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EvDynamics

Ev Dynamics (Holdings) Limited

科軒動力（控股）有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 476)

**ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED 31 MARCH 2022**

The board of directors (the “**Board**”) of Ev Dynamics (Holdings) Limited (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 March 2022.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2022**

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue	5	49,947	23,788
Cost of sales		(45,164)	(16,912)
Gross profit		4,783	6,876
Other income	5	1,471	4,218
Selling and distribution expenses		(757)	(1,000)
Administrative expenses		(101,980)	(102,999)
Impairment of mining assets		(301,762)	(689,997)
Impairment of trade receivables, net		(3,217)	(4,434)
Write-down of inventories		(474)	–
Write-off of other receivables and prepayments, net		(7,592)	(8,798)
Reversal of impairment of intangible assets		–	5,119
Change in fair value of financial assets at fair value through profit or loss (“FVTPL”)		(5,579)	3,406
Realised loss on disposal of financial assets at FVTPL		(2,567)	–
Finance costs	6	(1,035)	(537)
Loss before income tax	7	(418,709)	(788,146)
Income tax credit	8	3,618	851
Loss for the year		(415,091)	(787,295)

	2022	2021
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Other comprehensive income for the year		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising from:		
– translation of foreign operations	74,549	189,592
– reclassification relating to dissolution of subsidiaries	579	–
	<u>75,128</u>	<u>189,592</u>
Other comprehensive income for the year		
	<u>(339,963)</u>	<u>(597,703)</u>
Total comprehensive income for the year		
Loss attributable to:		
– Owners of the Company	(408,335)	(780,525)
– Non-controlling interests	(6,756)	(6,770)
	<u>(415,091)</u>	<u>(787,295)</u>
Total comprehensive income attributable to:		
– Owners of the Company	(332,490)	(587,869)
– Non-controlling interests	(7,473)	(9,834)
	<u>(339,963)</u>	<u>(597,703)</u>
Loss per share		
– Basic and diluted (<i>HK\$</i>)	<i>10</i>	
	<u>(0.05)</u>	<u>(0.11)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2022

		2022	2021
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		44,574	47,345
Construction in progress		77,321	74,268
Right-of-use assets		92,512	91,394
Mining assets	<i>11</i>	1,595,000	1,826,229
Other intangible assets	<i>12</i>	8,343	18,316
Other receivables, deposits and prepayments		13,062	12,925
		<hr/>	<hr/>
Total non-current assets		1,830,812	2,070,477
		<hr/>	<hr/>
Current assets			
Inventories		31,132	29,216
Trade receivables	<i>13</i>	31,879	7,534
Contract assets		11,067	10,630
Other receivables, deposits and prepayments		59,388	56,693
Financial assets at FVTPL		42,768	16,278
Cash and bank balances		4,669	52,697
		<hr/>	<hr/>
Total current assets		180,903	173,048
		<hr/>	<hr/>
Total assets		2,011,715	2,243,525
		<hr/>	<hr/>

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current liabilities			
Accounts payable	<i>14</i>	12,741	8,637
Other payables and accruals		89,380	77,314
Contract liabilities		4,280	1,789
Bank borrowing		741	–
Lease liabilities		6,170	3,753
Total current liabilities		113,312	91,493
Net current assets		67,591	81,555
Total assets less current liabilities		1,898,403	2,152,032
Non-current liabilities			
Deferred tax liabilities		5,022	8,352
Other payables		67,354	64,694
Loans from shareholders		4,123	–
Bank borrowing		6,296	–
Lease liabilities		4,958	7,534
Total non-current liabilities		87,753	80,580
Total liabilities		201,065	172,073
NET ASSETS		1,810,650	2,071,452
Equity			
Share capital	<i>15</i>	90,096	82,902
Reserves		1,763,740	2,024,830
Equity attributable to owners of the Company		1,853,836	2,107,732
Non-controlling interests		(43,186)	(36,280)
TOTAL EQUITY		1,810,650	2,071,452

1. CORPORATE INFORMATION

The Company was incorporated in Bermuda with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The Company’s registered office is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. Its head office and principal place of business are located at 46th Floor, China Online Centre, 333 Lockhart Road, Wanchai, Hong Kong.

The principal activity of the Company is investment holding. The Group is principally engaged in new energy business and mining.

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

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

Adoption of new or amended HKFRSs – effective 1 April 2021

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

Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2
2021 Amendment to HKFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021

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

3. BASIS OF PREPARATION

These financial statements have been prepared in accordance with all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations (hereinafter collectively referred to as the “**HKFRSs**”) and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, these financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

4. SEGMENT REPORTING

The Group determines its operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions.

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

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

Inter-segment transactions are priced with reference to prices charged to external parties for similar orders. Central revenue and expenses are not allocated to the operating segments as they are not included in the measurement of the segments’ results that are used by the chief operating decision-maker for assessment of segment performance.

(a) Reportable segments

	Development of electric vehicles		Mining		Metal and minerals trading		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	<u>49,947</u>	<u>23,788</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>49,947</u>	<u>23,788</u>
Reportable segment loss	<u>(61,293)</u>	<u>(61,205)</u>	<u>(317,144)</u>	<u>(696,380)</u>	<u>(919)</u>	<u>(1,043)</u>	<u>(379,356)</u>	<u>(758,628)</u>
Interest income	197	11	-	-	-	-	197	11
Unallocated interest income							1	50
Total interest income							<u>198</u>	<u>61</u>
Depreciation	(10,421)	(9,606)	(537)	(549)	-	-	(10,958)	(10,155)
Unallocated depreciation expenses							(2,781)	(4,515)
Total depreciation							<u>(13,739)</u>	<u>(14,670)</u>
Amortisation	<u>(10,566)</u>	<u>(4,951)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,566)</u>	<u>(4,951)</u>
Impairment of trade receivables, net	<u>(3,217)</u>	<u>(4,434)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,217)</u>	<u>(4,434)</u>
Write-off of other receivables and prepayments, net	<u>(592)</u>	<u>(8,798)</u>	<u>(7,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,592)</u>	<u>(8,798)</u>
Write-down of inventories	<u>(474)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(474)</u>	<u>-</u>
Reversal of impairment of intangible assets	<u>-</u>	<u>5,119</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,119</u>
Impairment of mining assets	<u>-</u>	<u>-</u>	<u>(301,762)</u>	<u>(689,997)</u>	<u>-</u>	<u>-</u>	<u>(301,762)</u>	<u>(689,997)</u>
Reportable segment assets	<u>318,936</u>	<u>295,388</u>	<u>1,639,422</u>	<u>1,863,519</u>	<u>150</u>	<u>11,918</u>	<u>1,958,508</u>	<u>2,170,825</u>
Additions to non-current assets	6,430	6,104	555	-	-	-	6,985	6,104
Unallocated additions to non-current assets							35	7,999
Total additions to non-current assets							<u>7,020</u>	<u>14,103</u>
Reportable segment liabilities	<u>(187,053)</u>	<u>(160,221)</u>	<u>(6,657)</u>	<u>(2,989)</u>	<u>(129)</u>	<u>(130)</u>	<u>(193,839)</u>	<u>(163,340)</u>

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue		
Reportable segment revenue and consolidated revenue	<u>49,947</u>	<u>23,788</u>
Loss before income tax		
Reportable segment loss	(379,356)	(758,628)
Unallocated other income	114	3,012
Change in fair value and realised loss on disposal of financial assets at FVTPL	(8,146)	3,406
Unallocated share-based payments	(2,521)	(20,552)
Unallocated other corporate expenses	(27,765)	(14,847)
Finance costs	<u>(1,035)</u>	<u>(537)</u>
Consolidated loss before income tax	<u>(418,709)</u>	<u>(788,146)</u>
Assets		
Reportable segment assets	1,958,508	2,170,825
Unallocated corporate assets*	<u>53,207</u>	<u>72,700</u>
Consolidated total assets	<u>2,011,715</u>	<u>2,243,525</u>
Liabilities		
Reportable segment liabilities	193,839	163,340
Unallocated corporate liabilities	<u>7,226</u>	<u>8,733</u>
Consolidated total liabilities	<u>201,065</u>	<u>172,073</u>

* *Unallocated corporate assets as at 31 March 2022 mainly represent cash and bank balances of HK\$664,000 (2021: HK\$41,130,000) and financial assets at FVTPL of HK\$42,768,000 (2021: HK\$16,278,000) held by the Company.*

(c) **Geographic information**

The following is an analysis of the Group's revenue from external customers and non-current assets other than financial instruments, deferred tax assets and post-employment benefit assets ("Specified non-current assets") by the geographical areas in which the customers and assets respectively are located:

	Revenue from external customers		Specified non-current assets	
	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
PRC, including Hong Kong	–	18,223	1,830,023	2,070,143
Japan	–	–	789	334
Philippines	23,150	5,565	–	–
Spain	11,095	–	–	–
Germany	9,126	–	–	–
Mexico	6,576	–	–	–

(d) **Information about major customers**

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

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Development of electric vehicles		
Customer A	40,821	5,565
Customer B	9,126	N/A
Customer C	N/A	8,862
Customer D	N/A	7,400

5. **REVENUE AND OTHER INCOME**

Revenue from contracts with customers within the scope of HKFRS 15

(a) **Disaggregation of revenue from contracts with customers**

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

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Sale of electric vehicles	49,947	23,788

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

(b) **Assets and liabilities related to contracts with customers**

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Contract assets	11,067	10,630
Contract liabilities	<u>4,280</u>	<u>1,789</u>

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

The contract liabilities mainly relate to the advance consideration received from customers. HK\$705,000 of the contract liabilities at the beginning of the year has been recognised as revenue for the year ended 31 March 2022 (2021: HK\$3,959,000).

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Other income		
Gain/(loss) on disposal of property, plant and equipment	63	(2)
Rental income	108	762
Government grants (<i>note</i>)	158	838
Exchange gain	–	2,219
Sundry income	944	340
Interest income	<u>198</u>	<u>61</u>
	<u>1,471</u>	<u>4,218</u>

Note: Government grants were received from local government authorities 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 to profit or loss.

6. FINANCE COSTS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interest on bank borrowing	315	–
Interest on lease liabilities	720	537
	<u>1,035</u>	<u>537</u>

7. LOSS BEFORE INCOME TAX

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Auditor's remuneration	5,136	1,560
Amortisation of other intangible assets (<i>Note 12</i>)	10,566	4,951
Cost of inventories recognised as expenses (<i>Note</i>)	45,164	16,912
Depreciation of property, plant and equipment	6,521	7,238
Depreciation of right-of-use assets	7,218	7,432
Exchange loss/(gain), net	123	(2,219)
Write-down of inventories	474	–
Impairment of trade receivables, net	3,217	4,434
Impairment of mining assets (<i>Note 11</i>)	301,762	689,997
Write-off of other receivables and prepayments, net	7,592	8,798
Reversal of impairment of intangible assets (<i>Note 12</i>)	–	(5,119)
Short-term lease expense	923	3,181
Research and development cost (included in administrative expense)	8,143	283
Directors' remuneration	6,776	10,789
Employee costs (excluding directors' remuneration)		
– Salaries and allowances	17,084	20,139
– Share-based payments (<i>Note 16</i>)	2,521	17,418
– Other benefits	762	1,039
– Pension contributions	1,500	1,223
	<u>21,867</u>	<u>39,819</u>

Note: Cost of inventories sold for the year ended 31 March 2022 includes HK\$2,495,000 relating to depreciation of property, plant and equipment.

8. INCOME TAX

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current tax		
– Provision for PRC enterprise income tax for the year	–	–
Deferred tax		
– Origination and reversal of temporary differences	<u>(3,618)</u>	<u>(851)</u>
Income tax credit	<u><u>(3,618)</u></u>	<u><u>(851)</u></u>

9. DIVIDEND

No dividend has been proposed or paid by the Company in respect of the years ended 31 March 2022 and 2021.

10. LOSS PER SHARE

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Loss for the year attributable to owners of the Company	<u><u>(408,335)</u></u>	<u><u>(780,525)</u></u>

	2022 <i>Number</i>	2021 <i>Number</i>
Weighted average number of ordinary shares in issue	<u><u>8,810,030,012</u></u>	<u><u>7,311,107,678</u></u>

Basic and diluted loss per share is HK\$0.05 per share (2021: HK\$0.11 per share) based on the loss for the year attributable to owners of the Company of HK\$408,335,000 (2021: HK\$780,525,000) and the weighted average number of ordinary shares in issue detailed above. The basic and diluted loss per share for both years presented are the same as the potential ordinary shares issuable under the convertible notes, the share options and share award plan are anti-dilutive.

11. MINING ASSETS

HK\$'000

Cost:

At 1 April 2020	2,460,547
Exchange realignment	<u>207,453</u>

At 31 March 2021 and 1 April 2021	2,668,000
Exchange realignment	<u>109,684</u>

At 31 March 2022 **2,777,684**

Accumulated impairment loss:

At 1 April 2020	118,015
Impairment loss	689,997
Exchange realignment	<u>33,759</u>

At 31 March 2021 and 1 April 2021	841,771
Impairment loss	301,762
Exchange realignment	<u>39,151</u>

At 31 March 2022 **1,182,684**

Carrying amount:

At 31 March 2022 **1,595,000**

At 31 March 2021 1,826,229

Mining assets have not been amortised since acquisition as the mine has not yet commenced operation since then. In the opinion of management, the mining project is ongoing and is pending for the issuance of land use right certificate for the construction of processing factory. The mining operation will be commenced upon the completion of such development.

Impairment testing of mining assets

The directors determined the recoverable amount of the mining assets, including those under construction in progress, prepayment under non-current assets as well as right-of-use assets and property, plant and equipment attributable to and allocated to the mining business of thenardite (collectively referred to as “Mining CGU”) 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 CGU covering a nineteen-year period from 2023 to 2041 to reflect the length of time management is committed to exploit the economic benefits of the mining business of thenardite and the expected useful lives of the processing plant and machinery the Group has invested and will continue to invest. Cash flows covering the first six-year period from 2023 to 2028 are based on financial budgets approved by senior management. Cash flows beyond the six-year period are extrapolated to 2041 using an estimated weighted average income growth rate of 2.90% (2021: 2.68%), which does not exceed the geometric mean of twelve-year average of China Producer Price Index-non ferrous Metals Mining and Dressing Year over Year. Management considers the six-year period from 2023 to 2028 reflect the length of time to incur necessary capital expenditure to exploit the economic benefits of the mining business of thenardite. The projected future cash flows are discounted to its present value by the appropriate discount rate determined from market data.

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

	2022	2021
Thenardite price per ton	RMB771	RMB903
Required rate of return for working capital	3.68%	3.68%
Required rate of return for fixed assets	12.69%	13.41%
Required rate of return for assembled workforce	24.78%	21.96%
Post-tax discount rate	24.78%	21.96%
Income growth rate within the projected period	2.90%	2.68%
Costs growth rate within the projected period	1.78%	1.40%

Management determined the thenardite price based on relevant data obtained from third party's quotation and market research report performed by third party organization 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 2022 and the costs growth rate represents the China Producer Price Index from 2002 to 2022. 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 CGU 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 2022 was HK\$1,595 million (2021: HK\$1,826 million), which was lower than its carrying value of HK\$1,901 million (2021: HK\$2,540 million), and hence an impairment loss of HK\$301,762,000 was recognised in the profit or loss (2021: HK\$689,997,000), which was fully allocated to the mining assets as the fair value less costs of disposal of other individual assets within Mining CGU is higher than their carrying amount. As the CGU has been reduced to its recoverable amount, any adverse change in the assumptions used in the calculation of recoverable amount would result in further impairment loss.

12. OTHER INTANGIBLE ASSETS

	Technical know-how	Industrial proprietary rights	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Cost:			
At 1 April 2020	32,947	20,717	53,664
Exchange realignment	<u>3,221</u>	<u>1,747</u>	<u>4,968</u>
At 31 March 2021 and 1 April 2021	36,168	22,464	58,632
Exchange realignment	<u>1,703</u>	<u>923</u>	<u>2,626</u>
At 31 March 2022	<u>37,871</u>	<u>23,387</u>	<u>61,258</u>
Accumulated amortisation and impairment loss:			
At 1 April 2020	27,431	9,501	36,932
Charge for the year	2,891	2,060	4,951
Reversal of impairment	(5,119)	–	(5,119)
Exchange realignment	<u>2,679</u>	<u>873</u>	<u>3,552</u>
At 31 March 2021 and 1 April 2021	27,882	12,434	40,316
Charge for the year	8,498	2,068	10,566
Exchange realignment	<u>1,491</u>	<u>542</u>	<u>2,033</u>
At 31 March 2022	<u>37,871</u>	<u>15,044</u>	<u>52,915</u>
Carrying amount:			
At 31 March 2022	<u>–</u>	<u>8,343</u>	<u>8,343</u>
At 31 March 2021	<u>8,286</u>	<u>10,030</u>	<u>18,316</u>

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

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

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

Both the technical know-how on the use of aluminium body frame and the industrial proprietary rights were allocated to the CGU of the development of electric vehicles (“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:

	2022	2021
Pre-tax discount rate	17.29%	22.98%
Gross profit margin	<u>17.9%-23%</u>	<u>19.8%-23%</u>

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

As the recoverable amount of EV CGU exceeded the carrying value of the CGU’s non-current assets, which comprises property, plant and equipment, right-of-use assets, construction in progress and intangible assets, the directors are of the opinion that there was no impairment on the assessed non-current assets as at 31 March 2022 (2021: reversal of impairment of HK\$5,119,000).

13. TRADE RECEIVABLES

	2022	2021
	<i>HK\$’000</i>	<i>HK\$’000</i>
Trade receivables at amortised cost	48,604	20,497
<i>Less: Accumulated impairment losses</i>	<u>(16,725)</u>	<u>(12,963)</u>
Trade receivables, net	<u>31,879</u>	<u>7,534</u>

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0 – 30 days	3,638	1,137
31 – 90 days	3,173	–
91 – 180 days	899	386
181 – 365 days	19,622	2,764
More than 1 year	<u>4,547</u>	<u>3,247</u>
	<u>31,879</u>	<u>7,534</u>

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\$13,742,000 (2021: HK\$nil), which bear interest at 5% per annum and repayable by monthly instalments in 5 years from the date on which the related goods has been delivered and accepted by the customer.

14. ACCOUNTS PAYABLE

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0 – 30 days	2,710	–
31 – 90 days	126	48
91 – 180 days	661	550
181 – 365 days	1,907	322
More than 1 year	<u>7,337</u>	<u>7,717</u>
	<u>12,741</u>	<u>8,637</u>

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

15. SHARE CAPITAL

	2022		2021	
	Number of shares	HK\$'000	Number of shares	HK\$'000
Authorised:				
Ordinary shares of HK\$0.01 each	<u>50,000,000,000</u>	<u>500,000</u>	<u>50,000,000,000</u>	<u>500,000</u>
Issued and fully paid:				
At 1 April	8,290,306,800	82,902	6,854,963,200	68,549
Placing/subscription of shares (note (i))	367,660,000	3,677	268,000,000	2,680
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 (note (iii))	97,000,000	970	-	-
Conversion of convertible notes (note (iv))	-	-	1,167,413,600	11,674
Cancellation of repurchased shares (note (v))	-	-	(70,000)	(1)
At 31 March	<u>9,009,678,975</u>	<u>90,096</u>	<u>8,290,306,800</u>	<u>82,902</u>

Notes:

- (i) During the year ended 31 March 2022, 367,660,000 ordinary shares (2021: 268,000,000 ordinary shares) of the Company were issued at a placing price of HK\$0.15 each (2021: HK\$0.145) to independent third parties at an aggregate consideration of HK\$55,149,000 (2021: HK\$38,860,000) of which HK\$3,677,000 (2021: HK\$2,680,000) was credited to share capital and the remaining balance (net of share issue expenses of HK\$8,368,000) of HK\$43,104,000 (2021: HK\$36,180,000) was credited to share premium account.
- (ii) On 13 August 2021, 254,712,175 ordinary shares of the Company were issued as the consideration share to Quantron AG (“**Quantron**”) in Germany.
- (iii) During the year ended 31 March 2021, share award of 97,000,000 ordinary shares (the “**Award Shares**”) were granted to the eligible participants (“**Selected Participants**”). The first 50% of the Award Shares have been vested during the year ended 31 March 2021 and the remaining 50% of the Award Shares is vested on 25 October 2021 (the “**Original Award**”). Due to the unsatisfactory administrative procedure on the Original Award, on 13 April 2021, the board of directors of the Company resolved to cancel and replace the Original Award with new Award Shares with the same terms as the Original Award. An amount of HK\$8,585,000 was transferred from the share award reserve to the share premium account following the vesting of new Awards Shares.

- (iv) During the year ended 31 March 2021, the Company's convertible notes in principal amount of HK\$875,560,200 were converted into 1,167,413,600 ordinary shares of the Company at the conversion price of HK\$0.75 per share, of which approximately HK\$11,674,000 was credited to share capital and the remaining balance of approximately HK\$761,634,000 was credited to share premium account.
- (v) During the year ended 31 March 2021, the Company cancelled the remaining 70,000 shares of the Company carried forward from repurchase in the financial year ended 31 March 2020.

16. SHARE-BASED PAYMENT TRANSACTIONS

Share option scheme

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operation.

A 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 constitutes a share option scheme governed by Chapter 17 of the Listing Rules and will remain in force for 10 years from the Adoption Date.

Pursuant to the Share Option Scheme, the board of directors is empowered, at its discretion, to invite any participant (defined in the Share Option Scheme) to take up options to subscribe for shares in the Company. The period during which an option may be exercised will be determined by the directors at their discretion, save that no option may be exercised later than 10 years after it has been granted. Acceptance of the offer shall be within 21 days after the date of offer of the grant of options, upon payment of a nominal consideration of HK\$1. The maximum number of shares in respect of which options may be granted under the Share Option 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 Share Option Scheme shall not exceed 30% of the shares in issue from time to time. The subscription price of the share options shall not be less than the higher of (i) the closing price of the shares on the Stock Exchange on the date of offer; (ii) the average closing price of the shares on the Stock Exchange for the five trading days immediately preceding the date of offer; and (iii) the nominal value of the shares.

On 7 April 2021, 15,000,000 share options under the Share Option Scheme 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.

On 25 February 2021, 278,000,000 share option under the Share Option Scheme were grant to a director and employees with exercise price of HK\$0.13 per share. The closing price at the date of grant was HK\$0.12 per share.

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

Date of offer of grant	At 01/04/2020	Granted/ (forfeited)	At 31/03/2021	Granted/ (forfeited)	At 31/03/2022	Exercise price	Closing price	Exercise period	Vesting period
		during the year		during the year			at date of offer of grant		
11/04/2014	49,000,000	-	49,000,000	-	49,000,000	HK\$1.15	HK\$1.11	12/04/2016 to 10/04/2024	12/04/2016 to 12/04/2020
10/03/2016	318,100,000	(30,000,000)	288,100,000	(9,500,000)	278,600,000	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	-	278,000,000	HK\$0.13	HK\$0.12	25/02/2021 to 24/02/2031	N/A
07/04/2021	-	-	-	15,000,000	15,000,000	HK\$0.142	HK\$0.142	07/04/2022 to 06/04/2031	08/04/2021 to 07/04/2022
	<u>367,100,000</u>	<u>248,000,000</u>	<u>615,100,000</u>	<u>5,500,000</u>	<u>620,600,000</u>				

The weighted average remaining contractual life of options outstanding at the end of the year was 6.07 years (2021: 6.96 years). The weighted average exercise price of options outstanding at the end of the year was HK\$0.29 (2021: HK\$0.29).

605,600,000 (2021: 615,100,000) share options were exercisable at the end of the year.

There was no exercise of share options during the years ended 31 March 2022 and 2021.

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	25 February 2021
Fair value at measurement date	HK\$0.08	HK\$0.06
Share price at the date of offer of grant	HK\$0.142	HK\$0.12
Exercise price	HK\$0.142	HK\$0.13
Expected volatility	68.53%	68.27%
Expected life	10 years	10 years
Expected dividend rate	0%	0%
Risk-free interest rate	1.61%	1.48%

An equity-settled share-based payment expense of approximately HK\$1,195,000 (2021: HK\$17,932,000) was recognised during the year.

Share award plan

On 8 May 2019, a share award plan (the “**Share Award Plan**”) was adopted by the Company for the purpose of providing incentives and aligning the interests of the selected employees with that of shareholders. On 25 October 2019, 165,000,000 award shares with vesting period of 2 years were granted to the eligible participants.

The fair value of the award shares at grant date ranged from HK\$0.096 to HK\$0.106. For the year ended 31 March 2022, the Group recognised a total expense of HK\$1,326,000 (2021: HK\$4,648,000) in relation to such award shares.

17. CAPITAL COMMITMENTS

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Acquisition of property, plant and equipment	21,583	20,835
Capital expenditure in respect of the construction of the ores processing plant	3,675	3,685
Capital expenditure in respect of the mining operations	8,653	8,868
Capital expenditure in respect of the development of electric vehicles	<u>19,141</u>	<u>21,542</u>
	<u>53,052</u>	<u>54,930</u>

18. RELATED PARTY TRANSACTIONS

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

As at the end of the reporting period, the Group had loans from shareholders, which are unsecured, interest free and due to settled not earlier than twelve months from the reporting date.

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

RESULTS

During the year ended 31 March 2022, the Group recorded revenue of approximately HK\$49.9 million (2021: HK\$23.8 million) derived from the sales of electric vehicles. Gross profit amounted to approximately HK\$4.8 million (2021: HK\$6.9 million), with a gross profit ratio of 9.6% (2021: 28.9%). The increase in revenue for the sales of electric vehicles was the result of an increase in sales orders from overseas market, including Southeast Asia, Germany and Spain. The decrease in gross profit ratio was resulted from the increase in material cost which had not been passed to the customers in time. During the current year, the Group has continued to enhance its research and development capabilities as well as the efforts on international sales, as such the Group has been able to maintain an upward trend on the sales turnover successfully. The Group will continue to work on a 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\$415.1 million for the year, as compared with a loss of approximately HK\$787.3 million for last year. The decrease in loss was mainly due to the decrease in non-cash expenses of an impairment loss on mining assets in Guangxi to approximately HK\$301.8 million (2021: HK\$690.0 million). Such expense 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\$408.3 million (2021: HK\$780.5 million). Basic and diluted loss per share for the year was HK\$0.05 per share (2021: HK\$0.11 per share).

DIVIDEND

The directors of the Company do not recommend the payment of any dividend for the year ended 31 March 2022 (2021: HK\$nil).

BUSINESS REVIEW

Electric bus (“eBus”) and electric vehicles (“EVs”)

The Group, through its subsidiary, Chongqing Suitong New Energy Automotive Manufacturing Co., Ltd. (“**Suitong**”), has a production base in Chongqing engaged in the 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

We had completed the first sales orders from the Hong Kong Productivity Council last year for two 12-meter smart electric buses as part of a trial run by the Airport Authority Hong Kong and the Hong Kong Anti-Cancer Society. Tremendous positive feedback from this first market presence enable us to have an excellent start in this non-franchise bus market. After completion of this first order, we have secured another order from Hong Kong Productivity Council for this kind of large 12-meter electric bus. We are 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 are coming. The Company also start to sell our full electric 65-seats coach to the Hong Kong market. Two of the coaches have already arrived in Hong Kong and is ready to sell. However, COVID-19 is still prevail during the year under review, and make it another hard year for the commuter and tourist coaches business. The Group is optimistic that tourism will revive in the post pandemic era, and will drive a big demand for the inevitable switching to electrify coaches. Given our coaches are currently almost the only approved model of their type in Hong Kong, we are confident that the Company has a very strong advantage in this more than 7,000 unit-strong market sector.

In addition, the Company had launched its full electric 19-seats low-floor minibus and again, we have received tremendous positive recognition by operators from various business sectors. As such, the Company has already secured a small trial order for this minibus. This minibus is suitable for both the franchise and non-franchise minibus sectors in Hong Kong with a total market size of more than 4,000 units. Due to logistic problem in the upper half year, delivery of the first minibus has been delayed, nevertheless, it has now been successfully transported into Hong Kong and is expected to deliver to customer soon. Given our minibus's unique low-floor design with no comparable model at this moment, the Company is highly confident that we can secure a sizeable market share in these sectors.

During the year, the company has been selected by the Hong Kong SAR Government as a prequalified supplier of electric public light buses for a sustainable public mobility pilot scheme the Environmental Protection Department plans to be 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

The Group has developed a customised city bus – “COMET” which stands for Community Optimized Managed Electric Transport. COMETs are 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 Philippines. In the current year, the Group has successfully completed part of the sales orders of COMET to Philippines and are thus recorded in the current year's results. The potential of COMET is enormous and we expect many more orders will be completed in the near future. In 2021, the Group has received sizable orders and planning to deliver no fewer than 500 COMET units in the coming 24 months. The Group believes that COMET is by far the most suitable and feasible model for replacing the Jeepney in Philippines, which is the existing leading public transportation product in Philippines. COMET is the ideal replacement for other microbus type products, which are the dominant means of transport in the world's densest cities. The market size of the Jeepney in the Philippines is several hundred thousand units. The Group is very confident in dominating the Philippines Jeepney market through progressive market penetration.

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. During the year, the Group have completed delivery of batches of 6-meter and 7.5-meter electric van and chassis to Mexico and Spain respectively. The Group strongly believe that a trend for a faster rollout for overseas markets is now underway. Again, the Group is highly confident that further orders from America and Europe will be secured following the trial period of this first series of orders.

On 30 April 2021, the Company entered into an investment agreement with independent third parties on its conditional agreement to subscribe for 4.98% of Quantron, the target company at a consideration of EUR2.03 million (equivalent to approximately HK\$19.1 million). Then, on 29 July 2021, the Company entered into an subscription agreement with Quantron, pursuant to which the Company has conditionally agreed to subscribe for a further 10.18% of Quantron, at the consideration of EUR5.0 million (equivalent to approximately HK\$45.9 million). The consideration is satisfied by the Company to allot and issue 254,712,175 consideration shares at the issue price of HK\$0.18 per consideration share to Quantron upon completion. Hence, the Company held 13.85% of Quantron as at 31 March 2022.

Quantron is a company incorporated in Germany principally engaged in e-mobility in inner-city and regional passenger and freight transport. They specialize in the electrification of used and existing vehicles. They offers a wide spectrum of new e-commercial vehicles based on the requirements and needs of its customers, which ranges from electric vans and e-buses to electric heavy-duty tractor units. Quantron also provides logistics services, battery solutions, and comprehensive consulting services. The Group believes that this investment will bring synergy effect and present a good opportunity to further expand our business in Europe. During the year, the Group has delivered both 12-meter full electric buses and 4.5 tones full electric mini truck to Europe, and a 12-meter hydrogen bus is ready to be delivered to Europe by end of 2022. The demand for electric buses and vehicles in Europe is strongly growing and the Company expects that there will be a steady stream of orders after the delivery of these buses.

Subsequent to the year end, the Company catch an opportunity to realise the investment in Quantron by entering into a term sheet to sell the entire 13.85% interest in Quantron. Please refer to the below section in “Events after the reporting date” in details. It is expected that the Company still continue to receive purchase orders from Quantron after the disposal.

Business outlook

Although the impact of COVID-19 has progressively becoming less serious, especially from second quarter of 2022, the impact remains significant during the year under review. The travel restrictions prevailed most of the time during the year has inevitably affected the Group as it was impossible for Suitong’s technical personnel freely travel to target markets in performing product commissioning. Travel bans and lockdowns remain a significant challenge for the Group, as they make the order process and cooperation more difficult since EV products have to comply with local regulations and operational requirements.

The Group is currently utilizing the existing production plant in the Wulong District of Chongqing, which has sufficient production capacity to cope with the increasing number of overseas orders. The main building blocks of the new production plant in the Qijiang District of Chongqing (the “**Qijiang new plant**”) have been completed.

During the year, the Group received a civil judgment made by the Fifth Intermediate People’s Court of Chongqing on the construction fee payable to a contractor of the Qijiang new plant. On 7 July 2021, an appeal has been lodged against such judgement and the court hearing was held on 15 December 2021. On 20 January 2022, the Group received a second judgement from Chongqing Higher People’s Court (the “**Chongqing Court**”) which upheld the first judgement. The aggregate construction cost payable together with the interest incurred amounted to RMB45.5 million have been fully provided as at 31 March 2022. In consideration of not affecting the current liquidity of the Group, the Group target to dispose the Qijiang new plant to the contractor or to a third party, in order to settle the construction cost. In addition, the Group also receive an execution notice on auction and valuation report from Chongqing Court, from which the preliminary valuation of the Qijiang new plant, including the land use right and the building blocks, were RMB104.8 million. The Group is evaluating the situation and is considering the best way to maximize the Group’s interest.

Mining and production of mineral products

The Group's wholly-owned subsidiary, Guangxi Weiri Mining Company Limited (“**Guangxi Weiri**”), owns a glauberite mine located in the Guangxi Zhuang Autonomous Region of the PRC (the “**Glauberite Mine**”). The product extracted from the Glauberite Mine is thenardite, an important raw material used in chemical and light industrial manufacturing. No other significant exploration, development or production activity related to the Glauberite Mine was conducted during the year ended 31 March 2022. 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 2022:

Wireframe	Classification	Tonnes <i>(’000)</i>	Na₂SO₄ <i>(%)</i>	Na₂SO₄ Metal tonnage <i>(’000)</i>
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% Na₂SO₄. 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 2022 remain unchanged.
- (2) Competent person statement:

The information in this section that relates to mineral resources is based on work done by Dr. Louis Bucci, Mr. Andrew Banks, Ms. Jessica Binoir, Ms. Kirsty Sheerin and Dr. Gavin Chan, and has been peer reviewed by Mr. Danny Kentwell. Dr. Louis Bucci and Mr. Danny Kentwell take overall responsibility for the resources estimate and Dr. Gavin Chan takes responsibility for the geological model. Mr. Andrew Banks and Dr. Gavin Chan are members of The Australasian Institute of Mining and Metallurgy and Dr. Louis Bucci is a Member of the Australian Institute of Geosciences. Mr. Danny Kentwell is a Fellow of the Australasian Institute of Mining and Metallurgy. Dr. Gavin Chan and Mr. Danny Kentwell are full time employees of SRK Consulting (Australasia) Pty Ltd (“**SRK**”) and Mr. Andrew Banks was a full time employee of SRK from June 2011 until February 2012. Dr. Louis Bucci was a full time employee of SRK from August 2004 until June 2014.

All have sufficient experience which is relevant to the style of mineralization and type of deposit under consideration, and to the activity they are undertaking to qualify as Competent Persons in terms of the Australasian Code for reporting of exploration results, Mineral Resources and Ore Reserves (the JORC Code, 2004), and for inclusion of such information in this section in the form and context in which it appears.

This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

The Competent Person’s Consent Form from Mr. Daniel Jasper Kentwell was obtained by Ev Dynamics (Holdings) Limited on 20 May 2022.

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 asset's overall situation. The Group has engaged the services of a qualified independent valuer (the “**Valuer**”) to assess its fair value annually. As the commencement of the mining project is pending for the issuance of the land use right certificates for the construction of a processing factory, 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 an 19-year period from 2023 to 2041 and then discounted to its present value by the discount rate. The Group has assessed the key assumptions used for the calculation of the discounted cash flows, including the prevailing market condition of thenardite products, the exploitation volume of the resources and the discount rate adopted. 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 2022 and 2021.

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 2022 and 2021 as disclosed in note 11 is as follows:

#	Key assumptions	FY2022	FY2021
1	Thenardite price per ton	RMB771	RMB903
2	Required rate of return for working capital	3.68%	3.68%
3	Required rate of return for fixed assets	12.69%	13.41%
4	Required rate of return for assembled workforce	24.78%	21.96%
5	Post-tax discount rate	24.78%	21.96%
6	Income growth rate within the projected period	2.90%	2.68%
7	Cost growth rate within the projected period	1.78%	1.40%

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 2022.
7	Cost growth rate within the projected period	The geometric average of the China Producer Price Index year-over-year from 2002 to 2022.

As illustrated above, the changes in value of inputs adopted under the Multi Period Excess Earning Method for the valuation of the mining assets for the years ended 31 March 2022 and 2021 is set out as follows:

1. *Thenardite price per ton*

The thenardite price per ton adopted in the Valuation decreased from RMB903 per ton for the year ended 31 March 2021 to RMB771 per ton for the year ended 31 March 2022 as a result of the decrease in the quotations from third parties in the industry. The Group also perform market research on customer demographics and locations by engaging the services of a third party organization to assess the market situation of the potential products from the Glauberite Mine. The products including thenardite (ie 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 2022 and 2021.

3. *Required rate of return for fixed assets*

The required rate of return for fixed assets decreased from 13.41% for the year ended 31 March 2021 to 12.69% for the year ended 31 March 2022 was mainly due to the decrease in the PRC's long-term borrowing rate.

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

The required rate of return for assembled workforce and the post-tax discount rate increased from 21.96% for the year ended 31 March 2021 to 24.78% for the year ended 31 March 2022 was mainly due to the increase in the weighted cost 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 increased as the geometric average of the "China Producer Price Index – Non-Metals Minerals Mining and Dressing" increased from 2.68% for the year ended 31 March 2021 to 2.90% for the year ended 31 March 2022.

7. *Cost growth rate within the projected period*

The cost growth rate within the projected period increased as the geometric average of the “China Producer Price Index” increased from 1.40% for the year ended 31 March 2021 to 1.78% for the year ended 31 March 2022.

The movement of the mining assets of the Group for the year ended 31 March 2022 as disclosed in note 11 is extracted as follows:

	<i>HK\$'000</i>
As at 1 April 2021	1,826,229
Impairment loss	(301,762)
Exchange realignment	<u>70,533</u>
As at 31 March 2022	<u><u>1,595,000</u></u>

The fair value of the mining assets decreased from approximately HK\$1,826.2 million (equivalent RMB1,540.0 million) as at 1 April 2021 to approximately HK\$1,595.0 million (equivalent RMB1,291.9 million) as at 31 March 2022, which was mainly attributable to the following reasons:

- (i) the estimated excess income from the mining assets under the Multi Period Excess Earnings Method decreased as a result of the changes in value input in the valuation including the decrease in thenardite market price and the increase in discount rate. The decrease in thenardite price was resulted from the decrease in demand of thenardite as some PRC factories have suspended their production during the recurrence of COVID-19;
- (ii) the present value of the estimated excess income decreased as a result of the increase in discount rate. The increase in discount rate also reflect the uncertainty in the economic recovery and global demand during the outbreak of COVID-19 and its subsequent period; and
- (iii) the decrease of the fair value of the mining assets was net off against the appreciation of Renminbi against Hong Kong Dollar. The exchange rate of Renminbi with Hong Kong Dollar adopted by the Group for accounting purpose increased from 1.19 for the year ended 31 March 2021 to 1.23 for the year ended 31 March 2022.

The impairment loss of approximately HK\$301.8 million (2021: HK\$690.0 million) are non-cash items and will not affect the cash flow of the Group. The Group will assess any possibility and means to minimize risks and to maximize shareholders benefits as a whole. Given the Glauberite Mine's distinct advantage in terms of its immense resources, strategic location and market potential, the Group remains highly confident that it is a unique and valuable asset.

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

Guangxi Weiri has purchased a land use rights covering 63,118 square meters of land at a cost of RMB7.6 million. 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. The purchase procedure for approximately 41,500 square meters of land for road access has also been completed, but no payment has been made to the government thus far since the land use rights of the second parcel of land as stated above are still pending approval. An accumulated expenditure of approximately RMB18.5 million was incurred for the construction of an access road to the factory site. The Group has been in regular communication with the local government and has closely monitored the progress of the issuance of land use rights.

On 29 April 2021, one contractor (the "**Contractor**") has commenced an arbitration against Guangxi Weiri (the "**Arbitration**") and applied to the People's Court of Qingxiu District Nanning Municipality for judicial preservation to freeze the assets of Guangxi Weiri up to RMB2,055,087. Accordingly, a land property with carrying value of RMB6.6 million 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. On 1 April 2022, Guangxi Weiri receive the final decision which require to repay the Contractor RMB1.6 million together with the late penalties, in aggregate approximately RMB2.1 million. The amount have been fully provided in the consolidated financial statements of the Group. The Contractor may request a compulsory auction of the land within two years period. The Group may need to provide a guarantee in the full sum of RMB2,055,087 as security for the Arbitration in order to release the subjected land property. Up to the date of this announcement, the Group has not received any further notices for this Arbitration.

In relation to the above mentioned Arbitration, on 12 August 2021, the Group, as a plaintiff, has commenced a legal proceeding against this Contractor at the People's Court of Qingxiu District Nanning Municipality 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 have ordered to detain the assets of the Contractor with carrying value of RMB1,057,868. The litigation against the Contractor is still under process as at the date of this announcement. The Group may negotiate with the Contractor to return part of the prepayment by deducting the amount payable under the Arbitration, but subject to the results of the litigation against the Contractor.

On 18 May 2021, the Group received a court notice from the Intermediate People's Court of Nanning Municipality (the "**Nanning Court**") that Guangxi Weiri has commenced legal proceedings (the "**Court Proceedings**") against its holding company, Wise Goal Enterprises Limited (the "**Litigation**"), and applied to the Nanning Court for the equity interest in Guangxi Weiri to be judicially preserved (the "**Property Preservation**"). The Group considered that the Court Proceedings and Property Preservation are untrue and misleading and hence has lodged an application to the Nanning Court on 24 May 2021 to release the Property Preservation. The Nanning Court hearing was held on 18 June 2021 and the Group received the decision of the Guangxi Court dated 28 June 2021 (the "**Decision**"), which ordered dismissal of the Court Proceedings. On 15 July 2021, an appeal has been lodged against such Decision but are dismissed again by the Higher People's court. Hence the original judgement is upheld and the case is closed.

In addition to this Litigation, on 3 August 2021, the Group received a notice from 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 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 hearing was held on 21 October 2021 to conduct the first round of evidence exchange and cross examination. Up to the date of this announcement, the Group has not received any results from this Litigation.

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

Metals and minerals trading

The metals and minerals trading industry has remained weak and the profit margins of such business are low, the Group did not conclude any trading contract on metal ores during the period 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 generate revenues from the sales of vehicles amounted to HK\$49.9 million (2021: HK\$23.8 million) for the year, increased by 110.0% over last year. The geographical areas in which the customers are located is as follows:

	2022		2021	
	<i>HK\$'000</i>	<i>%</i>	<i>HK\$'000</i>	<i>%</i>
Hong Kong and PRC	–	–	18,223	76.6
Philippines	23,150	46.3	5,565	23.4
Spain	11,095	22.2	–	–
Germany	9,126	18.3	–	–
Mexico	6,576	13.2	–	–
Total	<u>49,947</u>	<u>100.0</u>	<u>23,788</u>	<u>100.0</u>

Gross profit

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

The gross profit of the Group amounted to HK\$4.8 million (2021: HK\$6.9 million) and the gross profit margin decreased to 9.6% (2021: 28.9%) in the current year was resulted from the vigorous competition in the industry. This was resulted from the increase in raw material prices which had not been passed to the customers in time. The Group is confident to cope with the challenge and are capable to increase the market share in the near future. Once the market share is obtained, the Group can gain more bargaining power on the material cost.

Selling and distribution expenses

Selling and distribution expenses amounted to HK\$0.8 million (2021: HK\$1.0 million) for the year, decreased by 20% over last year, as most of the ocean freight rates are borne by customers in export sales.

Administrative expenses

Administrative expenses amounted to HK\$102.0 million (2021: HK\$103.0 million) for the year, decreased by 1.0% as compared to last year while the revenue of the Group increased by 110.0% 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) amortization and depreciation expenses. Details of the items are set out in note 7.

Research and development expenses

Research and development expenses amounted to HK\$8.1 million (2021: HK\$0.3 million) for the year, increased over 100% over last year. Research and development expenses mainly 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 2022 is RMB1,291.9 million, which exceeded its carrying value of RMB1,540.0 million and hence the impairment loss on the mining assets of RMB248.1 million, equivalent to HK\$301.8 million (2021: HK\$690.0 million) was made in the current year. The decrease in fair value of the mining assets was due to the multiple effect on the assumptions used in the Multi Period Excess Earnings Method, including the decrease in thenardite price to RMB771 (2021: RMB903) and the increase in discount rate to 24.78% (2021: 21.96%). The higher discount rate is due to the uncertainty and fluctuation of global demand during the outbreak of COVID-19 and its subsequent period. Such impairment loss is a non-cash item and will not affect the cash flow of the Group.

Finance cost

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

Other income

Other income primarily consists of rental income, government grants, sundry income and interest income.

DISPOSAL OF ENTIRE EQUITY INTEREST IN GREYP

During the current year, the Company entered into a share purchase agreement with a purchaser, pursuant to which the Company conditionally agreed to sell its entire 5.68% equity interest in Greyp Bikes d.o.o. (the “**Greyp**”), at an aggregate consideration of EUR1.5 million (equivalent to approximately HK\$13.9 million) for cash (the “**Disposal**”). Greyp is a company incorporated in the Republic of Croatia with limited liability and is principally engaged in research, designing, developing, manufacturing, marketing and selling of electric bike, bike sensor, bicycle parts and accessories. The Disposal was completed on 21 December 2021. The investment in Greyp was previously stated as financial assets at FVTPL, and there was a realised loss on the Disposal amounted to HK\$2.6 million recognised in the current year profit or loss. All of the applicable percentage ratios of the Disposal are less than 5% under Chapter 14 of the Listing Rules.

LIQUIDITY AND FINANCIAL RESOURCES

The directors have considered various ways of raising funds and consider that the subscription and placing of shares represents an attractive opportunity to raise capital for the Company while broadening the shareholder base and capital base of the Company. Due to the rapid expansion of the business mentioned above, the Group may continue to seek external financial resources in the future in order to finance its operations. As at 31 March 2022, the net asset value of the Group amounted to approximately HK\$1,810.7 million (2021: HK\$2,071.5 million). The gearing ratio of the Group was 1.20% (2021: 0.54%) and the equity attributable to owners of the Company was approximately HK\$1,853.8 million (2021: HK\$2,107.7 million).

As at 31 March 2022, the Group's other payables and accruals amounted to HK\$156.7 million (2021: HK\$142.0 million), an increase of 10.4% was attributable to the 3.4% appreciation of Renminbi against the Hong Kong Dollar and the increase in the construction cost payables for the manufacturing plant of electric vehicles in Chongqing. The other payables and accruals mainly represented (i) the government grant in relation to the acquisition of land use rights of approximately HK\$67.4 million (2021: HK\$64.7 million), which has not been recognised as a reduction of construction costs in property, plant and equipment after the completion of the construction of the manufacturing plant in Chongqing as the conditions of the government grant have not been fulfilled; and (ii) the construction cost incurred for the manufacturing plant in Chongqing of approximately HK\$56.5 million (2021: HK\$53.1 million), with the construction of the main building blocks having been completed in the previous years.

As at 31 March 2022, the Company has (i) outstanding convertible notes in the principal amount of HK\$7.5 million (2021: HK\$7.5 million) which could be converted into 10,000,000 shares (2021: 10,000,000 shares) of the Company based on the conversion price of HK\$0.75 per share subject to the conversion restriction set out in the terms of the convertible notes in relation to the compliance with the relevant requirements of the Codes on Takeovers and Mergers and Share Buy-backs and the Listing Rules; and (ii) outstanding share options entitling participants to subscribe for a total of 620,600,000 shares (2021: 615,100,000 shares) of the Company, for which 605,600,000 shares (2021: 615,100,000 shares) are vested.

The operating cash flows of the Group are mainly denominated in HK 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 2022, the Group had unpledged cash and bank balances of approximately HK\$4.7 million (2021: HK\$52.7 million), of which 41.1% (2021: 83.5%) was denominated in HK dollars, 33.4% (2021: 14.6%) was denominated in Renminbi, 15.1% (2021: 0.1%) was denominated in US dollars, 9.0% (2021: 1.0%) was denominated in JPY and 1.0% (2021: 0.6%) was denominated in Euro.

During the reporting period, the exchange rate of the Renminbi appreciated by approximately 3.4% against the HK dollar. This had a positive impact on the Group's results thanks to the increased value of the Group's assets that are denominated in Renminbi. The Group has not entered into any foreign currency exchange forward contracts for hedging purposes for Renminbi during the year. Foreign exchange exposure in respect of US dollars is considered to be minimal as the exchange rate between HK dollars and US dollars is pegged. Foreign exchange exposure in respect of the Euro is also considered to be minimal in the current year. The Group will closely monitor its currency exposure and, when it considers appropriate, will take the necessary actions to ensure that such exposure is properly hedged.

USE OF PROCEEDS

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

	Actual use of proceeds up to the date of this announcement HK\$'000 (approximately)
General working capital for the settlement of administrative expense including but not limited to (i) staff cost; (ii) rental expenses; and (iii) legal and professional fee	19,200
Purchasing the raw materials for the development of electric vehicle business of the Group	10,200
Acquisition of Quantron for the expansion and strengthening of the electric vehicle business of the Group	9,460
	<u>38,860</u>

On 24 June 2021, the Company issued 367,660,000 new shares to not less than six independent third parties at a price of HK\$0.15 per share under the general mandate granted to the directors of the Company at the annual general meeting of the Company held on 31 August 2020. The net proceeds from the placing after deducting the commission payable to the placing agent and other related expenses were approximately HK\$46.8 million. The net proceeds have partly been utilized as per intended use, as outlined below:

	Actual use of proceeds up to the date of this announcement HK\$'000 (approximately)
General working capital for the settlement of administrative expense including but not limited to (i) staff cost; (ii) rental expenses; and (iii) legal and professional fee	23,587
Purchasing the raw materials for the development of electric vehicle business of the Group	13,592
Acquisition of Quantron for the expansion and strengthening of the electric vehicle business of the Group	9,621
	<hr/>
	46,800
	<hr/> <hr/>

PROSPECTS

Although the impact of COVID-19 has progressively becoming less serious, especially from second quarter of 2022, the impact remains significant during the year under review. The global economy has slowly recovered from the impact of COVID-19, however, the world's economy is still full of uncertainties including geopolitical conflicts and high inflation.

The Group believes that the new energy sectors are a major trend in improving air pollution and enhancing economic sustainability and are therefore a key focus of global interest. With this in mind, the use of electric vehicles with zero emissions is becoming increasingly widespread worldwide. With the Group's diversification of business into overseas export markets, it is confident that the eBus and EVs business will grow at a fast pace, contributing more to the Group's overall revenue and elevating its business to the next level. The Group is well positioned and confident in its ability to further develop the market and is also capable of expanding and capturing new opportunities as they arise.

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

CHARGES ON THE GROUP'S ASSETS AND CONTINGENT LIABILITIES

As at 31 March 2022, the Group has pledged a leasehold land and building in Wulong Chongqing with an aggregate carrying value of approximately RMB32.8 million to secure bank borrowing of approximately HK\$7.0 million (31 March 2021: HK\$ nil). Also, a land use right located in Guangxi with carrying value of RMB6.6 million and a land use right located in Qijiang Chongqing with carrying value of RMB46.2 million and construction in progress thereon with carrying value of RMB53.2 million have been restricted to transfer and has been ordered to be detained for a period of three years until 28 April 2024 and 29 March 2025 respectively. 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 2022 and 2021.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2022, the Group employed 89 (2021: 111) full-time managerial and skilled staff principally in Hong Kong and the PRC. The Group also engaged some international advisors in Europe to support its growth strategy in the global market. The Group is now working on a cost optimization plan in order to ensure maximum efficiency. During the current year, the total employee expenses, excluding the share-based payments, have decreased 13.8% to HK\$19.3 million (2021: HK\$22.4 million).

The Group remunerates and provides benefits for its employees based on current industry practices. Discretionary bonuses and other individual performance bonuses are awarded to staff based on the financial performance of the Group and performance of individual staff. In the PRC, the Group provides staff welfare for its employees in accordance with prevailing labor legislation. In Hong Kong, the Group provides staff benefits including the mandatory provident fund scheme and medical scheme. In addition, share options and share awards are granted to eligible employees in accordance with the terms of the Company's Share Option Scheme adopted on 30 August 2013 and the Company's Share Award Plan adopted on 8 May 2019.

On 7 April 2021, the Company granted 15,000,000 share options under the Share Option Scheme to a participant at the exercise price of HK\$0.142 per share for a period of ten years from the date of the grant. During the year, no ordinary shares were issued in relation to the share options exercised by participants under the Share Option Scheme of the Company.

On 13 April 2021, the Board resolved to cancel and replace the previous award on 25 October 2019 by granting a new awards of a total of 97,000,000 shares to the Selected Participants. The first 50% of the Awarded Shares, i.e. 48,500,000 shares have been vested on the date of grant and the remaining 50% of the Awarded Shares have been vested on 25 October 2021. Details of the Share Award Plan are set out in note 16.

EVENTS AFTER THE REPORTING DATE

- (a) On 11 January 2022, the Company entered into an indicative term sheet with two subscribers (the “**Subscribers**”) to which the Company intends to issue a convertible notes in the principal amount of HK\$600.0 million (the “**Convertible Notes**”). On 14 June 2022, a subscription agreement was entered with the Subscribers regarding the Convertible Notes.

The Convertible Notes comprise three equal tranches of a nominal value of HKD200.0 million each. Each of the Tranche 1 and Tranche 2 Notes shall comprise 40 equal sub-tranches of HK\$5.0 million each and the Tranche 3 Notes shall comprise 20 equal sub-tranches of HK\$10.0 million each. The Tranche 1 Notes will be issued by the Company under the general mandate, where the Tranche 2 and Tranche 3 Notes will be issued by the Company under specific mandates.

The maximum number of conversion shares convertible under the Tranche 1 Notes shall be 1,800 million conversion shares, representing approximately 19.98% of the existing issued share capital of the Company. The maximum number of conversion shares convertible under the Tranche 2 and Tranche 3 Notes will be 1,400 million conversion shares and 1,000 million conversion shares respectively.

For the first five sub-tranches of Tranche 1 Notes, the Convertible Notes shall be converted into new shares of the Company at the discretion of the Subscribers at HK\$0.0594. For the remaining Tranche 1, Tranche 2 or Tranche 3 Notes, the Convertible Notes shall be converted into new shares of the Company at the discretion of the Subscriber at 90% of the average of the closing prices per share on any 3 consecutive business days during the 30 business days immediately preceding the relevant conversion date of the Convertible Notes. Completion is subject to the fulfillment or waiver of the conditions precedent set out in the subscription agreement.

A special general meeting will be convened and held for the shareholders to consider and, if thought fit, approve the Tranche 2 and Tranche 3 Notes and the transactions contemplated thereunder.

- (b) On 8 June 2022, the Company entered into a legally binding term sheet (the “**Term Sheet**”) with a purchaser (the “**Purchaser**”) to which the Company has conditionally agreed to sell a sale shares (representing an aggregate of 13.85% of the entire equity interest of Quantron) at the total consideration of EUR12.5 million (equivalent to approximately HK\$105.0 million). The Company will publish further announcements upon the entering of the definitive sale and purchase agreement with the Purchaser. This disposal constitutes a major transaction for the Company under Rule 14.06(4) of the Listing Rules. A special general meeting will be convened and held for the Shareholders to consider and, if thought fit, approve the Term Sheet and the transactions contemplated thereunder.

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.

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 2022.

During the year, Mr. Hu Guang retired as an independent non-executive director and ceased to be a member of the audit committee of the Company on 20 August 2021, the number of independent non-executive directors and members of the audit committee of the Company fell below the requirements under Rules 3.10(1) and 3.21 of the Listing Rules. Following the appointment of Mr. Lee Kwok Leung on 16 November 2021 as an independent non-executive director and the member of the audit committee of the Company, the Company has complied with Rule 3.10(1) of the Listing Rules in relation to the composition of the board and Rule 3.21 of the Listing Rules with regard to the composition of the audit committee.

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 2022.

CHANGE IN DIRECTORS' INFORMATION UNDER RULE 13.51B(1) OF THE LISTING RULES

Since the publication of the latest interim report and up to the date of this announcement, changes in directors' information are set out below:

- The terms of appointment of Dato' Tan Yee Boon, independent non-executive director of the Company, have been renewed for a further two years from 18 June 2022 to 17 June 2024 at a director's fee of HK\$100,000 per annum.

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

AUDIT COMMITTEE

The Company has an Audit Committee which was established in accordance with the requirements of the Code and comprised of three independent non-executive directors, Mr. Chan Francis Ping Kuen, Mr. Lee Kwok Leung and Dato' Tan Yee Boon. The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group, and discussed auditing, internal control and financial reporting matters including the review of the annual results for the year.

SCOPE OF WORK OF BDO LIMITED

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 March 2022 have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on the preliminary announcement.

PUBLICATION

The Company's 2022 annual report which sets out all the information required to be disclosed under Appendix 16 of the Listing Rules, will be published on the website of the Company and the Stock Exchange in due course.

On behalf of the Board
Ev Dynamics (Holdings) Limited
Cheung Ngan
Chairman

Hong Kong, 29 June 2022

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