounted cash flow valuation model that involved significant judgements and assumptions with respect to the discount rate and the underlying cash flows, in particular the gross profit margin, of the CGU.

We focused on this area because of the magnitude of the CGU's non-current assets and the significance of management judgements involved in the impairment assessment of these assets. An independent professional valuer was engaged by the Group as management's expert to assess the recoverable amount of the CGU.

Refer to disclosure Note 20 to the consolidated financial statements, critical accounting judgements and key sources of estimation uncertainty in Note 5 and the accounting policy in Note 4(g).

Our response

Our audit procedures included:

- Engaging our external valuation expert as auditor's expert to assist us in reviewing the recoverable amount calculation prepared by management's expert, in particular the underlying assumptions and methodology adopted.

- Analysing the future projected cash flows used in the model to determine whether they are reasonable and supportable.

- Assessing and challenging the reasonableness of key inputs and assumptions (e.g. unit selling price, discount rate, gross profit margin etc.) of the value-in-use calculation and agreeing them to external market data where applicable.

- Evaluating the competence, capability and objectivity of the management's expert.

OTHER INFORMATION IN THE ANNUAL REPORT

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibility in this regard.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

BDO Limited
Certified Public Accountants

Pak Tak Lun
Practising Certificate Number: P06170

Hong Kong, 29 June 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	7	**36,347**	49,947
Cost of sales		**(36,980)**	(45,638)
Gross (loss)/profit		**(633)**	4,309
Other income	7	**42,141**	1,471
Selling and distribution expenses		**(646)**	(757)
Administrative expenses		**(88,168)**	(101,980)
Impairment of mining assets	11	**(96,364)**	(301,762)
Impairment of trade receivables, net	11	**(5,824)**	(3,217)
Impairment of other receivables	11	**(14,099)**	–
Write-off of other receivables and prepayments, net	11	**(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	8	**(770)**	(1,035)
Loss before income tax	11	**(81,518)**	(418,709)
Income tax credit	12	**127**	3,618
Loss for the year		**(81,391)**	(415,091)
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)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2023

	Note	2023 HK$'000	2022 HK$'000
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$)	14	**(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	15	**35,293**	44,574
Construction in progress	16	**26,841**	77,321
Right-of-use assets	17	**26,720**	92,512
Mining assets	19	**1,380,000**	1,595,000
Investment in an associate	21	**2,863**	–
Other intangible assets	20	**5,782**	8,343
Amount due from an associate	21(b)	**6,565**	–
Other receivables, deposits and prepayments	25	**12,093**	13,062
Total non-current assets		**1,496,157**	1,830,812
Current assets			
Inventories	23	**23,751**	31,132
Trade receivables	24	**19,324**	31,879
Contract assets	28	**10,246**	11,067
Other receivables, deposits and prepayments	25	**73,563**	59,388
Financial assets at FVTPL	22	**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
Current liabilities			
Accounts payable	26	**9,785**	12,741
Other payables and accruals	27	**29,415**	89,380
Contract liabilities	28	**21,405**	4,280
Loans from shareholders	32	**6,938**	–
Bank and other borrowings	29	**4,750**	741
Lease liabilities	30	**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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2023

	Notes	2023 HK$'000	2022 HK$'000
Non-current liabilities			
Deferred tax liabilities	31	**4,522**	5,022
Other payables	27	**–**	67,354
Loans from shareholders	32	**4,458**	4,123
Bank borrowing	29	**5,143**	6,296
Lease liabilities	30	**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	34	**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	37	**(40,609)**	(43,186)
TOTAL EQUITY		**1,618,316**	1,810,650

On behalf of the Board

Cheung Ngan
Director

Chan Hoi Ying
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2023

	Attributable to owners of the Company											
	Share capital HK$'000 (Note 34)	Share premium HK$'000 (Note 36(a))	Contributed surplus HK$'000 (Note 36(b))	Convertible notes equity reserve HK$'000 (Notes 33 and 36(g))	Share options reserve HK$'000 (Note 36(c))	Share award reserve HK$'000 (Note 36(d))	Foreign currency translation reserve HK$'000 (Note 36(e))	Capital reserve HK$'000 (Note 36(f))	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000 (Note 37)	Total equity HK$'000
At 1 April 2021	82,902	3,884,575	20,566	6,625	87,475	8,229	(221,262)	687	(1,762,065)	2,107,732	(36,280)	2,071,452
Loss for the year	–	–	–	–	–	–	–	–	(408,335)	(408,335)	(6,756)	(415,091)
Other comprehensive income:												
– Exchange differences arising from translation of foreign operations	–	–	–	–	–	–	75,266	–	–	75,266	(717)	74,549
– Reclassification relating to dissolution of subsidiaries	–	–	–	–	–	–	579	–	–	579	–	579
Total comprehensive income	–	–	–	–	–	–	75,845	–	(408,335)	(332,490)	(7,473)	(339,963)
Issue of consideration shares for the acquisition of unlisted equity investments outside Hong Kong	2,547	26,745	–	–	–	–	–	–	–	29,292	–	29,292
Placing of shares	3,677	43,104	–	–	–	–	–	–	–	46,781	–	46,781
Issue of shares from share award plan	970	8,585	–	–	–	(9,555)	–	–	–	–	–	–
Dissolution of subsidiaries	–	–	–	–	–	–	–	–	–	–	567	567
Share-based payments	–	–	–	–	1,195	1,326	–	–	–	2,521	–	2,521
Forfeited share options	–	–	–	–	(1,283)	–	–	–	1,283	–	–	–
At 31 March 2022 and 1 April 2022	90,096	3,963,009	20,566	6,625	87,387	–	(145,417)	687	(2,169,117)	1,853,836	(43,186)	1,810,650
Loss for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(81,160)**	**(81,160)**	**(231)**	**(81,391)**
Other comprehensive income:												
– Exchange differences arising from translation of foreign operations	**–**	**–**	**–**	**–**	**–**	**–**	**(129,118)**	**–**	**–**	**(129,118)**	**2,808**	**(126,310)**
– Reclassification relating to deemed disposal of a subsidiary (Note 45)	**–**	**–**	**–**	**–**	**–**	**–**	**(1,559)**	**–**	**–**	**(1,559)**	**–**	**(1,559)**
Total comprehensive income	**–**	**–**	**–**	**–**	**–**	**–**	**(130,677)**	**–**	**(81,160)**	**(211,837)**	**2,577**	**(209,260)**
Issue of shares from share award plan	**2,700**	**7,020**	**–**	**–**	**–**	**(9,720)**	**–**	**–**	**–**	**–**	**–**	**–**
Share-based payments	**–**	**–**	**–**	**–**	**7,206**	**9,720**	**–**	**–**	**–**	**16,926**	**–**	**16,926**
Forfeited share options	**–**	**–**	**–**	**–**	**(14,172)**	**–**	**–**	**–**	**14,172**	**–**	**–**	**–**
At 31 March 2023	**92,796**	**3,970,029**	**20,566**	**6,625**	**80,421**	**–**	**(276,094)**	**687**	**(2,236,105)**	**1,658,925**	**(40,609)**	**1,618,316**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2023

	Notes	2023 HK$'000	2022 HK$'000
OPERATING ACTIVITIES			
Loss before income tax		**(81,518)**	(418,709)
Adjustments for:			
Interest income	7	**(681)**	(198)
Finance costs	8	**770**	1,035
Depreciation of property, plant and equipment	11	**5,550**	6,521
Depreciation of right-of-use assets	11	**6,489**	7,218
Amortisation of other intangible assets	11	**1,937**	10,566
Share-based payments	35	**16,926**	2,521
Change in fair value and realised loss on disposal of financial assets at FVTPL		**(87,712)**	8,146
Gain on disposal of property, plant and equipment	7	**(24)**	(63)
Loss on write-off of property, plant and equipment	11	**225**	–
Gain on deemed disposal of a subsidiary	45	**(13,484)**	–
Gain on lease termination	7	**(517)**	–
Gain on settlement of a legal case	46(a)	**(24,149)**	–
COVID-19-related rent concession		**–**	(182)
Write-down of inventories	11	**4,821**	474
Impairment of mining assets	11	**96,364**	301,762
Impairment of trade receivables, net	11	**5,824**	3,217
Impairment of other receivables	11	**14,099**	–
Write-off of other receivables and prepayments, net	11	**4,867**	7,592
Exchange loss/(gain), net		**1,402**	(820)
Operating cash flows before movements in working capital		**(48,811)**	(70,920)
Decrease/(increase) in inventories		**484**	(1,275)
Decrease/(increase) in trade receivables		**6,639**	(27,469)
Increase in other receivables, deposits and prepayments		**(10,930)**	(8,608)
(Decrease)/increase in accounts payable		**(2,004)**	3,694
Increase in other payables and accruals		**23,965**	8,939
Increase in contract liabilities		**17,150**	2,478
NET CASH USED IN OPERATING ACTIVITIES		**(13,507)**	(93,161)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2023

	Notes	2023 HK$'000	2022 HK$'000
INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	15	–	(2,086)
Purchases of financial assets at FVTPL		–	(19,055)
Proceeds from disposal of property, plant and equipment		305	208
Proceeds from disposal of financial assets at FVTPL		4,000	13,191
Net cash outflow from deemed disposal of a subsidiary	45	(1,316)	–
Interest received	7	681	198
NET CASH GENERATED FROM/(USED IN) INVESTING ACTIVITIES		3,670	(7,544)
FINANCING ACTIVITIES			
Interest paid on lease liabilities	44(a)	(462)	(720)
Interest paid on bank borrowing	44(a)	(308)	(315)
Repayment of principal portion of lease liabilities	44(a)	(3,670)	(4,783)
Proceeds from loans from shareholders	44(a)	7,565	4,062
Proceeds from other borrowing	44(a)	4,064	7,297
Repayment of bank borrowing	44(a)	(684)	(365)
Proceeds from placing of shares		–	46,781
NET CASH GENERATED FROM FINANCING ACTIVITIES		6,505	51,957
NET DECREASE IN CASH AND CASH EQUIVALENTS		(3,332)	(48,748)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		4,669	52,697
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		92	720
CASH AND CASH EQUIVALENTS AT END OF YEAR		1,429	4,669
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		1,429	4,669

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")

(a) 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.

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

(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 the date they become effective.

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[2]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current[2]
Amendments to HKAS 1	Non-current Liabilities with Covenants[2]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[1]
Amendments to HKAS 8	Definition of Accounting Estimates[1]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1]

1 *Effective for annual periods beginning on or after 1 January 2023*

2 *Effective for annual periods beginning on or after 1 January 2024*

3 *The amendments shall be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined*

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

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

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

Amendments to HKFRS 10 and HKAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. When the transaction with an associate or joint venture that is accounted for using the equity method, any gains or losses resulting from the loss of control of a subsidiary that does not contain a business are recognised in the profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, any gains or losses resulting from the remeasurement of retained interest in any former subsidiary (that has become an associate or a joint venture) to fair value are recognised in the profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture. The amendments are to be applied prospectively.

The directors of the Company anticipate that the application of these amendments may have an impact on the Group's consolidated financial statements in future periods should such transaction arise.

Amendments to HKFRS 16, Lease Liability in a Sale and Leaseback

Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of HKFRS 16 (i.e., 1 April 2019). Earlier application is permitted.

The directors of the Company anticipate that the adoption of these amendments will not to have any significant impact on the Group's consolidated financial statements.

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

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

Amendments to HKAS 1, Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants

Amendments to HKAS 1 Classification of Liabilities as Current or Non-current clarify that the requirements for classifying liabilities as current or non-current, in particular the determination over whether an entity has a right to defer settlement of the liabilities for at least 12 months after the reporting period. Classification of a liability is unaffected by the likelihood that an entity will exercise its right to defer settlement of a liability. The amendments also clarify the situations that are considered a settlement of a liability.

In 2022, the HKICPA issued the 2022 Amendments to further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. In addition, the 2022 Amendments require additional disclosures by an entity that classifies liabilities arising from loan arrangements as non-current when it has a right to defer settlement of those liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period. The amendments shall be applied retrospectively. Earlier application is permitted.

The directors of the Company are currently assessing the impact of the amendments and whether existing loan agreements may require revision. Based on a preliminary assessment, the amendments are not expected to have any significant impact on the consolidated financial statements.

Amendments to HKAS 1 and HKFRS Practice Statement 2, Disclosure of Accounting Policies

The amendments to Disclosure of Accounting Policies were issued following feedback that more guidance was needed to help companies decide what accounting policy information should be disclosed. The amendments to HKAS 1 require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendments to HKFRS Practice Statement 2 provide guidance on how to apply the concept of materiality to accounting policy disclosures.

The directors of the Company are currently revisiting the accounting policy disclosures to ensure consistency with the amendments.

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

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

Amendments to HKAS 8, Definition of Accounting Estimates

The amendments to HKAS 8 clarify how companies should distinguish changes in accounting policies from changes in accounting estimates. That distinction is important because changes in accounting estimates are applied prospectively only to future transactions and other future events, but changes in accounting policies are generally also applied retrospectively to past transactions and other past events.

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

Amendments to HKAS 12, Deferred Tax Related to Assets and Liabilities arising from a Single Transaction

The amendments require entities to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities.

The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

- right-of-use assets and lease liabilities, and
- decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets.

The cumulative effect of recognising these adjustments is recognised in accumulated losses, or another component of equity, as appropriate.

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

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

Amendments to HKAS 12, Deferred Tax Related to Assets and Liabilities arising from a Single Transaction *(Continued)*

HKAS 12 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions and various approaches were considered acceptable. For entities which may have already accounted for such transactions consistent with the new requirements. These entities will not be affected by the amendments.

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

3. BASIS OF PREPARATION

(a) 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").

3. BASIS OF PREPARATION (Continued)

(b) Basis of measurement and going concern assumption

These consolidated 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$81,391,000 for the year ended 31 March 2023. As of that date, the Group had current liabilities of HK$76,343,000 while the cash and bank balances were HK$1,429,000 only. These conditions 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 that covers the next fifteen months after the end of the reporting period for the purpose of assessing the Group's ability to continue as a going concern. Based on the cash flow forecast, the directors of the Company are of the view that the Group is able to meet its day-to-day working capital requirements and operate within the level of its current resources after taking into account the progress payment of HK$23 million received in June 2023 in respect of the disposal of a wholly-owned subsidiary (Note 47). The cash flow forecast also takes into account of the cash inflow from the sales of electric vehicles based on signed contracts that the directors assumed that the expected sales orders would materialise based on the recurring progress of the contracts. Based on these, the directors of the Company are of the view that the Group would have adequate resources to continue in operational existence for the foreseeable future and continue as a going concern. Accordingly, it is appropriate to prepare the consolidated financial statements on a going concern basis.

(c) Functional and presentation currency

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

4. PRINCIPAL ACCOUNTING POLICIES

(a) Business combination and basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries (the "Group"). Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the dates of acquisition or up to the dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

Acquisition of subsidiaries or businesses is accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. The Group's previously held equity interest in the acquiree is re-measured at acquisition-date fair value and the resulting gains or losses are recognised in profit or loss. The Group may elect, on a transaction-by-transaction basis, to measure the non-controlling interest that represent present ownership interests in the subsidiary either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other non-controlling interests are measured at fair value unless another measurement basis is required by HKFRSs. Acquisition-related costs incurred are expensed unless they are incurred in issuing equity instruments in which case the costs are deducted from equity.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(a) Business combination and basis of consolidation (Continued)

Any contingent consideration to be transferred by the acquirer is recognised at acquisition-date fair value. Subsequent adjustments to consideration are recognised against goodwill only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

Subsequent to acquisition, the carrying amount of non-controlling interests that represent present ownership interests in the subsidiary is the amount of those interests at initial recognition plus such non-controlling interest's share of subsequent changes in equity. Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to such non-controlling interests even if this results in the non-controlling interest having a deficit balance.

Changes in the Group's interests in subsidiaries that do not result in a loss of control of the subsidiary are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(b) Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: power over the investee, exposure, or rights, to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

(c) Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Associates are accounted for using the equity method whereby they are initially recognised at cost and thereafter, their carrying amount are adjusted for the Group's share of the post-acquisition change in the associates' net assets except that losses in excess of the Group's interest in the associate are not recognised unless there is an obligation to make good those losses.

Profits and losses arising on transactions between the Group and its associates are recognised only to the extent of unrelated investors' interests in the associate. The investor's share in the associate's profits and losses resulting from these transactions are eliminated against the carrying value of the associate. Where unrealised losses provide evidence of impairment of the asset transferred, they are recognised immediately in profit or loss.

Any premium paid for an associate above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the associate. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of investment, after reassessment, is recognised immediately in profit or loss. Where there is objective evidence that the investment in an associate has been impaired, the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(d) Property, plant and equipment and construction in progress

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance and overhaul costs, is recognised in profit or loss in the year in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the property, plant and equipment, the expenditure is capitalised as an additional cost thereof.

Depreciation is charged so as to write off the cost of items of property, plant and equipment over their estimated useful lives using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period. The expected useful lives of property, plant and equipment are as follows:

Leasehold improvements	Shorter of lease terms or 3 to 10 years
Plant and machinery	5 to 15 years
Furniture, fixtures, equipment and motor vehicles	3 to 5 years

Construction in progress represents properties under construction for production or administrative purposes, which is stated at cost less any impairment loss and is not depreciated. Cost comprises the direct costs of construction, related professional fees, capitalised depreciation of machinery used for construction and capitalised borrowing costs on related borrowed funds. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the net sale proceeds and the carrying amount of the relevant assets and is recognised in profit or loss.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(e) Intangible assets (other than goodwill)

The useful lives of intangible assets are assessed to be either finite or infinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset are reviewed at least at the end of each reporting period.

Intangible assets are not amortised while their useful lives are assessed to be indefinite. Any conclusion that the useful life of an intangible asset is indefinite is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for prospectively from the date of change and in accordance with the policy for amortisation of intangible assets with finite lives as set out above.

Technical know-how

Technical know-how is stated at cost less accumulated amortisation and any impairment losses (Note 4(g)). Technical know-how is amortised on the straight-line basis over a period of 5 years.

Industrial proprietary rights

Industrial proprietary rights are stated at cost less accumulated amortisation and any impairment losses (Note 4(g)). Industrial proprietary rights are amortised on the straight-line basis over a period of 5 to 10 years.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(e) Intangible assets (other than goodwill) (Continued)

Internally generated intangible assets (research and development costs)

Expenditure on internally developed products is capitalised if it can be demonstrated that:

- it is technically feasible to develop the product for it to be sold;
- adequate resources are available to complete the development;
- there is an intention to complete and sell the product;
- the Group is able to sell the product;
- sale of the product will generate future economic benefits; and
- expenditure on the project can be measured reliably.

Development expenditure not satisfying the above criteria and expenditure on the research phase of internal projects are recognised in profit or loss as incurred.

(f) Mining assets

Mining assets are stated at cost less accumulated amortisation and any impairment losses (Note 4(g)). Mining assets are amortised over the estimated useful lives of the mines based on the proven and probable reserves of the mines using the units of production method.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(g) Impairment of tangible and intangible assets (other than financial assets)

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, construction in progress, right-of-use assets, investments in subsidiaries and an associate, mining assets and other intangible assets to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased.

If the recoverable amount (i.e. the greater of the fair value less costs of disposal and value in use) of an asset (or a cash generating unit ("CGU")) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for that asset (or CGU) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Value-in-use is based on the estimated future cash flows expected to be derived from the asset (or CGU), discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or CGU).

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(h) Financial instruments

(i) Financial assets

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place.

Debt instruments

Amortised cost	Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets with embedded derivatives are considered in their entirely when determining whether their cash flows are solely payment of principal and interest. Financial assets at amortised cost are subsequently measured using the effective interest method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(h) Financial instruments (Continued)

(i) Financial assets *(Continued)*

Equity instruments

Fair value through other comprehensive income ("FVOCI")	On initial recognition of an equity investment that is not held for trading, the Group could irrevocably elect to present subsequent changes in the investment's FVOCI. This election is made on an investment-by-investment basis. Equity investments at fair value through other comprehensive income are measured at fair value. Dividend income is recognised in profit or loss unless the dividend income clearly represents a recovery of part of the cost of the investments. Other net gains and losses are recognised in other comprehensive income and are not reclassified to profit or loss.
FVTPL	All other equity instruments are classified as FVTPL, whereby changes in fair value, dividends are recognised in profit or loss.

(ii) Impairment loss on financial assets

The Group recognises loss allowances for expected credit loss ("ECL") on trade receivables, contract assets and other financial assets measured at amortised cost. ECLs are measured on either of the following bases: (1) 12-month ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date; and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(h) Financial instruments (Continued)

(ii) Impairment loss on financial assets *(Continued)*

The Group has measured loss allowances for trade receivables and contract assets that do not contain a significant financing component using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. For trade receivables and contract assets that are not assessed for ECL individually, the Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt financial assets, the ECLs are based on the 12-month ECLs. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group considers a financial asset to be in default when: (1) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (2) the financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual or a collective basis.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(h) Financial instruments (Continued)

(ii) Impairment loss on financial assets *(Continued)*

The Group considers a financial asset to be credit-impaired when there is significant financial difficulty of the debtor, a breach of contract, restructuring of a loan or advance, or it is probable that the debtor will enter bankruptcy etc.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non credit-impaired financial assets, interest income is calculated based on the gross carrying amount.

(iii) Financial liabilities

The Group classifies its financial liabilities depending on the purpose for which the liabilities were incurred. Financial liabilities at amortised cost are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at amortised cost:

Financial liabilities at amortised cost including accounts and other payables, bank and other borrowings and loans from shareholders are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in accordance with the accounting policy for borrowing costs.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(h) Financial instruments (Continued)

(iv) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(v) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(vi) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKFRS 9.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

(vii) Convertible notes

Convertible notes issued by the Company which together with consideration shares issued by the Company represent the entire purchase consideration for the acquisition of South China Mining Investments Limited is classified as equity instrument as the Company has the option to issue conversion shares at the conversion price on the maturity date, to redeem the convertible notes and has no obligation to settle in cash. On initial recognition, the fair value of the convertible notes issued which is determined as the difference between the fair value of the net assets acquired through the acquisition of the group of companies and the fair value of the consideration shares issued is included in equity (convertible notes equity reserve). In subsequent periods, when the conversion shares are issued at the conversion price, the balance stated in convertible notes equity reserve will be transferred to share capital and share premium. Where the conversion options embedded in the convertible notes remain unexercised on the maturity date, the remaining balance in convertible notes equity reserve will be transferred to accumulated losses. No gain or loss is recognised upon conversion or expiration of the conversion options embedded in the convertible notes.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(i) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, bank overdrafts that are repayable on demand and that form an integral part of the Group's cash management are included in cash and cash equivalents.

(j) Leasing

The Group as lessee

All leases are required to be capitalised in the consolidated statement of financial position as right-of-use assets and lease liabilities, but accounting policy choices exist for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for low-value assets and leases for which at the commencement date have a lease term of 12 months or less and do not contain purchase option. The lease payments associated with those leases have been expensed on a straight-line basis over the lease term.

Right-of-use asset

The right-of-use asset should be recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee; and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The Group measures the right-of-use assets applying a cost model. Under the cost model, the Group measures the right-of-use assets at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(j) Leasing (Continued)

The Group as lessee *(Continued)*

Lease liability

The lease liability is recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

The following payments for the right-to-use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments: (i) fixed lease payments less any lease incentives receivable; (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent to the commencement date, the Group measures the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, e.g., a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in-substance fixed lease payments or a change in assessment to purchase the underlying asset.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(k) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of resources embodying economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of resources embodying economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of resources embodying economic benefits is remote.

(l) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and appropriate portion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(m) Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit or loss as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and an associate, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(m) Income tax (Continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Income tax is recognised in profit or loss except when it relates to items recognised in other comprehensive income, in which case the income tax is recognised in other comprehensive income, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or in determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable, liabilities and contingent liabilities over the cost of the business combination.

(n) Foreign currencies

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (the "functional currency"). For the purpose of the consolidated financial statements, the results and financial position of each group entity are expressed in Hong Kong dollars which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the functional currency of that entity (the "foreign currencies") are recorded in its functional currency at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(n) Foreign currencies (Continued)

Exchange differences arising on the settlement and translation of monetary items are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income, in which case, the exchange differences are also recognised in other comprehensive income.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operation are expressed in Hong Kong dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in the foreign currency translation reserve. Such translation differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the exchange rates prevailing at the end of the reporting period. Exchange differences arising are recognised in the foreign currency translation reserve.

(o) Employees' benefits

(i) Short term benefits

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(o) Employees' benefits (Continued)

(ii) Employee retirement scheme

The Group operates a Mandatory Provident Fund ("MPF") Scheme for its employees in Hong Kong. Contributions to the MPF Scheme are made based on rates applicable to the respective employees' relevant income from the Group and are charged to profit or loss as they become payable in accordance with government regulations. The Group's mandatory contributions are fully and immediately vested in favour of the employees. The assets of MPF Scheme are held separately from those of the Group in an independently administered fund.

Employees of the group entity operate in the People's Republic of China ("PRC") are required to participate in a central pension scheme operated by the local municipal government. Such entity is required to contribute certain percentages of its payroll costs to the central pension scheme. The contributions are charged to profit or loss in the period in which they are incurred.

(p) Equity-settled share-based payments

(i) Equity-settled share-based payment transactions

The Group operates a number of equity-settled, share-based compensation plans, under which the entity receives services from employees and other selected participants as consideration for equity instruments of the Group.

Share options scheme

The fair value of share options determined at the grant date is expensed over the vesting period, which is the period over which all of the specified non-market vesting conditions are to be satisfied. At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to the share options reserve.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(p) Equity-settled share-based payments (Continued)

(i) Equity-settled share-based payment transactions *(Continued)*

Share award plan

The fair value of award shares granted to selected participants for nil consideration is recognised as an expense over the relevant service period, being the vesting period of the award shares. The fair value is measured at the grant date of the award shares and is recognised in equity in the share award reserve. The number of award shares expected to vest is estimated based on the non-market vesting conditions. The estimates are revised at the end of each reporting period, and adjustments are recognised in profit or loss and the share award reserve.

Where award shares are forfeited due to a failure by the selected participants to satisfy the service conditions, any expenses previously recognised in relation to such shares are reversed effective from the date of the forfeiture. The award shares are to be granted by either issue of new shares by the Company or acquired by the independent trustee from market, at the cost of the Company, and are held as treasury shares until such time as they are vested.

(ii) Share-based payment transactions among group entities

The grant by the Company of share options, share award and over their equity instruments to the employees of subsidiaries in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investments in subsidiaries, with a corresponding credit to equity in the parent entity accounts.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(q) Related parties

(a) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Company;

(ii) has significant influence over the Company; or

(iii) is a member of key management personnel of the Company or the Company's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the Company's parent.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(q) Related parties (Continued)

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(i) that person's children and spouse or domestic partner;

(ii) children of that person's spouse or domestic partner; and

(iii) dependents of that person or that person's spouse or domestic partner.

(r) Revenue recognition

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Depending on the terms of the contract and the laws that apply to the contract, control of the goods or service may be transferred over time or at a point in time. Control of the goods or service is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(r) Revenue recognition (Continued)

If control of the goods or services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods or service.

When the contract contains a financing component which provides the customer a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amounts receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception.

Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method.

For contracts where the period between the payment and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

Sales of motor vehicles and batteries

The Group recognised the revenue from sales of motor vehicles and batteries at a point in time when the customer obtains control of the goods which is upon the delivery of the related goods to the customers. Revenue is measured based on the consideration specified in a contract with a customer, excludes amounts collected on behalf of third parties, discounts and sales related taxes.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(r) Revenue recognition (Continued)

Contract costs

The Group recognises an asset from the costs incurred to fulfil a contract when those costs meet all of the following criteria:

a) the costs relate directly to a contract or to an anticipated contract that the entity can specifically identify;

b) the costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and

c) the costs are expected to be recovered.

The asset recognised is subsequently amortised to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the cost relate. The asset is subject to impairment review.

Contract asset and contract liability

A contract asset represents the Group's right to consideration in exchange for goods and services that the Group has transferred to a customer that is not yet unconditional. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods and services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(s) Government grant

Government grants are recognised in the consolidated statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

(t) Borrowing costs

Borrowing costs attributable directly to the acquisition, construction or production of qualifying assets which require a substantial period of time to be ready for their intended use or sale, are capitalised as part of the cost of those assets. Income earned on temporary investments of specific borrowings pending their expenditure on those assets is deducted from borrowing costs capitalised. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of consolidated financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Going concern

The assessment of the going concern assumption involves making a judgement by the Board of the Company, at a particular point of time, about the future outcome of events or conditions which are inherently uncertain. The Board of the Company considers that the Group has the capabilities to continue as going concerns and the major events and conditions, which may give rise to business risks, that individually or collectively may cast significant doubt upon the going concern assumption and related mitigating measures taken by management are set out in Note 3(b).

Impairment of non-financial assets

As at the reporting date, the Group's non-financial assets (including property, plant and equipment, construction in progress, right-of-use assets, mining assets and other intangible assets) (the "Assets") are subject to impairment testing as impairment indicators existed. The recoverable amounts of the Assets or the CGUs to which the Assets belong are the higher of the value-in-use or fair value less cost of disposal. The estimations of the recoverable amounts of the Assets or the CGUs require the directors to estimate the future cash flows expected to arise from the Assets or the CGUs and suitable discount rates in order to calculate the present values.

In determining the recoverable amount of the EV CGU (as defined in Note 20), the valuer has based its valuation on value-in-use approach which involves unobservable market data from the projection of cash flows of the business. In determining the recoverable amount of the mining assets, the valuer has based its valuation on projection of future cash flows of the mining business using the multi period excess earnings method. In relying on the valuations, management has exercised their judgement and is satisfied that the methods of valuations adopted are appropriate for the relevant recoverable amounts of the mining assets or the EV CGU and reflective of current market conditions.

Further information on the impairment assessments are provided in Notes 19 and 20.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Impairment of financial assets measured at amortised cost

Management estimates the amount of loss allowance for ECLs on financial assets that are measured at amortised cost based on the credit risk of the respective financial asset. The loss allowance amount is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows after taking into consideration of expected future credit loss of the respective financial asset. The assessment of the credit risk of the respective financial asset involves high degree of estimation and uncertainty. When the actual future cash flows are different from expected, a material impairment loss or a material reversal of impairment loss may arise, accordingly.

Further information on the impairment assessment on financial assets are provided in Note 42.

Income taxes

There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business of the Group. The Group recognises liabilities for anticipated tax issues based on estimates of whether taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax or deferred tax provisions in the period in which such determination is made.

6. 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.

6. SEGMENT REPORTING (Continued)

(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)**	–

6. SEGMENT REPORTING (Continued)

(a) Reportable segments (Continued)

	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
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)

6. SEGMENT REPORTING (Continued)

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

	2023 HK$'000	2022 HK$'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 FVTPL of HK$85,400,000 (2022: HK$42,768,000) held by the Company.

6. SEGMENT REPORTING (Continued)

(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
Mexico	**35,567**	6,576	**–**	–
India	**780**	–	**–**	–
Philippines	**–**	23,150	**–**	–
Spain	**–**	11,095	**–**	–
Germany	**–**	9,126	**–**	–

(d) Information about major customers

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

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

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

Note: Disaggregation of revenue from contracts with customers by geographic markets is disclosed in Note 6(c).

(b) Other income

	2023 HK$'000	2022 HK$'000
Gain on disposal of property, plant and equipment	**24**	63
Gain on settlement of a legal case (Note 46(a))	**24,149**	–
Gain on deemed disposal of a subsidiary (Note 45)	**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.

8. FINANCE COSTS

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

9. DIRECTORS' REMUNERATION

Directors' emoluments disclosed pursuant to Section 383 of the Hong Kong Companies Ordinance (Cap.622) and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap.622G) are as follows:

For the year ended 31 March 2023

	Fees HK$'000	Basic salaries, housing benefits, other allowances and benefits in kind HK$'000	Share-based payments HK$'000	Pension contributions HK$'000	Total HK$'000
Executive directors:					
Mr. Cheung Ngan	–	2,574	183	3	2,760
Mr. Miguel Valldecabres Polop	130	1,430	1,825	–	3,385
Ms. Chan Hoi Ying	–	1,830	183	18	2,031
Sub-total	130	5,834	2,191	21	8,176
Independent non-executive directors:					
Mr. Chan Francis Ping Kuen	100	–	182	–	282
Mr. Lee Kwok Leung	100	–	182	–	282
Dato' Tan Yee Boon	100	–	182	–	282
Sub-total	300	–	546	–	846
Total	430	5,834	2,737	21	9,022

9. DIRECTORS' REMUNERATION (Continued)

For the year ended 31 March 2022

	Fees HK$'000	Basic salaries, housing benefits, other allowances and benefits in kind HK$'000	Share-based payments HK$'000	Pension contributions HK$'000	Total HK$'000
Executive directors:					
Mr. Cheung Ngan	–	2,622	–	18	2,640
Mr. Miguel Valldecabres Polop	130	1,881	–	–	2,011
Ms. Chan Hoi Ying	–	1,830	–	18	1,848
Sub-total	130	6,333	–	36	6,499
Independent non-executive directors:					
Mr. Chan Francis Ping Kuen	100	–	–	–	100
Mr. Hu Guang (retired on 20 August 2021)	39	–	–	–	39
Mr. Lee Kwok Leung (appointed on 16 November 2021)	38	–	–	–	38
Dato' Tan Yee Boon	100	–	–	–	100
Sub-total	277	–	–	–	277
Total	407	6,333	–	36	6,776

9. DIRECTORS' REMUNERATION (Continued)

There were no arrangements under which a director waived or agreed to waive any remuneration for the years ended 31 March 2023 and 2022. No remuneration was paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office during the years ended 31 March 2023 and 2022.

The fair value of share options which has been recognised in profit or loss and included in the above disclosure of directors' emoluments was determined as at the date of grant of options.

10. FIVE HIGHEST PAID INDIVIDUALS

The five highest paid individuals during the year included two (2022: three) directors, details of whose remuneration are set out in Note 9. The details of the remuneration of the remaining three (2022: two) non-director highest paid individuals are as follows:

	2023	2022
	HK$'000	HK$'000
Basic salaries, allowances and benefits in kind	**2,097**	1,547
Discretionary bonus	**–**	–
Share-based payments	**9,720**	1,326
Pension contributions	**54**	36
	11,871	2,909

10. FIVE HIGHEST PAID INDIVIDUALS (Continued)

The number of non-director highest paid individuals whose remunerations fell within the following bands are as follows:

	2023 Number of employees	2022 Number of employees
HK$1,000,001 to HK$1,500,000	**–**	1
HK$1,500,001 to HK$2,000,000	**–**	1
HK$3,500,001 to HK$4,000,000	**2**	–
HK$4,000,001 to HK$4,500,000	**1**	–
	3	2

During the year ended 31 March 2023, no share option (2022: nil) was granted to non-director, highest paid individuals in respect of their services to the Group under the share option scheme of the Company, further details of which are disclosed in Note 35.

During the year ended 31 March 2023, 270,000,000 (2022: 97,000,000) shares were awarded to non-director, highest paid individuals in respect of their services to the Group under a share award plan of the Company (the "Share Award Plan"), further details of which are disclosed in Note 35. The fair value of such awarded shares, which has been recognised in profit or loss and included in the above disclosure of five highest paid individuals, was determined as at the date of grant.

11. LOSS BEFORE INCOME TAX

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

	2023 HK$'000	2022 HK$'000
Auditor's remuneration	**1,800**	5,136
Amortisation of other intangible assets (Note 20)	**1,937**	10,566
Cost of inventories recognised as expenses (Note)	**36,980**	45,638
Depreciation of property, plant and equipment (Note 15)	**5,550**	6,521
Depreciation of right-of-use assets (Note 17)	**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 19)	**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 (Note 9)	**9,022**	6,776
Employee costs (excluding directors' remuneration)		
– Salaries and allowances	**18,449**	17,084
– Share-based payments (Note 35)	**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.

12. INCOME TAX

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

	2023 HK$'000	2022 HK$'000
Current tax		
– Provision for PRC enterprise income tax for the year	–	–
Deferred tax (Note 31)		
– Origination and reversal of temporary differences	(127)	(3,618)
Income tax credit	(127)	(3,618)

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

As at 31 March 2023, subject to the agreement by the Hong Kong Inland Revenue Department, the Group had unused tax losses of HK$188,360,000 (2022: HK$178,367,000) available for offsetting against future profits. In addition, the Group had unused tax losses related to subsidiaries operating in Mainland China of HK$231,148,000 (2022: HK$220,048,000). No deferred tax asset has been recognised in respect of these losses due to the unpredictability of future profit streams.

The tax losses of the subsidiaries operating in Hong Kong will not expire under the current tax legislation. The tax losses of the subsidiaries operating in Mainland China will expire within five years.

12. INCOME TAX (Continued)

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

	2023	2022
	HK$'000	HK$'000
Loss before income tax	**(81,518)**	(418,709)
Tax credit at the applicable rates	**(23,146)**	(98,813)
Tax effect of non-taxable revenue	**(14,448)**	(103)
Tax effect of non-deductible expenses	**33,277**	85,509
Utilisation of tax losses previously not recognised	**(3,466)**	–
Tax effect of tax losses and temporary differences not recognised	**7,656**	9,789
Income tax credit for the year	**(127)**	(3,618)

13. DIVIDEND

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

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

	2023 Number	2022 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.

15. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Plant and machinery HK$'000	Furniture, fixtures, equipment and motor vehicles HK$'000	Total HK$'000
Cost:				
At 1 April 2021	8,625	76,542	13,705	98,872
Additions	430	1,535	121	2,086
Disposal	–	(310)	–	(310)
Written off	(767)	–	(433)	(1,200)
Exchange realignment	116	2,965	337	3,418
At 31 March 2022 and 1 April 2022	8,404	80,732	13,730	102,866
Disposal	–	(613)	(1,013)	(1,626)
Deemed disposal of a subsidiary (Note 45)	–	–	(21)	(21)
Written off	(445)	–	(123)	(568)
Exchange realignment	(183)	(5,649)	(619)	(6,451)
At 31 March 2023	**7,776**	**74,470**	**11,954**	**94,200**
Accumulated depreciation:				
At 1 April 2021	7,429	32,291	11,807	51,527
Charge for the year	317	5,675	529	6,521
Disposal	–	(165)	–	(165)
Written off	(767)	–	(433)	(1,200)
Exchange realignment	101	1,234	274	1,609
At 31 March 2022 and 1 April 2022	7,080	39,035	12,177	58,292
Charge for the year	354	4,942	254	5,550
Disposal	–	(396)	(949)	(1,345)
Written off	(230)	–	(113)	(343)
Exchange realignment	(158)	(2,555)	(534)	(3,247)
At 31 March 2023	**7,046**	**41,026**	**10,835**	**58,907**
Carrying amount:				
At 31 March 2023	**730**	**33,444**	**1,119**	**35,293**
At 31 March 2022	1,324	41,697	1,553	44,574

16. CONSTRUCTION IN PROGRESS

	Mining assets in the PRC	Manufacturing plant in the PRC	Total
	HK$'000	HK$'000	HK$'000
At 1 April 2021	11,150	63,118	74,268
Exchange realignment	458	2,595	3,053
At 31 March 2022 and 1 April 2022	11,608	65,713	77,321
Additions	–	15,317	15,317
Derecognition (Note 46(a))	–	(59,914)	(59,914)
Exchange realignment	(861)	(5,022)	(5,883)
At 31 March 2023	**10,747**	**16,094**	**26,841**

The mining assets in the PRC represented the preliminary construction costs incurred for the development of road access to the factory buildings to be constructed for the mining business of thenardite.

The manufacturing plant in the PRC represented the preliminary construction costs incurred for the new manufacturing plant of electric vehicles in Chongqing.

The directors carried out impairment assessment on the recoverable amounts of construction in progress of the mining assets and manufacturing plant in the PRC. Based on the results of these assessments, the directors are of the opinion that there was no impairment of construction in progress as at 31 March 2023 (2022: HK$nil).

16. CONSTRUCTION IN PROGRESS (Continued)

As at 31 March 2022, manufacturing plant in the PRC with carrying value of HK$64,929,000 was frozen under a preservation order applied by the Chongqing Contractor (as defined in Note 46(a)). During the year, pursuant to the Settlement Agreement (as defined in Note 46(a)), the Group returned the manufacturing plant and the relevant land use rights with carrying amount of HK$59,914,000 and HK$51,571,000 (Note 17) respectively to CQDB (as defined in Note 46(a)) for settlement of the litigation initiated by the Chongqing Contractor. The transfer of the abovementioned assets to CQDB has been completed during the year. Details of the related litigation are set out in Note 46(a).

17. RIGHT-OF-USE ASSETS

An analysis of the net book values of right-of-use assets by classes of underlying assets is as follows:

	Notes	**2023** **HK$'000**	2022 HK$'000
Ownership interests in leasehold land and buildings held for own use, carried at depreciated cost, with remaining lease term of between 10 and 50 years:	(i)	**23,074**	82,352
Other properties leased for own use, carried at depreciated cost	(ii)	**3,646**	10,160
		26,720	92,512

17. RIGHT-OF-USE ASSETS (Continued)

The analysis of movement of the Group's right-of-use assets is as follows:

	Ownership interests in leasehold land and buildings held for own use	Other properties leased for own use	Total
	HK$'000	HK$'000	HK$'000
At 1 April 2021	80,681	10,713	91,394
Additions	–	4,934	4,934
Depreciation	(1,621)	(5,597)	(7,218)
Exchange realignment	3,292	110	3,402
At 31 March 2022 and at 1 April 2022	82,352	10,160	92,512
Additions	–	1,768	1,768
Depreciation	(1,421)	(5,068)	(6,489)
Derecognition (Note 46(a))	(51,571)	–	(51,571)
Lease termination	–	(2,856)	(2,856)
Exchange realignment	(6,286)	(358)	(6,644)
At 31 March 2023	**23,074**	**3,646**	**26,720**

Details of the maturity analysis of lease liabilities are set out in Note 30.

17. RIGHT-OF-USE ASSETS (Continued)

Notes:

(i) Ownership interests in leasehold land and buildings held for own use

The Group holds several industrial land and buildings for its business, where its manufacturing facilities are primarily located. The Group is the registered owner of these property interests, including the whole or part of undivided share in the underlying land. Lump sum payments were made upfront to acquire these property interests from their previous registered owners, and there are no ongoing payments to be made under the term of land lease, other than payments based on rateable values set by the relevant government authorities. These payments vary from time to time and are payable to the relevant government authorities.

As at 31 March 2022 the right-of-use assets related to the leasehold land in Guangxi and Chongqing with aggregate carrying value of HK$66,383,000 were frozen under preservation orders applied by two contractors of the Group.

During the year, after returning the land use rights of the leasehold land in Chongqing to CQDB (as defined in Note 46(a)), the Group's leasehold land in Chongqing with carrying amount of HK$51,571,000 was derecognised during the year.

As at 31 March 2023, the leasehold land in Guangxi with carrying amount of HK$8,662,000 related to the legal case mentioned in Note 46(b) remained frozen.

Details of the related litigations are set out in Notes 46(a) and 46(b).

(ii) Other properties leased for own use

The Group has obtained the right to use other properties as its office premises and warehouses through tenancy agreements. The leases typically run for an initial period of one to five years (2022: one to five years).

18. INTERESTS IN SUBSIDIARIES

Particulars of the principal subsidiaries as at 31 March 2023 are as follows:

Name of subsidiaries	Place of incorporation/ registration and operations	Particulars of issued and paid-up capital/ paid-up registered capital	Attributable equity interest 2023	2022	Principal activities
Directly held by the Company					
China Elegance Holdings Limited[2]	British Virgin Islands	1,000 shares of US$1 each	100%	100%	Investment holding
Indirectly held by the Company					
Apex Winner Limited[2]	Hong Kong	HK$1	100%	100%	Provision of management services
CE Investment Limited[2]	Samoa	1 share of US$1 each	100%	100%	Investment holding
China Dynamics New Energy Technology Company Limited[2]	Hong Kong	HK$10,000	100%	100%	Trading of electric bus
China Elegance Resources Limited[2]	British Virgin Islands	1 share of US$1 each	100%	100%	Investment holding
China Green Dynamics Company Limited[2]	Hong Kong	HK$10,000	100%	100%	Motor vehicle trading
China Green Dynamics (Holdings) Limited[2]	Hong Kong	HK$100	100%	100%	Investment holding

18. INTERESTS IN SUBSIDIARIES (Continued)

Name of subsidiaries	Place of incorporation/ registration and operations	Particulars of issued and paid-up capital/ paid-up registered capital	Attributable equity interest 2023	Attributable equity interest 2022	Principal activities
Dynamic Union International Limited[2]	British Virgin Islands	1,000 shares of US$1 each	51%	51%	Investment holding
Hong Kong Cable Service Company Limited[2]	Hong Kong/PRC	HK$100,000	100%	100%	Trading of computer hardware and software, provision of computer maintenance services and software development
Pacific Pipe Coating Company Limited[2]	Hong Kong	HK$2	100%	100%	Trading of metals and minerals
Sinocop New Energy Technology (International) Company Limited[2]	British Virgin Islands	100 shares of US$1 each	100%	100%	Investment holding
Sinocop New Energy Technology Company Limited[2]	Hong Kong	HK$100	100%	100%	Development of new energy technology and product
South China Mining Investments Limited[2]	British Virgin Islands	100 shares of US$1 each	100%	100%	Investment holding
Tong Guan La Plata Company Limited[2]	British Virgin Islands	5,000 shares of US$10,000 each	60%	60%	Investment holding
Wise Goal Enterprises Limited[2]	Hong Kong	HK$1	100%	100%	Investment holding

18. INTERESTS IN SUBSIDIARIES (Continued)

Name of subsidiaries	Place of incorporation/ registration and operations	Particulars of issued and paid-up capital/ paid-up registered capital	Attributable equity interest 2023	Attributable equity interest 2022	Principal activities
天津中銅新能源科技有限責任公司 Tianjin Sinocop New Energy Technology Company Limited[(1)(2)]	PRC	RMB30,000,000	100%	100%	Development of new energy technology and product
重慶中銅新能源汽車技術有限公司 Chongqing Sinocop New Energy Vehicle Technology Company Limited[(1)(2)]	PRC	RMB13,526,885	100%	100%	Investment holding and motor vehicles trading
重慶穗通新能源汽車製造有限公司 Chongqing Suitong New Energy Automotive Manufacturing Co., Ltd.[(1)(2)]	PRC	RMB40,000,000	70%	70%	Motor vehicles manufacturing and trading
重慶穗通汽車工業發展有限公司 Chongqing Suitong Vehicles Industrial Development Company Limited[(1)(2)]	PRC	RMB10,550,100	70%	70%	Manufacturing of electric bus

18. INTERESTS IN SUBSIDIARIES (Continued)

Name of subsidiaries	Place of incorporation/ registration and operations	Particulars of issued and paid-up capital/ paid-up registered capital	Attributable equity interest 2023	Attributable equity interest 2022	Principal activities
廣西威日礦業有限責任公司 Guangxi Weiri Mining Company Limited[1][2]	PRC	RMB119,736,836	100%	100%	Mining and sale of mineral resources
中銅動力(天津)科技有限公司 Sinocop Development (Tianjin) Technology Company Limited[1][2]	PRC	RMB14,735,485	100%	100%	Battery manufacturing and trading
深圳市中動智慧新能源技術有限公司 Shenzhen New Energy Technology Company Limited[1][2]	PRC	RMB10,275,471	100%	100%	Development of new energy technology and product

(1) The English names of the subsidiaries are for identification only.

(2) The legal entity is private limited company.

The above table lists the subsidiaries of the Company, which, in the opinion of the directors of the Company, principally affected the results of the Group or constituted a substantial portion of its assets. To give details of other subsidiaries would result in particulars of excessive length.

None of the subsidiaries had any debt securities subsisting at the end of the year or at any time during the year.

19. 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.

19. MINING ASSETS (Continued)

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 years ("Guangxi Land") and another RMB8.6 million has been paid for approximately 100,000 squares 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 report, the Group has yet to receive any confirmation from the 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.

During the year ended 31 March 2023, the mining rights with carrying amount of HK$1,380,000,000 was sealed pursuant to an execution of judgement letter issued by the Court (as defined in Note 46(b)). Details of the related litigation are set out in Note 46(b).

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-year 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.

19. MINING ASSETS (Continued)

Impairment testing of mining assets (Continued)

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 million (2022: HK$1,595 million), which was lower than its carrying value of HK$1,477.7 million (2022: HK$1,901 million), and hence an impairment loss of HK$96,364,000 was recognised in the profit or loss (2022: HK$301,762,000).

20. OTHER INTANGIBLE ASSETS

	Technical know-how	Industrial proprietary rights	Total
	HK$'000	HK$'000	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	(3,200)	(1,734)	(4,934)
At 31 March 2023	**34,671**	**21,653**	**56,324**
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	(3,200)	(1,110)	(4,310)
At 31 March 2023	**34,671**	**15,871**	**50,542**
Carrying amount:			
At 31 March 2023	**–**	**5,782**	**5,782**
At 31 March 2022	–	8,343	8,343

20. OTHER INTANGIBLE ASSETS (Continued)

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

Technical know-how on the use of aluminium body frame for electric 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 are 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 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 of approximately HK$34,762,000 (2022: HK$43,769,000), right-of-use assets of approximately HK$16,196,000 (2022: HK$78,789,000), construction in progress of approximately HK$16,094,000 (2022: HK$65,713,000) and intangible assets of approximately HK$5,782,000 (2022: HK$8,343,000), the directors are of the opinion that there was no impairment on the assessed non-current assets as at 31 March 2023 (2022: HK$nil).

21. INVESTMENT IN AN ASSOCIATE AND AMOUNT DUE FROM AN ASSOCIATE

	2023 HK$'000	2022 HK$'000
Share of net assets	**2,863**	–

(a) Details of the Group's associate is as follows:

Name	Particulars of issued shares held	Place of incorporation/ registration and operations	Percentage of ownership interest attributable to the Group	Principal activities
Japan Dynamics Company Limited ("Japan Dynamics")	Ordinary shares	Japan	49%	Development of new energy technology and product

On 31 March 2023, an independent third party investor injected capital into Japan Dynamics, a subsidiary wholly-owned by the Group originally, diluting the Group's shareholding in Japan Dynamics to 50%. Simultaneously, the Group entered into a contract to sell 30 shares in Japan Dynamics to the investor at a consideration of JPY1,500,000 (equivalent to HK$86,000). Consequently, the Group retained 49% equity interest in Japan Dynamics as at 31 March 2023 after the above transactions (the "Deemed Disposal") and Japan Dynamics has become an associate of the Group on the same date. Details of the Deemed Disposal are set out in Note 45.

(b) Amount due from an associate is interest-free, unsecured and expected to be repayable more than one year.

22. FINANCIAL ASSETS AT FVTPL

	2023 HK$'000	2022 HK$'000
Financial assets at FVTPL comprise:		
Unlisted equity investments outside Hong Kong	**85,400**	42,768

Note:

On 23 November 2022, the Company entered into a sale and purchase agreement with an independent third party to dispose of 4.9% of the Company's interest in Quantron AG ("Quantron"), a company incorporated in Germany with limited liability, for a consideration of EUR5,635,000. Quantron is principally engaged in e-mobility in inner-city and regional passenger and freight transport.

As at 31 March 2023, the Company has received an amount of EUR500,000 from the purchaser and the rest of the consideration of EUR5,135,000 (equivalent to HK$43,853,000) remained unpaid and included in "other receivables" (Note 25).

The fair value of the financial assets at FVTPL at the end of the reporting period was determined based on level 3 of fair value hierarchy as detailed in Note 43.

23. INVENTORIES

	2023 HK$'000	2022 HK$'000
Raw materials	**5,019**	6,237
Work in progress	**12,648**	18,879
Finished goods	**6,084**	6,016
	23,751	31,132

24. TRADE RECEIVABLES

	2023 HK$'000	2022 HK$'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 HK$'000	2022 HK$'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 were delivered and accepted by the customer.

The Group recognised impairment losses based on the accounting policy stated in Note 4(h)(ii). Further details of the Group's credit policy and credit risk arising from trade receivables are set out in Note 42.

25. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2023 HK$'000	2022 HK$'000
Other receivables, net of impairment losses (Note 22)	**37,736**	9,078
VAT recoverable	**8,022**	10,613
Deposits	**2,559**	4,452
Prepayments	**37,339**	48,307
	85,656	72,450
Less: Non-current portion	**(12,093)**	(13,062)
	73,563	59,388

26. ACCOUNTS PAYABLE

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

	2023 HK$'000	2022 HK$'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.

27. OTHER PAYABLES AND ACCRUALS

	2023 HK$'000	2022 HK$'000
Other payables and accruals	**29,415**	156,734
Less: Non-current portion on other payables (Note (i))	**–**	(67,354)
Current portion (Note (ii))	**29,415**	89,380

Notes:

(i) The amount represented the government grant in relation to the construction of manufacturing plant in the PRC (Note 16). As at 31 March 2023, pursuant to a civil mediation judgement issued by a court in Chongqing, the Group shall no longer be required to return the government grant to the local authority even though the conditions attached to the grant have not been fulfilled. Details of the related litigation are set out in Note 46(a).

(ii) As at 31 March 2023, the balance included amounts due to directors of the Company in aggregate amount of HK$3,028,000 (2022: HK$nil). The amounts are interest-free, unsecured and repayable on demand.

28. CONTRACT ASSETS/CONTRACT LIABILITIES

Contract Assets

Certain portion of the sales of electric vehicles of the Group will be settled by the PRC government, on behalf of the customers of the Group, for the sales of electric vehicles, 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. As at 31 March 2023 and 2022, the subsidy receivables from the PRC government, net of impairment losses, amounting to HK$10,246,000 and HK$11,067,000, respectively, were subject to the relevant subsidy policies and were not unconditional. An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The expected loss rate for the measurement of the expected credit losses of the contract assets is considered as low as the counterparty is the PRC government. The expected loss rate of contract assets reflects the time value of money, and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecast of future economic conditions.

28. CONTRACT ASSETS/CONTRACT LIABILITIES (Continued)

Contract Liabilities

The contract liabilities represented the receipt in advance deposits from certain customers for the sale of electric vehicles. Amounts included in contract liabilities at the beginning of the year that was recognised as revenue during the period amounted to HK$310,000 (2022: HK$705,000).

The Group has applied the practical expedient in HKFRS 15.121(a) which exempts the disclosure of revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date for its sales contracts for electric vehicles as the performance obligations had an original expected duration of one year or less.

29. BANK AND OTHER BORROWINGS

	2023 HK$'000	2022 HK$'000
Current – Secured		
Bank loan due for repayment within one year (Note (i))	**686**	741
Current – Unsecured		
Other borrowing (Note (ii))	**4,064**	–
	4,750	741
Non-current – Secured		
Bank loan (Note (i))	**5,143**	6,296
	9,893	7,037

29. BANK AND OTHER BORROWINGS (Continued)

Notes:

(i) During the year, the effective interest rate of the Group's bank loan was 5% per annum (2022: 5% per annum). Plant and machinery with net carrying amount of RMB31,566,000, i.e. HK$36,079,000 (2022: RMB32,775,000, i.e. HK$40,463,000) were pledged for the Group's banking facilities in connection with the bank loan.

At the end of the reporting period, total current and non-current bank loan was scheduled to be repaid as follows:

	2023	2022
	HK$'000	HK$'000
On demand or within one year	**686**	741
More than one year, but not exceeding two years	**5,143**	741
More than two years, but not exceeding five years	**–**	5,555
	5,829	7,037

The banking facility is subject to the fulfilment of covenants, as are commonly found in lending arrangement with financial institutions. If the covenants were breached, the bank loan would become repayable on demand. The bank loan does not contain clauses which give the bank the right at its sole discretion to demand immediate repayment at any time as long as the covenants have been complied with and the scheduled repayment obligations were met.

The Group has made scheduled repayments timely and management regularly monitors its compliance with these covenants. As at 31 March 2023, none of the covenants relating to the bank loan had been breached (2022: nil). Further details of the Company's management of liquidity risk are set out in Note 42.

(ii) Included in the balance was other borrowing of HK$4,064,000 (2022: HK$nil) from a company controlled by a director of certain subsidiaries of the Company. The amount is unsecured, interest-bearing at 2% per month and repayable within one year.

30. LEASE LIABILITIES

The Group as a lessee

The Group leases a number of properties in the PRC and Hong Kong. The lease payments are fixed over the lease term and there are no renewal options, variable lease payments nor restrictions or covenants included in these lease agreements.

The Group also regularly entered into short-term leases for office premises and car parking. The Group does not recognise right-of-use assets and lease liabilities in regard of these short-term leases. The Group recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease terms.

The following table shows the remaining contractual maturities of the Group's lease liabilities at 31 March 2023 and 2022:

	2023		2022	
	Present value HK$'000	**Future lease payments HK$'000**	Present value HK$'000	Future lease payments HK$'000
Not later than 1 year	**4,050**	**4,113**	6,170	6,622
Later than 1 year and not later than 5 years	**1,088**	**1,154**	4,958	5,203
	5,138	**5,267**	11,128	11,825
Less: total future interest expenses		**(129)**		(697)
Present value of lease liabilities		**5,138**		11,128

31. DEFERRED TAX LIABILITIES

Details of the deferred tax liabilities recognised and movement during the current and prior years:

	Intangible assets	Revaluation of land and building	Total
	HK$'000	HK$'000	HK$'000
At 1 April 2021	3,394	4,958	8,352
Credited to profit or loss	(3,482)	(136)	(3,618)
Exchange alignment	88	200	288
At 31 March 2022 and 1 April 2022	–	5,022	5,022
Credited to profit or loss	–	(127)	(127)
Exchange alignment	–	(373)	(373)
At 31 March 2023	**–**	**4,522**	**4,522**

32. LOANS FROM SHAREHOLDERS

The loans are unsecured, interest-free with principal amounts of HK$6,938,000 (2022: HK$nil) and HK$4,458,000 (2022: HK$4,123,000) repayable within one year and after one year respectively.

33. CONVERTIBLE NOTES

On 28 February 2014, the Company issued zero-coupon convertible notes (the "Convertible Notes") at a principal amount of HK$2,910,000,000 as part of the consideration for the acquisition of a group of companies holding mining license. The Convertible Notes have a maturity period of ten years from the date of issue and can be converted into ordinary shares of the Company at HK$0.75 per share at the option of the holders of the Convertible Notes 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. The Company shall have the right to redeem the entire or part of the principal amount of the Convertible Notes before the maturity date but not the holder of the Convertible Notes.

The Company has the option to issue conversion shares at the conversion price on the maturity date or to redeem the outstanding principal amount of the Convertible Notes. The Convertible Notes are an equity instrument as the Company has no obligation to settle in cash. The fair value of the Convertible Notes as at 28 February 2014 which is determined as the fair value of the net assets of the group companies acquired less the fair value of the consideration shares amounted to HK$2,570,158,000 was credited to the "convertible notes equity reserve" on the issuance of the Convertible Notes. No conversion of the Convertible Notes during both years. Details of conversions are as follows:

	Principal amount	Number of conversion shares	Convertible notes equity reserve
	HK$'000		HK$'000
Balance as at 1 April 2021, 31 March 2022, 1 April 2022 and 31 March 2023	**7,500**	**10,000,000**	**6,625**

34. SHARE CAPITAL

	2023 Number of shares	2023 HK$'000	2022 Number of shares	2022 HK$'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.

(iii) During the year ended 31 March 2021, 97,000,000 awards were granted 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 a 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 the new award.

(iv) On 9 December 2022, 270,000,000 awards were granted to the Selected Participants under the Share Award Plan. All awards were vested immediately on the date of grant.

35. 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				

35. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

Share option scheme (Continued)
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.

Fair value of share options and assumptions:

	Offer of grant on	
	7 April 2021	**20 December 2022**
Fair value at measurement date	HK$0.08	HK$0.019/HK$0.0203
Share price at the date of offer of grant	HK$0.142	HK$0.032
Exercise price	HK$0.142	HK$0.038
Expected volatility	68.53%	70.70%
Expected life	10 years	10 years
Expected dividend rate	0%	0%
Risk-free interest rate	1.61%	3.99%

An equity-settled share-based payment expense of approximately HK$7,206,000 (2022: HK$1,195,000) was recognised during the year in relation to the share options.

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.

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.

36. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the "CONSOLIDATED STATEMENT OF CHANGES IN EQUITY" on page 77 of the annual report.

The nature and purposes of reserves are set out below:

(a) Share premium

The application of the share premium account is governed by Section 40 of the Bermuda Companies Act 1981 (as amended) (the "Companies Act 1981").

(b) Contributed surplus

The contributed surplus represents the excess of the fair value of the shares of the subsidiary acquired over the nominal value of the Company's shares issued in exchange thereof, at the time of the Group reorganisation in preparation for the listing of the Company's shares.

Under the Companies Act 1981, contributed surplus is available for distributions to its equity holders. However, the Company cannot declare or pay a dividend or make a distribution out of contributed surplus if:

- it is or would after the payment be unable to pay its liabilities as they fall due; or
- the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium account.

36. RESERVES (Continued)

(c) Share options reserve

Share options reserve comprises the fair value of the estimated number of unexercised share options granted to employees of the Group recognised in accordance with the accounting policy set out in Note 4(p).

(d) Share award reserve

Share award reserve comprises the fair value of the estimated number of unvested share awards granted to employees of the Group recognised in accordance with the accounting policy set out in Note 4(p).

(e) Foreign currency translation reserve

Foreign currency translation reserve represents foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policy set out in Note 4(n).

(f) Capital reserve

Capital reserve represents the excess of the net assets of the subsidiaries acquired by the Group from its shareholder over the consideration paid. The excess is accounted for as contributions from shareholder and credited to capital reserve.

(g) Convertible notes equity reserve

The balance represents the equity component of outstanding convertible notes issued by the Company recognised in accordance with the accounting policy set out in Note 4(h)(vii).

36. RESERVES (Continued)

(h) Movement of reserves of the Company

	Share premium HK$'000	Contributed surplus HK$'000	Convertible notes equity reserve HK$'000	Share options reserve HK$'000	Share award reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2021	3,884,575	87,109	6,625	87,475	8,229	(2,085,463)	1,988,550
Loss for the year and total comprehensive income	–	–	–	–	–	(339,396)	(339,396)
Placing of shares	43,104	–	–	–	–	–	43,104
Issue of consideration shares for the acquisition of unlisted equity investments outside Hong Kong	26,745	–	–	–	–	–	26,745
Issue of shares from Share Award Plan	8,585	–	–	–	(9,555)	–	(970)
Share-based payments	–	–	–	1,195	1,326	–	2,521
Forfeited share options	–	–	–	(1,283)	–	1,283	–
At 31 March 2022 and 1 April 2022	3,963,009	87,109	6,625	87,387	–	(2,423,576)	1,720,554
Loss for the year and total comprehensive income	–	–	–	–	–	(333,738)	(333,738)
Issue of shares from Share Award Plan	7,020	–	–	–	(9,720)	–	(2,700)
Share-based payments	–	–	–	7,206	9,720	–	16,926
Forfeited share options	–	–	–	(14,172)	–	14,172	–
At 31 March 2023	**3,970,029**	**87,109**	**6,625**	**80,421**	**–**	**(2,743,142)**	**1,401,042**

37. NON-CONTROLLING INTERESTS

The table below shows details of non-wholly-owned subsidiaries of the Group that have material non-controlling interests. The non-controlling interests of all other subsidiaries are considered to be immaterial.

Name of subsidiaries	Proportion of ownership interests held by non-controlling interests	
	2023	2022
Dynamic Union International Limited	**49%**	49%
Tong Guan La Plata Company Limited	**40%**	40%
Chongqing Suitong New Energy Automotive Manufacturing Co., Ltd.	**30%**	30%

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

37. NON-CONTROLLING INTERESTS (Continued)

	2023 HK$'000	2022 HK$'000
Dynamic Union International Limited		
Current assets	**728**	728
Non-current assets	**–**	–
Current liabilities	**(21,386)**	(21,362)
Equity attributable to owners of the Company	**(10,535)**	(10,523)
Non-controlling interests	**(10,123)**	(10,111)
Revenue	**–**	–
Loss for the year	**(24)**	(26)
Loss attributable to owners of the Company	**(12)**	(13)
Loss attributable to the non-controlling interests	**(12)**	(13)
Loss for the year	**(24)**	(26)
Other comprehensive income attributable to owners of the Company	**–**	–
Other comprehensive income attributable to the non-controlling interests	**–**	–
Other comprehensive income for the year	**–**	–
Total comprehensive income attributable to owners of the Company	**(12)**	(13)
Total comprehensive income attributable to the non-controlling interests	**(12)**	(13)
Total comprehensive income for the year	**(24)**	(26)
Dividends paid to non-controlling interests	**–**	–
Net cash flow from operating activities	**–**	–
Net cash flow from investing activities	**–**	–
Net cash flow from financing activities	**–**	–
Net cash flow	**–**	–

37. NON-CONTROLLING INTERESTS (Continued)

	2023 HK$'000	2022 HK$'000
Tong Guan La Plata Company Limited		
Current assets	**74,513**	74,643
Non-current assets	**–**	–
Current liabilities	**(26,693)**	(25,802)
Equity attributable to owners of the Company	**42,853**	43,466
Non-controlling interests	**4,967**	5,375
Revenue and other income	**18**	65
Loss for the year	**(946)**	(1,011)
Loss attributable to owners of the Company	**(568)**	(607)
Loss attributable to the non-controlling interests	**(378)**	(404)
Loss for the year	**(946)**	(1,011)
Other comprehensive income attributable to owners of the Company	**(45)**	806
Other comprehensive income attributable to the non-controlling interests	**(30)**	538
Other comprehensive income for the year	**(75)**	1,344
Total comprehensive income attributable to owners of the Company	**(613)**	199
Total comprehensive income attributable to the non-controlling interests	**(408)**	134
Total comprehensive income for the year	**(1,021)**	333
Dividends paid to non-controlling interests	**–**	–
Net cash outflow from operating activities	**(213)**	(952)
Net cash flow from investing activities	**–**	–
Net cash inflow from financing activities	**14**	1,021
Net cash (outflow)/inflow	**(199)**	69

37. NON-CONTROLLING INTERESTS (Continued)

	2023 HK$'000	2022 HK$'000
Chongqing Suitong New Energy Automotive Manufacturing Co., Ltd.		
Current assets	**44,466**	70,581
Non-current assets	**64,439**	180,779
Current liabilities	**(194,425)**	(276,075)
Non-current liabilities	**(9,665)**	(78,672)
Equity attributable to owners of the Company	**(66,906)**	(72,647)
Non-controlling interests	**(28,279)**	(30,740)
Revenue	**1,457**	45,789
Profit/(loss) for the year	**530**	(21,103)
Profit/(loss) attributable to owners of the Company	**371**	(14,764)
Profit/(loss) attributable to the non-controlling interests	**159**	(6,339)
Profit/(loss) for the year	**530**	(21,103)
Other comprehensive income attributable to owners of the Company	**5,370**	(2,584)
Other comprehensive income attributable to the non-controlling interests	**2,302**	(970)
Other comprehensive income for the year	**7,672**	(3,554)
Total comprehensive income attributable to owners of the Company	**5,741**	(17,348)
Total comprehensive income attributable to the non-controlling interests	**2,461**	(7,309)
Total comprehensive income for the year	**8,202**	(24,657)
Dividends paid to non-controlling interests	**–**	–
Net cash outflow from operating activities	**(1,890)**	(9,949)
Net cash inflow/(outflow) from investing activities	**167**	(1,494)
Net cash inflow from financing activities	**1,723**	11,389
Net cash outflow	**–**	(54)

38. STATEMENT OF FINANCIAL POSITION OF COMPANY AS AT 31 MARCH 2023

	Notes	2023 HK$'000	2022 HK$'000
Non-current assets			
Interests in subsidiaries	18	**1,384,651**	1,769,315
Total non-current assets		**1,384,651**	1,769,315
Current assets			
Other receivables and prepayments		**30,295**	495
Financial assets at FVTPL		**85,400**	42,768
Cash and bank balances		**73**	664
Total current assets		**115,768**	43,927
Total assets		**1,500,419**	1,813,242
Current liabilities			
Accruals		**6,581**	2,592
Total current liabilities		**6,581**	2,592
Net current assets		**109,187**	41,335
NET ASSETS		**1,493,838**	1,810,650
Equity			
Share capital	34	**92,796**	90,096
Reserves	36(h)	**1,401,042**	1,720,554
TOTAL EQUITY		**1,493,838**	1,810,650

On behalf of the Board

Cheung Ngan
Director

Chan Hoi Ying
Director

39. 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 HK$'000	2022 HK$'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

40. RELATED PARTY TRANSACTIONS

Members of key management during the year comprised only of the directors whose remuneration is set out in Note 9.

Save for disclosed above and elsewhere in these consolidated financial statements, the Group did not have transactions with its related parties during the year.

41. CAPITAL MANAGEMENT

The Group's objective of managing capital is to safeguard its ability to continue as a going concern, to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Group consists of debts (which include lease liabilities, loans from shareholders and bank and other borrowings) and equity attributable to owners of the Company, comprising share capital and reserves.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders or issue new shares as well as raising new debts and redemption of existing debt.

41. CAPITAL MANAGEMENT (Continued)

The gearing ratio at the end of reporting period was as follows:

	2023 HK$'000	2022 HK$'000
Lease liabilities	**5,138**	11,128
Loans from shareholders	**11,396**	4,123
Bank and other borrowings	**9,893**	7,037
	26,427	22,288
Equity attributable to owners of the Company	**1,658,925**	1,853,836
Gearing ratio	**1.59%**	1.20%

42. FINANCIAL RISK MANAGEMENT

Exposure to credit, liquidity, interest rate and currency risks arise in the normal course of the Group's business. These risks are limited by the Group's financial risk management policies and practices described below.

Credit risk

The Group's credit risk is primarily attributed to its contract assets, trade and other receivables, amount due from an associate and cash and bank balances. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis and follow-up action is taken to recover overdue debts.

At the end of the reporting period, the Group had certain concentration of credit risk that 55% (2022: 58%) and 100% (2022: 97%) of the trade receivables and contract assets were due from the Group's largest customer and the five largest debtors respectively.

42. FINANCIAL RISK MANAGEMENT (Continued)

Credit risk (Continued)

For trade receivables and contract assets, the Group applies provision matrix to measure the ECLs prescribed by HKFRS 9 on lifetime ECL basis at the end of the reporting period. As at 31 March 2023, the expected loss rates applied in the provision matrix are determined with reference to the debtors' characteristics, including historical actual loss on the trade receivables and contract assets and information specific to the debtors as well as pertaining to the economic environment in which the debtors operate.

Trade receivables

	At 31 March 2023			
	ECL rate – weighted average	Gross carrying amount HK$'000	Loss allowance HK$'000	Net carrying amount HK$'000
Collective assessment:				
More than one year but less than two years past due	25%	9,774	(2,429)	7,345
More than two years past due	100%	11,854	(11,854)	–
		21,628	(14,283)	7,345
Individual assessment:				
Not yet past due	16%	12,516	(1,965)	10,551
One to three months past due	16%	1,694	(266)	1,428
More than one year past due	100%	4,976	(4,976)	–
		19,186	(7,207)	11,979
		40,814	(21,490)	19,324

42. FINANCIAL RISK MANAGEMENT (Continued)

Credit risk (Continued)

Trade receivables *(Continued)*

	At 31 March 2022			
	ECL rate – weighted average	Gross carrying amount HK$'000	Loss allowance HK$'000	Net carrying amount HK$'000
Collective assessment:				
Not yet past due	5%	740	(39)	701
Less than one month past due	6%	3,852	(214)	3,638
One to three months past due	7%	4,074	(285)	3,789
More than three months but less than one year past due	7%	7,352	(544)	6,808
More than one year but less than two years past due	12%	2,274	(263)	2,011
More than two years past due	100%	10,440	(10,440)	–
		28,732	(11,785)	16,947
Individual assessment:				
Not yet past due	5%	14,497	(755)	13,742
More than one year past due	78%	5,375	(4,185)	1,190
		19,872	(4,940)	14,932
		48,604	(16,725)	31,879

42. FINANCIAL RISK MANAGEMENT (Continued)

Credit risk (Continued)

Contract assets

	At 31 March 2023			
	ECL rate – weighted average	**Gross carrying amount HK$'000**	**Loss allowance HK$'000**	**Net carrying amount HK$'000**
Not yet past due	**4%**	**10,673**	**(427)**	**10,246**

	At 31 March 2022			
	ECL rate – weighted average	Gross carrying amount HK$'000	Loss allowance HK$'000	Net carrying amount HK$'000
Not yet past due	4%	11,528	(461)	11,067

For other receivables and deposits as at 31 March 2023, the Group measures loss allowances for other receivables and deposits using the general approach under HKFRS 9. Impairment of these receivables and deposits was provided based on the "three-stage" model by referring to the changes in credit quality since initial recognition.

These receivables and deposits that are not credit-impaired on initial recognition are classified in "Stage 1" and have their credit risk continuously monitored by the Group. The ECL is measured on a 12-month basis.

- If a significant increase in credit risk (as defined in accounting policy Note 4(h)(ii)) since initial recognition is identified but not yet credit-impaired, the financial asset is moved to "Stage 2" but it not yet deemed to be credit-impaired. The ECLs are measured on lifetime basis.

- If the financial asset is credit-impaired (as defined in accounting policy Note 4(h)(ii)), the financial asset is then moved to "Stage 3". The ECLs are measured on lifetime basis.

42. FINANCIAL RISK MANAGEMENT (Continued)

Credit risk (Continued)

– At Stages 1 and 2, interest income is calculated on the gross carrying amount (without deducting the loss allowance). If a financial asset subsequently becomes credit-impaired (Stage 3), the Group is required to calculate the interest income by applying the effective interest method in subsequent reporting periods to the amortised cost of the financial asset (the gross carrying amount net of loss allowance) rather than the gross carrying amount.

The following table provides information about the Group's exposure to credit risk and ECLs for other receivables and deposits at the end of the reporting period:

		2023			
Other receivables and deposits	**Expected loss rate (%)**	**12-month ECLs Stage 1 HK$'000**	**Lifetime ECLs Stage 3 HK$'000**	**Gross carrying amount HK$'000**	**Loss allowance HK$'000**
Not past due	**2%**	**10,541**	**–**	**10,541**	**–***
More than three months but less than one year past due	**32%**	**–**	**43,853**	**43,853**	**14,099**
		10,541	**43,853**	**54,394**	**14,099**

		2022			
Other receivables and deposits	Expected loss rate (%)	12-month ECLs Stage 1 HK$'000	Lifetime ECLs Stage 3 HK$'000	Gross carrying amount HK$'000	Loss allowance HK$'000
Not past due	2%	13,530	–	13,530	–*

* The Group has assessed and concluded that the expected loss rate and 12-month ECLs of these financial assets are insignificant based on the Group's assessment of historical default experience and forward-looking information available at the end of each reporting period.

42. FINANCIAL RISK MANAGEMENT (Continued)

Credit risk (Continued)

The Group's bank balances are deposits with banks in Hong Kong and the PRC. The credit risk on these liquid funds is limited because the counterparties are banks with good credit-rating assigned by international credit rating agencies.

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

	Impairment loss allowance HK$'000
At 1 April 2021	12,963
Impairment loss recognised	3,342
Write back for impairment	(125)
Exchange realignment	545
At 31 March 2022 and 1 April 2022	16,725
Impairment loss recognised	5,939
Write back for impairment	(115)
Exchange realignment	(1,059)
At 31 March 2023	**21,490**

42. FINANCIAL RISK MANAGEMENT (Continued)

Credit risk (Continued)

Movement in loss allowance account in respect of contract assets during the year is as follows:

	Impairment loss allowance HK$'000
At 1 April 2021	443
Exchange realignment	18
At 31 March 2022 and 1 April 2022	461
Exchange realignment	(34)
At 31 March 2023	**427**

Movement in loss allowance account in respect of other receivables and deposits during the year is as follows:

	Impairment loss allowance HK$'000
At 1 April 2021, 31 March 2022 and 1 April 2022	–
Impairment loss recognised	14,099
At 31 March 2023	**14,099**

42. FINANCIAL RISK MANAGEMENT (Continued)

Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the parent company's board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities, based on undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the reporting date) and the earliest date the Group can be required to pay:

		Contractual undiscounted cash outflow		
	Carrying amount	Total	Within 1 year or on demand	More than 1 year but less than 5 years
	HK$'000	HK$'000	HK$'000	HK$'000
2023				
Accounts payable	**9,785**	**9,785**	**9,785**	**–**
Other payables and accruals	**29,415**	**29,415**	**29,415**	**–**
Lease liabilities	**5,138**	**5,267**	**4,113**	**1,154**
Bank and other borrowings	**9,893**	**10,430**	**5,253**	**5,177**
Loans from shareholders	**11,396**	**11,396**	**6,938**	**4,458**
	65,627	**66,293**	**55,504**	**10,789**
2022				
Accounts payable	12,741	12,741	12,741	–
Other payables and accruals	89,380	89,380	89,380	–
Lease liabilities	11,128	11,825	6,622	5,203
Bank and other borrowings	7,037	7,703	1,074	6,629
Loans from shareholders	4,123	4,123	–	4,123
	124,409	125,772	109,817	15,955

42. FINANCIAL RISK MANAGEMENT (Continued)

Interest rate risk

The Group is not exposed to significant interest rate risk as the Group's interest-bearing borrowing is not significant as at 31 March 2023. Interest rate risk arising from cash and bank balances is not significant.

Foreign currency risk

The Group is exposed to currency risk primarily through transactions that are denominated in currencies other than the functional currency of the operations to which they relate. The currencies giving rise to this risk is primarily United States dollars ("USD"), Euro ("EUR") and Renminbi ("RMB").

The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign currency exposure and will consider hedging significant foreign currency exposure should the need arise.

The following table details the Group's exposure at the end of the reporting period to currency risk arising from forecast transactions or recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate.

	Liabilities		**Assets**	
	2023	2022	**2023**	2022
	HK$'000	HK$'000	**HK$'000**	HK$'000
RMB	**4,324**	261	**14**	275
USD	**16,297**	1,455	**35,362**	30,047
EUR	**3,255**	2,720	**29,755**	45

The Group regards the exposure to USD is minimal as the exchange rate between USD and HK$ is pegged.

Management of the Group considers the currency risk of the Group is insignificant for the years ended 31 March 2023 and 2022, hence no sensitivity analysis is presented.

43. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

The carrying amounts of the Group's financial assets and financial liabilities as recognised at 31 March 2023 and 2022 may be categorised as follows:

	2023 HK$'000	2022 HK$'000
Financial assets		
Financial assets at amortised cost (including cash and bank balances)	**67,613**	50,078
Financial assets at FVTPL – unlisted investments	**85,400**	42,768
	153,013	92,846
Financial liabilities		
Financial liabilities at amortised cost	**60,489**	113,281
Lease liabilities	**5,138**	11,128
	65,627	124,409

(a) Financial instruments not measured at fair value

Financial instruments not measured at fair value include trade receivables, other receivables and deposits, amount due from an associate, cash and bank balances, accounts payable, other payables and accruals, loans from shareholders, bank and other borrowings and lease liabilities.

The directors of the Company considered that due to the short term nature or bearing interest at prevailing market rates, the carrying amounts of these financial assets and financial liabilities in the consolidated financial statements approximate to their corresponding fair value.

43. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY (Continued)

(b) Financial instruments measured at fair value

Financial instruments carried at fair value by level of fair value hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	At 31 March 2023				At 31 March 2022			
	Level 1	**Level 2**	**Level 3**	**Total**	Level 1	Level 2	Level 3	Total
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**	HK$'000	HK$'000	HK$'000	HK$'000
Financial assets at fair value – unlisted equity investments	**–**	**–**	**85,400**	**85,400**	–	–	42,768	42,768

There were no transfers between levels during the year.

43. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY (Continued)

(b) Financial instruments measured at fair value (Continued)

Information about level 3 fair value measurements

The fair value is assessed under direct comparison approach with reference to similar transactions, adjusted by the change in general stock price index in the corresponding location to reflect the market change.

The significant unobservable inputs

	2023	2022
Adjustment factor in stock price index	**96.85%**	88.46%

Increased/decreased stock price index by 5% would increase/decrease the fair value by HK$4,270,000 (2022: HK$2,417,000).

A reconciliation for financial instruments carried at fair value based on significant unobservable inputs is as follows:

	2023	2022
	HK$'000	HK$'000
Unlisted equity investments		
At the beginning of the year	**42,768**	16,278
Purchase	**–**	49,874
Fair value change	**87,712**	(8,146)
Disposal	**(45,080)**	(15,758)
Exchange realignment	**–**	520
At the end of the year	**85,400**	42,768

44. NOTES SUPPORTING CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of liabilities arising from financing activities:

	Loans from shareholders	Bank and other borrowings	Lease liabilities	Total
	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2022	4,123	7,037	11,128	22,288
Changes from financing cash flows:				
Proceeds from loans from shareholders	7,565	–	–	7,565
Proceeds from other borrowing	–	4,064	–	4,064
Repayment of bank borrowing	–	(684)	–	(684)
Repayment of principal portion of lease liabilities	–	–	(3,670)	(3,670)
Interest paid on bank borrowing	–	(308)	–	(308)
Interest paid on lease liabilities	–	–	(462)	(462)
Total changes from financing cash flow	7,565	3,072	(4,132)	6,505
Other changes:				
Increase in lease liabilities from entering into new leases during the year	–	–	1,768	1,768
Interest on bank borrowing	–	308	–	308
Interest on lease liabilities	–	–	462	462
Lease termination	–	–	(3,373)	(3,373)
Exchange realignment	(292)	(524)	(715)	(1,531)
	(292)	(216)	(1,858)	(2,366)
At 31 March 2023	**11,396**	**9,893**	**5,138**	**26,427**

44. NOTES SUPPORTING CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(a) Reconciliation of liabilities arising from financing activities: (Continued)

	Loans from shareholders HK$'000	Bank and other borrowings HK$'000	Lease liabilities HK$'000	Total HK$'000
At 1 April 2021	–	–	11,287	11,287
Changes from financing cash flows:				
Proceeds from bank borrowing	–	7,297	–	7,297
Proceeds from loans from shareholders	4,062	–	–	4,062
Repayment of bank borrowing	–	(365)	–	(365)
Repayment of principal portion of lease liabilities	–	–	(4,783)	(4,783)
Interest paid on bank borrowing	–	(315)	–	(315)
Interest paid on lease liabilities	–	–	(720)	(720)
Total changes from financing cash flow	4,062	6,617	(5,503)	5,176
Other changes:				
Increase in lease liabilities from entering into new leases during the year	–	–	4,934	4,934
Interest on bank borrowing	–	315	–	315
Interest on lease liabilities	–	–	720	720
COVID-19-related rent concessions	–	–	(182)	(182)
Exchange realignment	61	105	(128)	38
	61	420	5,344	5,825
At 31 March 2022	4,123	7,037	11,128	22,288

(b) Significant non-cash transaction

During the year ended 31 March 2023, an amount of HK$15,317,000 (2022: HK$nil) was transferred from prepayments to construction in progress.

45. DEEMED DISPOSAL OF A SUBSIDIARY

On 31 March 2023, an independent third party investor injected capital into Japan Dynamics, a subsidiary wholly-owned by the Group originally, diluting the Group's shareholding in Japan Dynamics to 50%. Simultaneously, the Group entered into a contract to sell 30 shares in Japan Dynamics to the investor at a consideration of JPY1,500,000 (equivalent to HK$86,000). Consequently, the Group retained 49% equity interest in Japan Dynamics as at 31 March 2023 after the Deemed Disposal. The net liabilities of Japan Dynamics as at the date of the Deemed Disposal were as follows:

	Notes	HK$'000
Property, plant and equipment	15	21
Other receivables, deposits and prepayments		124
Cash and bank balances		1,402
Other payables and accruals		(3,958)
Net liabilities deemed disposed of		(2,411)
Cumulative exchange difference in respect of net liabilities of the subsidiary reclassified from equity to profit or loss		(1,559)
Gain on deemed disposal of the subsidiary included in loss for the year in the consolidated statement of profit or loss and other comprehensive income	7	13,484
Total consideration		9,514
Satisfied by:		
Cash consideration		86
Fair value of 49% equity interest retained by the Group	21	2,863
Amount due from Japan Dynamics		6,565
Total		9,514
Net cash outflow from the Deemed Disposal		
Cash and bank balances disposed of		(1,402)
Cash consideration received		86
Total		(1,316)

46. LITIGATIONS

(a) In prior year, 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 on it 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 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 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 a settlement agreement (the "Settlement Agreement") with CQDB to return the land use rights, 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 government grant to the local authority. Also, the local authority shall reimburse to the Chongqing Contractor of the Claimed Amount.

46. LITIGATIONS (Continued)

(a) (Continued)

After the land use rights, together with all building and properties on the land were returned to CQDB and local authority reimbursed to the Chongqing Contractor during the year, the Group derecognised the i) the right-of-use assets related to the land use rights with carrying amount of HK$51,571,000 (Note 17); ii) construction in progress with carrying amount of HK$59,914,000 (Note 16); iii) the current portion of other payable to Chongqing Contractor of HK$54,069,000 (Note 27); iv) the non-current portion of other payable of the government grant of HK$62,151,000 (Note 27); and v) accrued land use tax and late payment penalty of land use tax amounting to HK$13,078,000 and HK$6,336,000 respectively. As a result, the Group recognised the gain of approximately HK$24,149,000 in profit or loss.

(b) 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 (the "Court") for judicial preservation to freeze the assets of Guangxi Weiri up to RMB2,055,000. Accordingly, a land property with carrying value of RMB7.6 million (equivalent to HK$8.7 million) (Note 17(i)) of Guangxi Weiri has been ordered to be detained for a period of three years from 29 April 2021. The Arbitration has entered the judicial process. Based on the Judgement of The Court of Final Appeal in PRC on 1 April 2022, the Group was ordered to make immediate repayment of construction fees payables, together with the late penalties, totalling approximately RMB2,103,000, which had been provided and included in "other payables and accruals" as at 31 March 2022. On 28 February 2023, the Court issued an Execution of Judgement letter to notify the Group that the payment specified in the Judgement dated 1 April 2022 remains unpaid. Consequently, 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. No forced auction was scheduled nor informed to schedule by the Court.

On 29 May 2023, the Group and Guangxi Contractor reached a settlement agreement. In accordance with the agreement, the Group has agreed to make the full payment on 29 May 2023. Once the Guangxi Contractor receives the payment and submits a case closure application to the Court on the same day, the freezing and forced auction orders will be lifted. The Group fully settled the payment on 29 May 2023. The case was officially closed according to the case closure notice issued by the Court on 30 May 2023.

47. EVENTS AFTER THE REPORTING DATE

Subsequent to the end of the financial year, on 2 June 2023, the Group entered into a sales and purchase agreement with a purchaser to dispose of the entire issued shares of an indirect wholly-owned subsidiary of the Company named as Chongqing Sinocop New Energy Vehicle Technology Company Limited (the "Disposal Company") at a consideration of RMB34 million (or approximately HK$39 million equivalent). As the Group only intends to dispose of certain intangible assets owned by the Disposal Company and a subsidiary of the Disposal Company, the Group is carrying out restructuring arrangement in accordance with the agreement to transfer back all other major assets and liabilities of the Disposal Company and its subsidiaries (the "Disposal Group") to the Group.

Up to the date of this report, the Group received progress payment of RMB20 million (or approximately HK$23 million equivalent). An amount of approximately RMB8.2 million (or approximately HK$9 million equivalent) will be paid directly to the creditors of a subsidiary of the Disposal Company within 3 business days of the date of completion of certain restructurings and the remaining RMB5.8 million be payable to the Group as at the completion date.

In the opinion of the directors, the Group expects to recognise gain on disposal of approximately HK$33 million on the basis of consideration less unaudited net carrying amount of the intangible assets to be disposed of approximately HK$5.8 million as at 31 March 2023. Audited financial impact arising from the disposal is subject to the audited financial information on the Disposal Group after restructuring as at the date of completion of the transaction.

For further details on the transaction, please refer to the Company's announcement on 4 June 2023 and 7 June 2023.

48. APPROVAL OF THE FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 29 June 2023.