



EvDynamics

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

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



2024
Annual Report



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CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. Cheung Ngan (*Chairman*)
Mr. Miguel Valldcabres 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
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LEGAL ADVISOR IN HONG KONG

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BRANCH REGISTRAR IN HONG KONG

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STOCK CODE

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PRINCIPAL REGISTRAR

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Hamilton HM 10
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

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Wanchai, Hong Kong

AUTHORISED REPRESENTATIVE

Ms. Chan Hoi Ying
Mr. Leung Wai Chun, CPA

COMPANY SECRETARY

Mr. Leung Wai Chun, CPA

PRINCIPAL BANKER

Bank of Communications Co., Ltd
Hang Seng Bank Limited

WEBSITE

www.evdynamics.com

CHAIRMAN'S STATEMENT

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 2024.

RESULTS

During the year ended 31 March 2024, the Group recorded revenue of approximately HK\$42.2 million (2023: HK\$36.3 million) derived from the sales of electric vehicles. The gross profit was approximately HK\$2.7 million (2023: gross loss of approximately HK\$0.6 million). Excluding the loss on write-down of inventories of approximately HK\$6.9 million (2023: HK\$4.8 million), the gross profit was approximately HK\$9.6 million (2023: HK\$4.2 million) and the gross profit ratio was 22.7% (2023: 11.5%). The increase in revenue and gross profit for the sales of electric vehicles during the year was mainly due to the increase in selling price of the products. The Group has continued its momentum in overseas markets by enhancing its network on export sales and hence targeting an upward trend on the sales turnover year on year.

The Group recorded a loss of approximately HK\$326.8 million for the year as compared to a loss of approximately HK\$81.4 million for last year. The increase in loss was mainly due to (i) the increase in impairment loss on mining assets in Guangxi to approximately HK\$170.6 million (2023: HK\$96.4 million); and (ii) a negative change in fair value and realised loss on disposal of financial assets at fair value through profit or loss ("FVTPL") amounted to approximately HK\$72.1 million was recognised during the year (2023: positive change in fair value of HK\$87.7 million).

The loss attributable to the owners of the Company was approximately HK\$319.3 million (2023: HK\$81.2 million). Basic and diluted loss per share for the year was HK\$0.34 per share (2023: HK\$0.09 per share (restated)).

DIVIDEND

The directors of the Company do not recommend the payment of any dividend for the year ended 31 March 2024 (2023: 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

27 June 2024

MANAGEMENT DISCUSSION AND ANALYSIS

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 the process of undergoing the vehicle type approval and examination on an order from the Hong Kong Productivity Council ("HKPC") 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 HKPC'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 HKPC or other customers coming.

The Group had launched its full electric 19-seat low-floor minibus ("APEX-MINI"), a model which 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. The Group is currently in progress on delivering small trial orders from a local green minibus operator and a non-governmental organization.

During the year, the Group has been successfully awarded a contract of supplying the first electric mobile command unit (the "EMCU") for the Hong Kong Fire Services Department. This EMCU is equipped with a powerful 350kW electric motor and a battery capacity of 422kWh. There is also a high-capacity uninterruptable power supply system to support the wireless communication and electronic dispatch system, with a generator and a public power connection device to ensure the continuous normal operation of the system in any situation.

The Group will continue to explore the business opportunities in the Hong Kong market, and we believe that we will be able to successfully market and sell our vehicles and remain competitive in this sector.

MANAGEMENT DISCUSSION AND ANALYSIS

Southeast Asian market

The Group continues to penetrate in the Philippines market, a country that committed to strengthen its “green” policies. In the past few years, 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 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 and there are over 60 units of COMET that have been operating in the Philippines up to the reporting date. The overall delivery schedule of further units has been postponed due to the delay in progress payment from the customer because of the current market sentiment and the prevailing high interest rate.

Apart from the Philippines market, the Group continued to explore the market opportunities and promote the new energy products and solutions among Asian markets such as Thailand and Singapore.

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, of which 200 units order has been completed in the first half of the calendar year 2023 and by far has contributed more than HK\$70 million turnover for the Group. The remaining units have been partly completed but the delivery has been held up because of modification requests from the customer. The Group is currently considering another distribution channel for selling those completed units through some local resellers. Not only does this alternative way recover at least HK\$90 million revenue for the Group, but also creates an opportunity to broaden the customer base. 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 2021, the Company subscribed a total of 9,157 shares in Quantron AG (“Quantron”), a company incorporated in Germany principally engaged in e-mobility in inner-city and regional passenger and freight transport. Details of the subscriptions are disclosed in the announcements of the Company dated 30 April 2021 and 29 July 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

On 23 November 2022, the Company has entered into a sale and purchase agreement with a purchaser (the “First Purchaser”), pursuant to which the Company has agreed to dispose of 3,238 shares of Quantron (representing approximately 4.9% of equity interest in Quantron at the material time) at consideration of approximately EUR5.6 million. During the year, the First Purchaser defaulted on settling the outstanding consideration. On 13 November 2023, the Company and the First Purchaser entered into a termination agreement (the “Termination Agreement”), pursuant to which only 775 shares of Quantron (representing approximately 1.1% of equity interest in Quantron) was sold to the First Purchaser at a consideration of EUR0.9 million, being the deposit received up to the date of the Termination Agreement. On the same date, the Company entered into another sale and purchase agreement with an independent third party (the “Second Purchaser”) to dispose of 4,521 shares of Quantron (representing approximately 6.4% of equity interest in Quantron) at consideration of EUR1.0 million. During the reporting period, the consideration has been received and the transactions have been completed. Details of the above disposals are set out in the announcements of the Company dated 23 November 2022, 25 November 2022 and 13 November 2023.

On 12 March 2024, the Company entered into a loan agreement (the “Loan Agreement”) with a lender (the “Lender”) for advance of a loan facility of approximately EUR0.6 million for three months (the “Loan”). The Loan is secured by a pledge of 2,666 shares of Quantron (the “Pledged Quantron Shares”). Subsequent to the reporting period, on 6 June 2024, taking into consideration of the short-term working capital of the Group, the Board has notified the Lender that the settlement will not be made at the maturity of the Loan. Accordingly, the Lender has enforced the pledge and the Pledged Quantron Shares were transferred to the Lender as full settlement of the Loan. Upon transfer of the Pledged Quantron Shares, no further costs, fees, interest nor any other means of compensation shall be made by the Company to the Lender under the Loan Agreement.

Business outlook

Although the Group has concluded sizable contracts and orders from overseas, the recent sluggish economic sentiment and the rising market interest rate have inevitably created pressure on our customers, causing the overall delivery schedule to remain slow. Also, geopolitical factors have posed difficulties and challenges to the Group. Nevertheless, the Group has continued exploring solutions and opportunities in different market sectors. We are confident that our new energy business will be the key growing factors in the near future.

MANAGEMENT DISCUSSION AND ANALYSIS

Suitong Disposal

On 2 June 2023, the Group has entered into a sale and purchase agreement for selling its entire equity interests in a group of subsidiaries (the “Target Group”) to an independent third party (the “Purchaser”) at a consideration of RMB34 million (the “Suitong Disposal”). The intended assets to be disposed of are certain intangible assets including the modified bus enterprise status which is embedded with the entity of Chongqing Suitong New Energy Automotive Manufacturing Co., Ltd. (“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 of Suitong and the qualifications to manufacture and export electric vehicles to overseas customers. There are no material impact on the business operation of the Company during and after the transitional period. Details of the Suitong Disposal are set out in the announcements dated 4 June 2023 and 7 June 2023.

As at 31 March 2024, certain restructuring steps have been completed. The Target Group will be disposed to the Purchaser and the transaction will be completed upon completion of the transfer of all major assets of Suitong including the land use right to the Group.

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. No exploration, development or production activity related to the Glauberite Mine was conducted during the year ended 31 March 2024. 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.

MANAGEMENT DISCUSSION AND ANALYSIS

Mineral resources and ore reserves

The following table sets out the mineral information of the Guangxi Glauberite Mine as at 31 March 2024:

Wireframe	Classification	Tonnes (‘000)	Na ₂ SO ₄ (%)	Na ₂ SO 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% 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 2024 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 5 June 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

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 16-year period from 2026 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 2024 and 2023.

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 2024 and 2023 as disclosed in Note 19 to the consolidated financial statements is as follows:

#	Key assumptions	FY2024	FY2023
1	Thenardite price per ton	RMB752	RMB825
2	Required rate of return for working capital	3.68%	3.68%
3	Required rate of return for fixed assets	12.55%	12.96%
4	Required rate of return for assembled workforce	18.41%	20.17%
5	Post-tax discount rate	23.91%	25.67%
6	Income growth rate within the projected period	2.54%	2.90%
7	Cost growth rate within the projected period	1.38%	1.58%

MANAGEMENT DISCUSSION AND ANALYSIS

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.
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 2024.
7. Cost growth rate within the projected period	The geometric average of the China Producer Price Index year-over-year from 2002 to 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

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 2024 and 2023 are set out as follows:

1. *Thenardite price per ton*

The thenardite price per ton adopted in the valuation decreased from RMB825 per ton for the year ended 31 March 2023 to RMB752 per ton for the year ended 31 March 2024 as a result of the dropped in average price 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 2024 and 2023.

3. *Required rate of return for fixed assets*

The required rate of return for fixed assets was 12.55% for the year ended 31 March 2024 (2023: 12.96%).

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

The required rate of return for assembled workforce dropped to 18.41% (2023: 20.17%) and the post-tax discount rate dropped to 23.91% (2023: 25.67%) for the year ended 31 March 2024. The reason for both declines was mainly attributable to the lower risk free rate with lower weight of equity.

6. *Income growth rate within the projected period*

The income growth rate within the projected period dropped to 2.54% for the year ended 31 March 2024 (2023: 2.90%), being the geometric average of the "China Producer Price Index – Non-Metals Minerals Mining and Dressing".

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 1.58% for the year ended 31 March 2023 to 1.38% for the year ended 31 March 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

The movement of the mining assets of the Group for the year ended 31 March 2024 as disclosed in Note 19 to the consolidated financial statements is extracted as follows:

	HK\$'000
As at 1 April 2023	1,380,000
Impairment loss	(170,631)
Exchange realignment	<u>(70,369)</u>
As at 31 March 2024	<u>1,139,000</u>

The fair value of the mining assets decreased from approximately HK\$1,380.0 million (equivalent RMB1,207.4 million) as at 1 April 2023 to approximately HK\$1,139.0 million (equivalent RMB1,051.2 million) as at 31 March 2024, which was mainly attributable to the following reasons:

- (i) the present value of the estimated excess income decreased as a result of the dropped in thenardite price by approximately 8.85% from last year; 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 1.14 for the year ended 31 March 2023 to 1.08 for the year ended 31 March 2024.

The impairment loss of approximately HK\$170.6 million (2023: HK\$96.4 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.

MANAGEMENT DISCUSSION AND ANALYSIS

Update of development of the Glauberite Mine

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 RMB8.6 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. 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.

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. On 18 September 2023, the Group has received a further revocation notice from the Resources Bureau and confirmed the revocation decision on the land use right of the Guangxi Land. Hence, the related right-of-use asset has been fully depreciated in relation to the revocation during the year ended 31 March 2024. In June 2024, the Group has an administrative litigation against the Resources Bureau in relation to the revocation of the land use right of the Guangxi Land and the court hearing will be held on 26 July 2024.

Despite the difficulties encountered on the development of the Glauberite Mine as a result of the administrative issue on the land use rights of the local government, the Group has continued to explore other opportunities and solutions to develop and commence operation of the Glauberite Mine. The Group is considering the possibility of implementing a modified mining plan (the “Revised Mining Plan”) for which the acquisition of further land use rights may not be necessary. The Revised Mining Plan utilises the latest modern technology to allow the extraction of the minerals in the Glauberite Mine in a more efficient manner as compared to the original mining plan. On 22 June 2023, the Group entered into a contract with the Institute of Process Engineering of Chinese Academy of Sciences (the “CAS”), pursuant to which CAS shall provide solutions for the design of construction plans and engineering process of the extraction of the minerals of the Glauberite Mine leveraging on the latest mining technology, and the respective environmental, energy and safety feasibility studies. In July 2023, the Company further engaged China Tianchen Engineering Corporation (“TCC”), a company managed by the State-owned Assets Supervision and Administration Commission of the State Council, to assist in the preparation of the feasibility studies report.

MANAGEMENT DISCUSSION AND ANALYSIS

In early 2024, the Group received the first study report from the TCC which provided a set of qualitative and financial analysis of the Revised Mining Plan. The report showed positive results on various economic indicators that demonstrate the potential profitability and financial viability. The management is still under discussion in considering various factors of the report. The implementation of the Revised Mining Plan is subject to, among other things (i) the final result of the feasibility studies from CAS and TCC; and (ii) the approval of the Company after considering factors from result of the feasibility studies, the cash flow of the Company and valuation report of the Glauberite Mine to be further conducted based on the Revised Mining Plan. The Revised Mining Plan, if implemented, may either lease factories or subcontract the processing functions to third parties. Accordingly, the Company is of the view that, the Revised Mining Plan, if implemented, may allow the Company to resolve the uncertainties in relation to the land use rights issue and facilitate the development of the Glauberite Mine.

Litigation against Guangxi Weiri

On 9 December 2022, one contractor (the “Guangxi Contractor”) has commenced an arbitration against Guangxi Weiri (the “Arbitration”). The Contractor applied to the People’s Court of Qingxiu District Nanning Municipality (the “Qingxiu Court”) requesting Guangxi Weiri for the payment of the contract sum and respective interest in the aggregate amount of approximately RMB2.5 million in relation to a construction and exploration contract entered into by Guangxi Weiri and the Guangxi Contractor in December 2014. On 13 April 2023, the first hearing was held by the Qingxiu Court in relation to the Arbitration. On 25 May 2023, the Guangxi Contractor applied to the Qingxiu Court for the judicial preservation of assets of Guangxi Weiri in the amount of approximately RMB2.5 million.

Pursuant to a notice from the Qingxiu Court (the “Notice”) dated 12 June 2023, which was received by the management of the Company on 5 July 2023, the mining rights of the Glauberite Mine held by Guangxi Weiri (the “Mining Rights”) was frozen for judicial preservation (the “Preservation”) in relation to the Arbitration for a period of three years from 26 May 2023 to 26 May 2026. On 30 June 2023, the Group received the decision from the Qingxiu Court that ordered Guangxi Weiri to pay the Guangxi Contractor RMB0.9 million plus interest. The Company has consulted its legal adviser and understands that (i) the Preservation only prohibits the change of legal title of the Mining Rights by Guangxi Weiri, but does not affect the rights entitled by Guangxi Weiri under the Mining Rights, including the business operations and exploration or exploitation activities of the Glauberite Mine; and (ii) the Preservation of the Mining Rights will be lifted immediately in the event the Company settles the RMB0.9 million plus interest in accordance with the decision of the Qingxiu Court for the Arbitration. As such, the Company considers there are no legal obstacle in relation to the development of the Glauberite Mine with the Mining Rights. As at 31 March 2024, an estimated amount of approximately RMB1,583,000 has been provided and included in “other payables and accruals”.

MANAGEMENT DISCUSSION AND ANALYSIS

Litigation against Wise Goal

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 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. In October 2023, an application of re-examination has been submitted to The Supreme People's Court of the PRC and the first court hearing was held on 20 May 2024. Up to date of this report, the Group has not received the court decision.

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 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.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

The Group generated revenues from the sales of electric vehicles amounted to approximately HK\$42.2 million (2023: HK\$36.3 million) for the year, increased by 16.2% over last year. The geographical areas in which the customers are located is as follows:

	2024		2023	
	HK\$'000	%	HK\$'000	%
Mexico	42,239	100.0	35,567	97.9
India	—	—	780	2.1
Total	42,239	100.0	36,347	100.0

Gross profit/(loss)

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

During the year, an approximately HK\$6.9 million write-down of inventories is recognised as cost of sales (2023: HK\$4.8 million). The write-down was attributable to the dead stocks including the unsold traditional bus and other aging raw materials. Excluding the write-down of inventories, the gross profit of the Group was approximately HK\$9.6 million (2023: HK\$4.2 million) and the gross profit margin increased to 22.7% (2023: 11.5%) in the current year. The gross profit improvement was resulted from an increase in selling price of the products.

Administrative and other operating expenses

Administrative expenses amounted to approximately HK\$60.5 million (2023: HK\$88.2 million) for the year, decreased by 31.4% as compared to last year. Administrative expenses mainly consist of (i) employee compensation, including salaries and other benefits; (ii) legal and professional fees; and (iii) amortisation and depreciation expenses. Details of the items are set out in Note 11 to the consolidated financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

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 2024 is RMB1,051.2 million, which is lower than its carrying value of RMB1,207.4 million and hence the impairment loss on the mining assets of RMB156.2 million, equivalent to HK\$170.6 million (2023: HK\$96.4 million) was made in the current year. The decrease in fair value of the mining assets was due to the dropped in thernadite price from RMB825 per ton to RMB752 per ton.

Change in fair value and realised loss on disposal of financial assets at FVTPL

During the year ended 31 March 2024, the amounts represented (i) an amount of approximately HK\$36.8 million (2023: positive change of HK\$87.7 million) recognised as negative change in fair value on the remaining 5.47% of equity interests in Quantron held by the Company; and (ii) an realised loss of approximately HK\$35.3 million (2023: HK\$nil) recognised on the disposals of 6.4% of equity interests in Quantron. Details of the items are set out in Notes 22 and 43 to the consolidated financial statements.

Expected credit losses in relation to other receivables

During the year ended 31 March 2024, no provision for expected credit losses for other receivables was recognised (2023: approximately HK\$14.1 million).

Finance costs

Finance costs consist of interests on lease liabilities, bank loan and other borrowings.

Other income

Other income primarily consists of rental income, government grants, sundry income and interest income. The other income amounted to approximately HK\$2.0 million (2023: HK\$42.1 million) for the year. The amount plunged dramatically was primarily due to (i) a one-off gain of approximately HK\$24.1 million recognised in the previous year upon settlement of a litigation of Qijiang new plant; and (ii) a one-off gain of approximately HK\$13.5 million recognised in the previous year from a deemed disposal of a subsidiary.

MANAGEMENT DISCUSSION AND ANALYSIS

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 12 March 2024, the Company entered into a Loan Agreement with the Lender for advance of a Loan of approximately EUR0.6 million for three months. Details of the Loan are set out in the “Business Review” above.

As at 31 March 2024, the net asset value of the Group amounted to approximately HK\$1,216.3 million (2023: HK\$1,618.3 million). The gearing ratio of the Group was 2.33% (2023: 1.59%) and the equity attributable to owners of the Company was approximately HK\$1,246.2 million (2023: HK\$1,658.9 million).

As at 31 March 2024, the Group’s other payables and accruals amounted to HK\$66.7 million (2023: HK\$29.4 million). The dramatic increase of 126.88% was mainly attributable to the deposit received and certain accounts payable settled by the Purchaser for the Suitong Disposal. Details of the disposal are set out in the “Business Review” above.

As at 31 March 2024, the Company has outstanding share options entitling participants to subscribe for a total of 92,410,000 shares (2023: 92,410,000 shares (after adjustment of the Share Consolidation)) of the Company, for which 92,410,000 (2023: 92,410,000 (after adjustment of the Share Consolidation)) share options 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 2024, the Group had unrestricted cash and bank balances of approximately HK\$13.9 million (2023: HK\$1.4 million), of which 6.9% (2023: 31.6%) was denominated in HK dollars and 80.3% (2023: 52.7%) was denominated in Renminbi.

During the reporting period, the exchange rate of the Renminbi depreciated by approximately 5.3% 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.

MANAGEMENT DISCUSSION AND ANALYSIS

CAPITAL STRUCTURE

Details of the capital structure of the Group are set out in the Note 41 to the consolidated financial statements.

On 13 October 2023, the Company underwent a share consolidation for every ten (10) issued and unissued existing shares of par value of HK\$0.01 each be consolidated into one (1) consolidated share of par value of HK\$0.1 each (the "Share Consolidation"). Details of the Share Consolidation are set out in the circular of the Company dated 18 September 2023.

CHARGES ON THE GROUP'S ASSETS AND CONTINGENT LIABILITIES

As at 31 March 2024, the Group has pledged a leasehold land and building in Wulong Chongqing with an aggregate carrying value of approximately RMB30.4 million to secure bank borrowing of approximately HK\$4.9 million (2023: HK\$5.8 million).

The Mining Rights were frozen for the Preservation in relation to the Arbitration for a period of three years from 26 May 2023 to 26 May 2026. Details of the Arbitration are set out in the "Business Review" above.

As at 31 March 2024, the plant and machinery with carrying amount of HK\$2,122,000 and motor vehicles with carrying amount of HK\$289,000 were frozen under preservation orders related to the legal case mentioned in Note 47(c) to the consolidated financial statements.

During the year ended 31 March 2024, the Company pledged 2,666 shares of Quantron (which recognised as financial assets at FVTPL) for the Loan of approximately EUR0.6 million for three months. Details of the Loan 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 2024.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2024, the Group employed 54 (2023: 62) 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 schemes.

EVENTS AFTER THE REPORTING DATE

On 30 May 2024, the Group entered into a share transfer agreement with a buyer to dispose of its 49% equity interest in Japan Dynamics Company Limited ("Japan Dynamics") at a consideration of JPY10,000 (equivalent to HK\$500). Up to the date of the report, the disposal was completed and Japan Dynamics ceased to be an associate of the Group since then.

On 6 June 2024, taking into consideration of the short-term working capital of the Group, the Board has notified the Lender that the settlement will not be made at the maturity of the Loan. Accordingly, the Lender has enforced the pledge and the Pledged Quantron Shares were transferred to the Lender as full settlement of the Loan. Details of the Loan are set out in the "Business Review" above.

On 26 June 2024, the Board proposed to implement the capital reorganisation (the "Capital Reorganisation") for the purpose of reducing the par value of each Share, pursuant to which (i) the par value of each issued Share will be reduced from HK\$0.10 to HK\$0.01 (the "Capital Reduction"); and (ii) immediately following the Capital Reduction, each of the authorised but unissued Shares will be subdivided into ten authorised but unissued Shares. On the same date, the Company proposed, subject to the Capital Reorganisation becoming effective, to conduct a rights issue (the "Rights Issue") to raise up to approximately HK\$132.2 million before expenses by way of the issuing up to 1,391,951,844 rights shares at the subscription price of HK\$0.095 per rights share on the basis of three rights shares for every two existing Share. Details of the Rights Issue are set out in the announcement published on 26 June 2024.

REPORT OF THE DIRECTORS

The directors herein present their report and the audited financial statements of the Group for the year ended 31 March 2024.

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 and sales of electric vehicles and 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 2024 are set out in the "CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME" on pages 72 to 73 of this annual report.

The directors do not recommend the payment of any dividend for the year (2023: 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 21 of this annual report.

REPORT OF THE DIRECTORS

Financial key performance indicators

Set forth below are certain key performance indicators of the Group for the years ended 31 March 2024 and 2023:

	2024	2023
Revenue	HK\$42.2 million	HK\$36.3 million
Loss attributable to owners of the Company	HK\$(319.3 million)	HK\$(81.2 million)
Current ratio (current assets divided by current liabilities)	0.9 times	2.8 times
Gearing ratio (debts divided by equity attributable to owners of the Company)	2.33%	1.59%
Net assets value per share (net assets divided by total number of shares)	HK\$1.3	(restated) HK\$1.7

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 5.3% 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;

REPORT OF THE DIRECTORS

3. The development and sales of electric vehicles 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 51% (2023: 55%) and 100% (2023: 100%) 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 2024" which is published on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.evdynamics.com.

REPORT OF THE DIRECTORS

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 consolidated financial statements.

REPORT OF THE DIRECTORS

RESULTS

	Year ended 31 March				
	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000	2020 HK\$'000
REVENUE	42,239	36,347	49,947	23,788	5,086
LOSS BEFORE INCOME TAX	(326,951)	(81,518)	(418,709)	(788,146)	(164,103)
Income tax credit	122	127	3,618	851	2,081
LOSS FOR THE YEAR	(326,829)	(81,391)	(415,091)	(787,295)	(162,022)
ATTRIBUTABLE TO:					
Owners of the Company	(319,337)	(81,160)	(408,335)	(780,525)	(146,850)
Non-controlling interests	(7,492)	(231)	(6,756)	(6,770)	(15,172)
	(326,829)	(81,391)	(415,091)	(787,295)	(162,022)

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	As at 31 March				
	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000	2020 HK\$'000
TOTAL ASSETS	1,351,168	1,709,870	2,011,715	2,243,525	2,755,389
TOTAL LIABILITIES	(134,869)	(91,554)	(201,065)	(172,073)	(147,674)
NON-CONTROLLING INTERESTS	29,914	40,609	43,186	36,280	26,446
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	1,246,213	1,658,925	1,853,836	2,107,732	2,634,161

REPORT OF THE DIRECTORS

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 76 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 2024 (2023: 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.

REPORT OF THE DIRECTORS

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	100.0%
– Five largest customers combined	100.0%
Purchases	
– The largest supplier	97.0%
– Five largest suppliers combined	99.3%

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 Valdecabres 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

Mr. Lee Kwok Leung and Dato' Tan Yee Boon 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 AGM.

In accordance with the Bye-law 111, Mr. Miguel Valdecabres Polop shall retire from office of directors by rotation at the forthcoming AGM and will not offer himself for re-election due to his personal commitments on his other business. Mr. Miguel Valdecabres Polop will retire as an executive director and the chief executive officer of the Company upon conclusion of the forthcoming AGM. Mr. Miguel Valdecabres Polop has confirmed that he has no disagreement with the Board and there are no other matters that need to be brought to the attention of the shareholders of the Company and the Stock Exchange in respect of his retirement.

REPORT OF THE DIRECTORS

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.

REPORT OF THE DIRECTORS

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 schemes

2013 Share Option Scheme

The Company adopted a share option scheme (the "2013 Share Option Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group. The 2013 Share Option Scheme became effective on 30 August 2013 and expired on 30 August 2023.

As at the date of this report, upon the Share Consolidation became effective on 13 October 2023, 89,010,000 shares are available for issue under the 2013 Share Option Scheme, representing 9.59% of the issued shares of the Company. All outstanding options granted under the 2013 Share Option Scheme prior to its expiration will continue to be valid and exercisable in accordance with the rules of the 2013 Share Option Scheme.

The detailed movement of the share options under 2013 Share Option Scheme for the year ended 31 March 2024 are set out as follows:

					Number of underlying shares comprised in share options				
Name and category of participant	Date of grant	Exercise price	Adjusted exercise price (Note)	Adjusted closing price immediately before the date of grant (Note)	Outstanding at 1 April 2023	Adjusted during the year (Note)	Outstanding at 31 March 2024	Exercise period	Vesting period
Directors									
Mr. Cheung Ngan	20 December 2022	HK\$0.038	HK\$0.38	HK\$0.33	9,000,000	(8,100,000)	900,000	20 December 2022 to 19 December 2032	N/A
	10 March 2016	HK\$0.30	HK\$3.00	HK\$3.00	3,700,000	(3,330,000)	370,000	10 March 2016 to 09 March 2026	10 March 2016 to 11 March 2020
Mr. Miguel Valdecabres Polop	20 December 2022	HK\$0.038	HK\$0.38	HK\$0.33	90,000,000	(81,000,000)	9,000,000	20 December 2022 to 19 December 2032	N/A
	25 February 2021	HK\$0.13	HK\$1.30	HK\$1.10	80,000,000	(72,000,000)	8,000,000	25 February 2021 to 24 February 2031	N/A
Ms. Chan Hoi Ying	20 December 2022	HK\$0.038	HK\$0.38	HK\$0.33	9,000,000	(8,100,000)	900,000	20 December 2022 to 19 December 2032	N/A
	10 March 2016	HK\$0.30	HK\$3.00	HK\$3.00	3,700,000	(3,330,000)	370,000	10 March 2016 to 09 March 2026	10 March 2016 to 11 March 2020

REPORT OF THE DIRECTORS

Name and category of participant	Date of grant	Exercise price	Adjusted exercise price (Note)	Adjusted closing price immediately before the date of grant (Note)	Number of underlying shares comprised in share options			Exercise period	Vesting period
					Outstanding at 1 April 2023	Adjusted during the year (Note)	Outstanding at 31 March 2024		
Mr. Chan Francis Ping Kuen	20 December 2022	HK\$0.038	HK\$0.38	HK\$0.33	9,000,000	(8,100,000)	900,000	20 December 2022 to 19 December 2032	N/A
	10 March 2016	HK\$0.30	HK\$3.00	HK\$3.00	3,700,000	(3,330,000)	370,000	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\$0.38	HK\$0.33	9,000,000	(8,100,000)	900,000	20 December 2022 to 19 December 2032	N/A
Dato' Tan Yee Boon	20 December 2022	HK\$0.038	HK\$0.38	HK\$0.33	9,000,000	(8,100,000)	900,000	20 December 2022 to 19 December 2032	N/A
Other employees									
12 employees	20 December 2022	HK\$0.038	HK\$0.38	HK\$0.33	235,000,000	(211,500,000)	23,500,000	20 December 2022 to 19 December 2032	N/A
16 employees	25 February 2021	HK\$0.13	HK\$1.30	HK\$1.10	179,000,000	(161,100,000)	17,900,000	25 February 2021 to 24 February 2031	N/A
12 employees	10 March 2016	HK\$0.30	HK\$3.00	HK\$3.00	250,000,000	(225,000,000)	25,000,000	10 March 2016 to 09 March 2026	10 March 2016 to 11 March 2020
4 employees	11 April 2014	HK\$1.15	HK\$11.50	HK\$11.40	34,000,000	(30,600,000)	3,400,000	12 April 2016 to 10 April 2024	11 April 2014 to 12 April 2020
Total					924,100,000	(831,690,000)	92,410,000		

Note:

The exercise prices, the closing price immediately before the date of grant and the numbers of share options have been adjusted upon the Share Consolidation becoming effective on 13 October 2023.

2023 Share Option Scheme

In view of expiration of the 2013 Share Option Scheme and no further options can thereafter be offered or granted, the Company then adopted a new share option scheme (the "2023 Share Option Scheme") by way of an ordinary resolution at the annual general meeting of the Company held on 29 August 2023 (the "Adoption Date"). The 2023 Share Option Scheme, unless otherwise cancelled or amended, will remain in force for 10 years from the Adoption Date. As at the date of this annual report, the remaining life of the 2023 Share Option Scheme is approximately 9 years.

REPORT OF THE DIRECTORS

The purpose of the 2023 Share Option Scheme is to provide incentives and rewards to eligible participants who contribute to the success of the Group. Eligible participants of the 2023 Share Option Scheme are any employee (including directors) of the Company or any of its subsidiaries. The option period during which an option may be exercised will be determined by the directors at their discretion, save that such period does not exceed 10 years from the offer date of such option. Acceptance of the offer shall be made within 21 days after the offer date with payment of HK\$1 to the Company by way of consideration for the grant.

The maximum number of shares in respect of which options may be granted (the "Overall Scheme Limit") under the 2023 share option scheme shall not (when aggregated with any shares subject to any other share option scheme and share award plan that involve the issuance of new shares of the Company) exceed 10% of the issued share capital as at the Adoption Date. As at 31 March 2024, the total number of options available for grant under the Overall Scheme limit was 92,796,789.

The maximum number of shares in respect of which options may be granted to a specifically identified single participant under the 2023 Share Option Scheme in any 12-month period up to and including the date of such grant shall not (when aggregated with any shares subject to any other share option scheme and share award plan that involve the issuance of new shares of the Company excluding any options and awards lapsed in accordance with the terms of the 2023 Share Option Scheme and amended 2019 Share Award Plan (the "Schemes")) exceed 1% of the shares in issue. Each grant of options to a participant who is a director, chief executive or substantial shareholder of the Company, or any of their respective associates, under the 2023 Share Option Scheme must be approved by the independent non-executive directors of the Company (excluding any independent non-executive director who is the proposed grantee of such options). Where any grant of options to a substantial shareholder or an independent non-executive director of the Company, or any of their respective associates, would result in the shares issued and to be issued in respect of all options and awards already granted (excluding any options and awards lapsed in accordance with the terms of the Schemes) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the shares in issue, such further grant of options by the Board must be approved by the shareholders of the Company in general meeting (the vote on such approval to be taken on a poll) and whereby the Company must have sent a circular to the shareholders of the Company. The grantee, his/her associates and all core connected persons of the Company must abstain from voting in favour at such general meeting.

REPORT OF THE DIRECTORS

The exercise price of the share options shall be at least the higher of (i) the closing price of the shares on the Stock Exchange on the date of offer; and (ii) the average closing price of the shares on the Stock Exchange for the five business days immediately preceding the date of offer. The Board may, at its absolute discretion, specify performance targets that must be achieved before an option can be exercised and/or the minimum period for which an option must be held before it can be exercised which shall not be less than 12 months.

No share option has been granted 2023 Share Option scheme since its adoption.

2019 Share Award Plan

A share award plan (the “2019 Share Award Plan”) was adopted by the Company on 8 May 2019 and is effective for 10 years expiring on 8 May 2029 (or such date of early termination as determined by the Board, provided that such termination shall not affect any subsisting rights of any Selected Participants). As at the date of this report, the remaining life of the 2019 Share Award Plan is approximately 4 years and 9 months.

On 29 August 2023, certain amendments to the 2019 Share Award Plan were proposed by the Board and approved by the Shareholders of the Company to bring the 2019 Share Award Plan in line with the amendments to the Listing Rules relating to share schemes of listed issuer, which took effect on 1 January 2023. Details of the amended 2019 Share Award Plan are set out in the circular of the Company dated 28 July 2023.

The purpose of the amended 2019 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. Eligible participants of the amended 2019 Share Award Plan are any employee (including directors) of the Company or any of its subsidiaries.

Pursuant to the amended 2019 Share Award Plan, the Board may award shares to selected participants (“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.

REPORT OF THE DIRECTORS

The total number of shares which may be purchased and/or subscribed under the Schemes at any time shall not, in aggregate, exceed 10% of the total number of shares in issue as at 29 August 2023, being the date of approval of the Schemes by Shareholders. As at 31 March 2024, the total number of awards available for grant under the Overall Scheme Limit was 92,796,789.

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 together with any shares issued and to be issued under any options granted to such Selected Participant under any share option schemes of the Company 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 close associates (or associates if the Selected Participant is a connected person) 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.

Where any grant of awards to a Selected Participant who is a director, chief executive or substantial shareholder of the Company, or any of their respective associates, such grant must be approved by the independent non-executive directors of the Company (excluding any independent non-executive director who is the proposed grantee of the awards). However, if such grant would result in the shares issued and to be issued in respect of all awards granted (excluding any awards lapsed in accordance with the terms of the amended 2019 Share Award Plan) to such person in the 12-month period up to and including the date of such grant, representing in aggregate over 0.1% of the relevant class of shares in issue (excluding treasury shares), such further grant of awards must be approved by shareholders of the Company in general meeting (the vote on such approval to be taken on a poll) and whereby the Company must send a circular to the shareholders. The grantee, his/her associates and all core connected persons of the Company must abstain from voting in favour at such general meeting.

REPORT OF THE DIRECTORS

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 Board may, at its absolute discretion, specify conditions and/or performance targets that must be achieved before any of the awarded shares may be transferred to and vested in such Selected Participant under such award. The Board may also determine the earliest date (the “Earliest Vesting Date”) and other subsequent date on which the trustee may vest the legal and beneficial ownership of the awarded shares in the Selected Participant which shall not be less than 12 months from the date of acceptance of the award by the relevant Selected Participant unless otherwise permitted under the Listing Rules.

On 9 December 2022, a total of 270,000,000 (equivalent to 27,000,000 after adjustment on the Share Consolidation) shares were awarded to 3 employees under the 2019 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 (equivalent to HK\$0.36 after adjustment on the Share Consolidation), being the closing price at the date of grant.

No award was granted to any Selected Participant of the Group during the year ended 31 March 2024. There was no outstanding or unvested award in favour of any Selected Participant of the Group as at 31 March 2024 and no shares available for issue under the amended 2019 Share Award Plan as at the date of this report.

REPORT OF THE DIRECTORS

DIRECTORS' RIGHTS TO ACQUIRE SHARES

Movements of the outstanding share options granted to the directors during the year ended 31 March 2024 are set out on pages 30 to 31 of this annual report.

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 2024 and 2023 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 2024, 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:

REPORT OF THE DIRECTORS

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	77,132,495 (Note 1)	–	8.31%
	Interest of controlled corporation	1,000 (Note 2)	–	20%
Mr. Miguel Valdecabres Polop	Beneficial owner	17,000,000 (Note 3)	–	1.83%
Ms. Chan Hoi Ying	Beneficial owner	1,270,000 (Note 3)	–	0.14%
Mr. Chan Francis Ping Kuen	Beneficial owner	1,270,000 (Note 3)	–	0.14%
Mr. Lee Kwok Leung	Beneficial owner	900,000 (Note 3)	–	0.10%
Dato' Tan Yee Boon	Beneficial owner	900,000 (Note 3)	–	0.10%

Notes:

- 1) The 77,132,495 shares include:
 - a. the number of shares of 53,603,855 held by Mr. Cheung Ngan;
 - b. the underlying shares of 1,270,000 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 22,258,640 held by Faith Profit Holding Limited, which was wholly owned by Mr. Cheung Ngan.

REPORT OF THE DIRECTORS

- 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 2024, 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.

REPORT OF THE DIRECTORS

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

As at 31 March 2024, 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	77,132,495 (Note 1)	–	8.31%
Faith Profit Holding Limited	Beneficial owner	22,258,640 (Note 1)	–	2.40%
Entrust Limited	Beneficial owner	98,272,751 (Note 2)	–	10.59%
Mr. Chan Tok Yu	Interest of controlled corporation	98,272,751 (Note 2)	–	10.59%
Ms. Siu Kwan	Interest of controlled corporation	98,272,751 (Note 2)	–	10.59%

REPORT OF THE DIRECTORS

Notes:

- 1) The number of shares of 77,132,495 shares include:
 - a. the number of shares of 53,603,855 held by Mr. Cheung Ngan;
 - b. the underlying shares of 1,270,000 from the share options granted to Mr. Cheung Ngan; and
 - c. the number of shares of 22,258,640 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	67	Chairman, Executive Director	26	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.

REPORT OF THE DIRECTORS

Name	Age	Position held	Number of years of service	Business experience
Mr. Miguel Valldcabres Polop	48	Chief Executive Officer, Executive Director	4	Appointed as an executive director and chief executive officer of the Company on 16 October 2020. Mr. Miguel Valldcabres 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. Miguel Valldcabres 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. Miguel Valldcabres Polop has extensive experience in fund raising and management skills.

Mr. Miguel Valldcabres Polop is currently as a director of Turbo Energy, S.A. (Stock code: TURB) (American Depositary Share), the shares of which is listed on the Nasdaq of the United States.

REPORT OF THE DIRECTORS

Name	Age	Position held	Number of years of service	Business experience
Ms. Chan Hoi Ying	37	Executive Director	8	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	65	Independent Non-Executive Director	19	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 and as an Independent non-executive director of Indigo Star Holdings Limited, the share of which are listed on the GEM of the Stock Exchange of Hong Kong Limited.

REPORT OF THE DIRECTORS

Name	Age	Position held	Number of years of service	Business experience
Dato' Tan Yee Boon	49	Independent Non-Executive Director	8	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, Propel Global Berhad and Feytech Holdings Berhad, both 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.

REPORT OF THE DIRECTORS

Name	Age	Position held	Number of years of service	Business experience
Mr. Lee Kwok Leung	70	Independent Non-Executive Director	3	<p>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.</p> <p>Mr. Lee is currently an executive director of China Castson 81 Finance Company Limited (formerly known as China Internet Investment Finance Holdings Limited), the shares of which are listed on the Main Board of the Stock Exchange.</p>

REPORT OF THE DIRECTORS

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 Dato' Tan Yee Boon, independent non-executive directors of the Company, has been renewed for a further two years from 18 June 2024 to 17 June 2026 at a director's fee of HK\$100,000 per annum.
- Dato' Tan Yee Boon is appointed as an Independent non-executive director of Feytech Holdings Berhad (Stock Code: 5322), the shares of which are listed on the Main Market of Bursa Malaysia.
- Mr. Chan Francis Ping Kuen is appointed as an Independent non-executive director of Indigo Star Holdings Limited (Stock Code: 8373), the shares of which are listed on the GEM of the Stock Exchange of Hong Kong Limited.
- Mr. Lee Kwok Leung was resigned as the Chairman and executive director of Mayer Holdings Ltd. (Stock Code: 1116), the shares of which are listed on the Main Board of the Stock Exchange.

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 47 to 64 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.

REPORT OF THE DIRECTORS

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

27 June 2024

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 C1 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 2024.

CODE OF CONDUCT ON DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix C3 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 2024.

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.

CORPORATE GOVERNANCE REPORT

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 2024 and up to the date of this annual report are as follows:

Executive directors

Mr. Cheung Ngan	(Chairman)
Mr. Miguel Valdecabres 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.

CORPORATE GOVERNANCE REPORT

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 2024 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 Valdecabres 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.

CORPORATE GOVERNANCE REPORT

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.

CORPORATE GOVERNANCE REPORT

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:

Name	Number of meetings attended and held					Annual general meeting	Special general meeting
	Board meeting	Remuneration committee	Audit committee	Nomination committee			
Executive directors:							
Mr. Cheung Ngan (Chairman)	8/8	2/2	N/A	2/2		1/1	1/1
Mr. Miguel Valdecabres Polop (Chief Executive Officer)	8/8	N/A	N/A	N/A		1/1	1/1
Ms. Chan Hoi Ying	8/8	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)	8/8	2/2	3/3	2/2		1/1	1/1
Mr. Lee Kwok Leung	8/8	N/A	3/3	N/A		1/1	1/1
Dato’ Tan Yee Boon (Chairman of Remuneration Committee)	8/8	2/2	3/3	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.

CORPORATE GOVERNANCE REPORT

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 2024 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) considered and reviewed the grant of share-based compensation to eligible participants pursuant to the Share Option Scheme and 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.

CORPORATE GOVERNANCE REPORT

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 2024 includes:

- i) reviewed the interim report for the six months ended 30 September 2023 and the related results announcements;
- ii) reviewed the annual financial statements for the year ended 31 March 2023 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;

CORPORATE GOVERNANCE REPORT

- 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.

CORPORATE GOVERNANCE REPORT

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 2024 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 2023 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.

CORPORATE GOVERNANCE REPORT

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 2024 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.

CORPORATE GOVERNANCE REPORT

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 2024, the ratio of men to women in the workforce (including senior management) of the Group was 34:20. 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.

CORPORATE GOVERNANCE REPORT

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 65 to 71 of this report.

Total auditors' remuneration in relation to audit and non-audit services provided to the Group amounted to HK\$1.8 million (2023: HK\$1.8 million), was paid/payable to BDO Limited for audit service in accordance with Hong Kong 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

Mr. Leung Wai Chun was appointed as the Company Secretary of the Company on 15 May 2023.

Mr. Leung Wai Chun, age 59, 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.

CORPORATE GOVERNANCE REPORT

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 2024, 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.

CORPORATE GOVERNANCE REPORT

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 2024. The internal audit function monitors compliance with policies and standards and the effectiveness of internal control structures of the Group.

CORPORATE GOVERNANCE REPORT

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 2024" 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 2024".

CORPORATE GOVERNANCE REPORT

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.

CORPORATE GOVERNANCE REPORT

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 2024 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;

CORPORATE GOVERNANCE REPORT

- (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

There was no change to the Company's Memorandum of Association and the Bye-Laws during the reporting period and they are available on the websites of the Company and 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 72 to 178, which comprise the consolidated statement of financial position as at 31 March 2024, 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 material accounting policy information.

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 2024, 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.

INDEPENDENT AUDITOR'S REPORT

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to Note 3(b) to the consolidated financial statements, which indicates that the Group incurred a loss of HK\$326,829,000 for the year ended 31 March 2024 and as of that date, the Group had net current liabilities of HK\$6,811,000. These conditions, along with other matters as set forth in Note 3(b), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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. In addition to the matter described in the "Material Uncertainty Related to Going Concern" section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Impairment assessment of assets attributable to the mining assets

As at 31 March 2024, the Group had mining assets with carrying value of approximately HK\$1,308,226,000. The mining assets are subject to impairment review as impairment indicators exist.

The directors have concluded that there was impairment loss of approximately HK\$170,631,000 in respect of the mining assets for the year ended 31 March 2024. 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 judgment 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 judgments 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).

INDEPENDENT AUDITOR'S REPORT

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 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 2024, the Group had other intangible assets, property, plant and equipment, construction in progress and right-of-use assets with carrying value of approximately HK\$3,639,000, HK\$30,326,000, HK\$16,515,000 and HK\$18,146,000 respectively and other non-current assets which have been attributable to the cash-generating unit of development of electric vehicles ("EV CGU"). 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 2024. This conclusion was based on the recoverable amount of the EV CGU, determined using a fair value less costs of disposal calculation with the use of unobservable market data to derive the fair values of the major non-current assets composing the EV CGU. The selection of the unobservable inputs involved significant judgments and assumptions.

We focused on this area because of the magnitude of the EV CGU's non-current assets and the significance of management judgments 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 EV CGU.

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

INDEPENDENT AUDITOR'S REPORT

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.
- Assessing and challenging the reasonableness of the key inputs and assumptions (e.g. unit price per square meter for land, construction cost per square meter for buildings etc.) of the fair value less costs of disposal calculation and agreeing them to external market data where applicable; and
- 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.

INDEPENDENT AUDITOR'S REPORT

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 HKSAAs 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.

INDEPENDENT AUDITOR'S REPORT

As part of an audit in accordance with HKSAs, we exercise professional judgment 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.

INDEPENDENT AUDITOR'S REPORT

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, actions taken to eliminate threats or safeguards applied.

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, 27 June 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2024

	Notes	2024 HK\$'000	2023 HK\$'000
Revenue	7(a)	42,239	36,347
Cost of sales		(39,538)	(36,980)
Gross profit/(loss)		2,701	(633)
Other income	7(b)	2,026	42,141
Selling and distribution expenses		(7,268)	(646)
Administrative expenses		(60,454)	(88,168)
Impairment of investment in an associate	11	(2,451)	–
Impairment of mining assets	11	(170,631)	(96,364)
Impairment of trade receivables, net	11	(5,173)	(5,824)
Impairment of contract assets	11	(126)	–
Impairment of other receivables	11	–	(14,099)
Impairment of amount due from an associate	11	(6,097)	–
Write-off of other receivables and prepayments, net	11	(4,370)	(4,867)
Change in fair value of financial assets at fair value through profit or loss ("FVTPL")		(36,783)	87,712
Realised loss on disposal of financial assets at FVTPL		(35,277)	–
Loss on derecognition of an other receivable	11	(1,858)	–
Share of results of an associate	21(a)	(412)	–
Finance costs	8	(778)	(770)
Loss before income tax	11	(326,951)	(81,518)
Income tax credit	12	122	127
Loss for the year		(326,829)	(81,391)
Other comprehensive income for the year			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising from:			
– translation of foreign operations		(75,188)	(126,310)
– reclassification relating to deemed disposal of a subsidiary		–	(1,559)
Other comprehensive income for the year		(75,188)	(127,869)
Total comprehensive income for the year		(402,017)	(209,260)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2024

	Note	2024 HK\$'000	2023 HK\$'000
Loss attributable to:			
– Owners of the Company		(319,337)	(81,160)
– Non-controlling interests		(7,492)	(231)
		(326,829)	(81,391)
Total comprehensive income attributable to:			
– Owners of the Company		(397,328)	(211,837)
– Non-controlling interests		(4,689)	2,577
		(402,017)	(209,260)
			(restated)
Loss per share			
– Basic and diluted (HK\$)	14	(0.34)	(0.09)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2024

	Notes	2024 HK\$'000	2023 HK\$'000
Non-current assets			
Property, plant and equipment	15	30,402	35,293
Construction in progress	16	26,703	26,841
Right-of-use assets	17	18,281	26,720
Mining assets	19	1,139,000	1,380,000
Investment in an associate	21	–	2,863
Other intangible assets	20	3,639	5,782
Amount due from an associate	21(b)	–	6,565
Prepayments	25	11,464	12,093
Total non-current assets		1,229,489	1,496,157
Current assets			
Inventories	23	16,097	23,751
Trade receivables	24	13,447	19,324
Contract assets	28	12,723	10,246
Other receivables, deposits and prepayments	25	38,503	73,563
Financial assets at FVTPL	22	27,008	85,400
Cash and bank balances		13,901	1,429
Total current assets		121,679	213,713
Total assets		1,351,168	1,709,870
Current liabilities			
Accounts payable	26	7,208	9,785
Other payables and accruals	27	66,736	29,415
Contract liabilities	28	27,729	21,405
Loans from shareholders	32	12,277	6,938
Bank and other borrowings	29	9,892	4,750
Lease liabilities	30	4,648	4,050
Total current liabilities		128,490	76,343
Net current (liabilities)/assets		(6,811)	137,370
Total assets less current liabilities		1,222,678	1,633,527

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2024

	Notes	2024 HK\$'000	2023 HK\$'000
Non-current liabilities			
Deferred tax liabilities	31	4,166	4,522
Loans from shareholders	32	–	4,458
Bank borrowing	29	–	5,143
Lease liabilities	30	2,213	1,088
Total non-current liabilities		6,379	15,211
Total liabilities		134,869	91,554
NET ASSETS		1,216,299	1,618,316
Equity			
Share capital	34	92,796	92,796
Reserves		1,153,417	1,566,129
Equity attributable to owners of the Company		1,246,213	1,658,925
Non-controlling interests	37	(29,914)	(40,609)
TOTAL EQUITY		1,216,299	1,618,316

On behalf of the Board

Cheung Ngan
Director

Chan Hoi Ying
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2024

	Attributable to owners of the Company										Non-controlling interests	Total equity
	Share capital	Share premium	Con-tributed surplus	Convertible notes equity reserve	Share options reserve	Share award reserve	Foreign currency translation reserve	Capital reserve	Accumulated losses	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Note 34)	(Note 36(a))	(Note 36(b))	(Notes 33 and 36(g))	(Note 36(c))	(Note 36(d))	(Note 36(e))	(Note 36(f))			(Note 37)	
At 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 difference 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
At 1 April 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
Loss for the year	-	-	-	-	-	-	-	-	(319,337)	(319,337)	(7,492)	(326,829)
Other comprehensive income:												
– Exchange difference arising from translation of foreign operations	-	-	-	-	-	-	(77,991)	-	-	(77,991)	2,803	(75,188)
Total comprehensive income	-	-	-	-	-	-	(77,991)	-	(319,337)	(397,328)	(4,689)	(402,017)
Acquisition of additional interests in subsidiaries resulting from reorganisation (Note 46)	-	-	-	-	-	-	-	-	(15,384)	(15,384)	15,384	-
Expiration of convertible notes	-	-	-	(6,625)	-	-	-	-	6,625	-	-	-
Transfer upon dissolution of a subsidiary	-	-	-	-	-	-	-	(13,166)	13,166	-	-	-
At 31 March 2024	92,796	3,970,029	20,566	-	80,421	-	(354,085)	(12,479)	(2,551,035)	1,246,213	(29,914)	1,216,299

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2024

	Notes	2024 HK\$'000	2023 HK\$'000
OPERATING ACTIVITIES			
Loss before income tax		(326,951)	(81,518)
Adjustments for:			
Interest income	7	(554)	(681)
Finance costs	8	778	770
Depreciation of property, plant and equipment	11	5,071	5,550
Depreciation of right-of-use assets	11	11,990	6,489
Amortisation of other intangible assets	11	1,857	1,937
Share-based payments	35	–	16,926
Change in fair value of financial assets at FVTPL		36,783	(87,712)
Realised loss on disposal of financial assets at FVTPL		35,277	–
Loss on derecognition of an other receivable	11	1,858	–
Gain on disposal of property, plant and equipment	7	–	(24)
Loss on write-off of property, plant and equipment	11	8	225
Gain on deemed disposal of a subsidiary	45	–	(13,484)
Gain on lease termination	7	–	(517)
Gain on settlement of a legal case	7(b)(i)	–	(24,149)
Write-down of inventories	11	6,879	4,821
Impairment of mining assets	11	170,631	96,364
Impairment of trade receivables, net	11	5,173	5,824
Impairment of contract assets	11	126	–
Impairment of other receivables	11	–	14,099
Impairment of investment in an associate	11	2,451	–
Impairment of amount due from an associate	11	6,097	–
Write-off of other receivables and prepayments, net	11	4,370	4,867
Share of results of an associate	21(a)	412	–
Exchange loss, net		2,803	1,402
Operating cash flows before movements in working capital		(34,941)	(48,811)
(Increase)/decrease in inventories		(2,143)	484
Decrease in trade receivables		704	6,639
Decrease in contract assets		499	–
Decrease/(increase) in other receivables, deposits and prepayments		264	(10,930)
Decrease in accounts payable		(2,085)	(2,004)
Increase in other payables and accruals		35,067	23,965
Increase in contract liabilities		6,340	17,150
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES		3,705	(13,507)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2024

	Notes	2024 HK\$'000	2023 HK\$'000
INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	44(b)	(6)	–
Additions to construction in progress	16	(1,269)	–
Proceeds from disposal of property, plant and equipment		15	305
Proceeds from disposal of financial assets at FVTPL		11,750	4,000
Net cash outflow from deemed disposal of a subsidiary	45	–	(1,316)
Interest received	7	554	681
NET CASH GENERATED FROM INVESTING ACTIVITIES		11,044	3,670
FINANCING ACTIVITIES			
Interest paid on lease liabilities	44(a)	(204)	(462)
Interest paid on bank borrowing	44(a)	(267)	(308)
Interest paid on other borrowing	44(a)	(307)	–
Repayment of principal portion of lease liabilities	44(a)	(2,887)	(3,670)
Proceeds from loans from shareholders	44(a)	1,271	7,565
Proceeds from other borrowing	44(a)	5,016	4,064
Repayment of bank borrowing	44(a)	(656)	(684)
Repayment of other borrowing	44(a)	(4,064)	–
NET CASH (USED IN)/GENERATED FROM FINANCING ACTIVITIES		(2,098)	6,505
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		12,651	(3,332)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		1,429	4,669
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		(179)	92
CASH AND CASH EQUIVALENTS AT END OF YEAR		13,901	1,429
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		13,901	1,429

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

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 development and sales of electric vehicles, mining and metal and minerals trading.

2. CHANGES IN ACCOUNTING POLICIES

(a) New standards, interpretations and amendments – effective 1 April 2023

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

Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules
HKFRS 17	Insurance Contracts

The Group has not early applied any new and amendments to HKFRSs that is not yet effective for the current accounting period. None of these new and amendments to HKFRSs has a material impact on the Group's results and financial position for the current or prior period except as discussed below:

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

The amendments aim to make accounting policy disclosures more informative by replacing the requirement to disclose 'significant accounting policies' with 'material accounting policy information'. The amendments also provide guidance under what circumstance, the accounting policy information is likely to be considered material and therefore requiring disclosure.

These amendments have no effect on the measurement or presentation of any items in the consolidated financial statements of the Group but affect the disclosure of accounting policies of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

2. CHANGES IN ACCOUNTING POLICIES (Continued)

(b) **New guidance on accounting for the MPF-LSP offsetting mechanism in Hong Kong issued by HKICPA**

In June 2022, Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the “Amendment Ordinance”) was enacted. The Amendment Ordinance abolishes the use of the accrued benefits derived from employers’ mandatory contributions under the mandatory provident fund (“MPF”) scheme to offset severance payment (“SP”) and long service payments (“LSP”) (the “Abolition”). Subsequently, the Government of HKSAR announced that the Abolition will take effect on 1 May 2025 (the “Transition Date”).

The following key changes will take effect since the Transition Date:

- Accrued benefits derived from employers’ mandatory MPF contributions cannot be used to offset the LSP/SP in respect of the employment period after the Transition Date.
- The pre-transition LSP/SP is calculated using the last month’s salary immediately preceding the Transition Date, instead of using the last month’s salary of employment termination date.

For the years ended 31 March 2023 and 2024, the Group’s LSP liability before the expected offsetting under the MPF-LSP offsetting mechanism is immaterial. Application of the Guidance had no material effect on the consolidated financial statements of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

2. CHANGES IN ACCOUNTING POLICIES (Continued)

(c) New standards, interpretations and amendments that have been issued but are not yet effective

The following amendments to HKFRSs 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 HKAS 1	Classification of Liabilities as Current or Non-current ¹
Amendments to HKAS 1	Non-current Liabilities with Covenants ¹
Amendments to HK Interpretation 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ¹
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements ¹
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ¹
Amendments to HKAS 21	Lack of Exchangeability ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³

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

² Effective for annual periods beginning on or after 1 January 2025

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

The Group is currently assessing the impact of the amendments. Based on a preliminary assessment, the amendments are not expected to have any significant impact on the Group's financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

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") issued by the HKICPA 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").

(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\$326,829,000 for the year ended 31 March 2024 and as of that date, the Group had net current liabilities of HK\$6,811,000.

In view of this circumstance, management of the Group has prepared a cash flow forecast that covers thirteen months from 1 June 2024 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 following:

- (i) Estimated net proceeds from proposed rights issue to be completed in October 2024;
- (ii) Cash inflows from the sales of electric vehicles based on signed contracts and recent negotiation with a potential buyer and the expected sale orders would be materialised;
- (iii) The shareholders of the Company will not demand repayment of the loans owing by the Group to them with aggregate carrying value of approximately HK\$12 million as at 31 March 2024 earlier than 31 December 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

3. BASIS OF PREPARATION (Continued)

(b) Basis of measurement and going concern assumption (Continued)

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.

However, material uncertainty exists related to i) whether the proposed rights issue will be completed by October 2024 which is subject to regulatory approval, approval from the shareholders of the Company and the final subscription rate of the rights; and ii) whether the sale orders from a potential buyer will be materialised. These may cast significant doubt about the Group's ability to continue as a going concern.

Should the Group be unable to operate as a going concern, adjustments would have to be made to write down the carrying amounts of the Group's assets to their net recoverable amounts, to provide for any further liabilities that may arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

(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. All values are rounded to the nearest thousand except when otherwise indicated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

4. ACCOUNTING POLICIES

(a) 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.

Non-controlling interests in subsidiaries are identified separately from the Group's equity and are initially measured at fair value or at their proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition.

Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus such non-controlling interest's share of subsequent changes in equity. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

4. 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) Associate

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

4. 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 the related 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

4. ACCOUNTING POLICIES (Continued)

(e) Intangible assets (other than goodwill)

Technical know-how and industrial proprietary rights are 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 are amortised on the straight-line basis over a period of 5 to 10 years. They are 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.

(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.

(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, investment 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).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

4. ACCOUNTING POLICIES (Continued)

(h) Financial instruments

(i) Financial assets

Trade receivables are initially recognised when they are originated. 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. All other financial assets are initially recognised when the Group becomes a party to the contractual provisions of the instruments.

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.

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 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.

Equity instruments

FVTPL All equity instruments are classified as FVTPL, whereby changes in fair value, dividends are recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

4. ACCOUNTING POLICIES (Continued)

(h) Financial instruments (Continued)

(iii) *Impairment loss on financial assets*

The Group recognises loss allowances for expected credit loss ("ECL") on trade receivables and other financial assets measured at amortised cost.

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.

The Group has measured loss allowances for trade receivables that do not contain a significant financing component using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. For trade receivables 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

4. ACCOUNTING POLICIES (Continued)

(h) Financial instruments (Continued)

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

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.

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.

(iii) **Financial liabilities**

Financial liabilities including accounts and other payables, bank and other borrowings and loans from shareholders are initially measured at fair value, net of directly attributable costs incurred. They 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

4. ACCOUNTING POLICIES (Continued)

(h) Financial instruments (Continued)

(iv) Equity instruments

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

(v) Derecognition

The Group generally derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expires.

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

(vi) Convertible notes

Convertible notes issued by the Company 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 or another financial assets. On initial recognition, the fair value of the convertible notes 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.

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

4. ACCOUNTING POLICIES (Continued)

(j) Leasing

The Group as lessee

All leases are capitalised in the consolidated statement of financial position as right-of-use assets and lease liabilities except for (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. 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 is 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.

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

4. 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.

(m) Income tax

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

4. ACCOUNTING POLICIES (Continued)

(m) **Income tax** (Continued)

Deferred tax is recognised in respect of temporary differences. 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 and does not give rise to equal taxable and deductible temporary difference.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

4. ACCOUNTING POLICIES (Continued)

(n) Foreign currencies

The individual financial statements of each group entity are presented in their 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 that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences arising on the settlement and translation of monetary items are recognised in profit or loss in the period in which they arise.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

4. ACCOUNTING POLICIES (Continued)

(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.

(ii) *Employee benefits – Defined contribution schemes*

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 entities operate in the People's Republic of China ("PRC") are required to participate in a central pension scheme operated by the local municipal government. These entities are 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

4. 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 other 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

4. ACCOUNTING POLICIES (Continued)

(q) Revenue recognition

Sales of motor vehicles

The Group recognised the revenue from sales of motor vehicles 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.

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.

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. Contract assets are transferred to trade receivables when the right to payment becomes unconditional. Impairment losses are recognised on the same basis as trade receivables.

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.

(r) 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. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of consolidated financial statements in conformity with HKFRSs requires management to make judgments, 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.

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 costs 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 determining the recoverable amount of the EV CGU (as defined in Note 20), the valuer has based its valuation on fair value less costs of disposal approach which involves unobservable market data to derive the fair values of the major non-current assets composing the EV CGU. In determining the recoverable amount of the mining assets, the valuer has based its valuation on the projected 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 valuation adopted are appropriate in determining the relevant recoverable amounts of the mining assets or the EV CGU and reflective of current market conditions.

Further information on the impairment assessments is provided in Note 19 and Note 20.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

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

Impairment of financial assets measured at amortised cost and contract assets

Management estimates the amount of loss allowance for ECLs on financial assets that are measured at amortised cost and contract assets based on the credit risk of the respective financial asset and contract assets. 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 assets and contract assets. The assessment of the credit risk of the respective financial assets and contract assets 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 and contract assets are provided in Note 42.

Fair value measurement of financial assets at FVTPL

The financial assets at FVTPL related to unlisted equity investments included in the consolidated financial statements require measurement at fair value at the end of each reporting period. The management estimate the fair value of investments using unobservable inputs which involves high degree of estimation uncertainty.

Further information on the fair value measurement of the financial assets at FVTPL are provided in Note 43.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

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 and sales 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

6. SEGMENT REPORTING (Continued)

(a) Reportable segments

	Development and sales of electric vehicles		Mining		Metal and minerals trading		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	42,239	36,347	-	-	-	-	42,239	36,347
Reportable segment loss	(47,149)	(19,249)	(185,133)	(104,323)	(79)	(524)	(232,361)	(124,096)
Interest income	549	680	-	-	-	-	549	680
Unallocated interest income							5	1
Total interest income							554	681
Gain on settlement of a legal case	-	24,149	-	-	-	-	-	24,149
Gain on deemed disposal of a subsidiary	-	13,484	-	-	-	-	-	13,484
Depreciation	(6,078)	(9,218)	(8,494)	(300)	-	-	(14,572)	(9,518)
Unallocated depreciation expenses							(2,489)	(2,521)
Total depreciation							(17,061)	(12,039)
Amortisation	(1,857)	(1,937)	-	-	-	-	(1,857)	(1,937)
Impairment of trade receivables, net	(5,173)	(5,824)	-	-	-	-	(5,173)	(5,824)
Impairment of contract assets	(126)	-	-	-	-	-	(126)	-
Write-off of other receivables and prepayments, net	(4,370)	(88)	-	(4,756)	-	-	(4,370)	(4,844)
Unallocated write-off of other receivables and prepayments, net							-	(23)
Total write-off of other receivables and prepayments, net							(4,370)	(4,867)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

6. SEGMENT REPORTING (Continued)

(a) Reportable segments (Continued)

	Development and sales of electric vehicles		Mining		Metal and minerals trading		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Write-down of inventories	(6,879)	(4,821)	-	-	-	-	(6,879)	(4,821)
Impairment of mining assets	-	-	(170,631)	(96,364)	-	-	(170,631)	(96,364)
Impairment of investment in an associate	(2,451)	-	-	-	-	-	(2,451)	-
Impairment of amount due from an associate	(6,097)	-	-	-	-	-	(6,097)	-
Share of results of an associate	(412)	-	-	-	-	-	(412)	-
Reportable segment assets	149,413	171,927	1,164,780	1,416,066	3	64	1,314,196	1,588,057
Additions to non-current assets	3,240	19,501	-	447	-	-	3,240	19,948
Unallocated additions to non-current assets							4,761	-
Total additions to non-current assets							8,001	19,948
Investment in an associate	-	2,863	-	-	-	-	-	2,863
Reportable segment liabilities	(107,309)	(72,766)	(6,740)	(5,377)	(204)	(204)	(114,253)	(78,347)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

6. SEGMENT REPORTING (Continued)

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

	2024 HK\$'000	2023 HK\$'000
Revenue		
Reportable segment revenue and consolidated revenue	42,239	36,347
Loss before income tax		
Reportable segment loss	(232,361)	(124,096)
Unallocated other income	263	1,399
Change in fair value and realised loss on disposal of financial assets at FVTPL	(72,060)	87,712
Loss on derecognition of an other receivable	(1,858)	–
Impairment of other receivables	–	(14,099)
Unallocated share-based payments	–	(16,926)
Unallocated other corporate expenses	(20,157)	(14,738)
Finance costs	(778)	(770)
Consolidated loss before income tax	(326,951)	(81,518)
Assets		
Reportable segment assets	1,314,196	1,588,057
Unallocated corporate assets *	36,972	121,813
Consolidated total assets	1,351,168	1,709,870
Liabilities		
Reportable segment liabilities	114,253	78,347
Unallocated corporate liabilities	20,616	13,207
Consolidated total liabilities	134,869	91,554

* Unallocated corporate assets as at 31 March 2024 mainly represent cash and bank balances of HK\$1,816,000 (2023: HK\$73,000), financial assets at FVTPL of HK\$27,008,000 (2023: HK\$85,400,000) held by the Company and unallocated other receivables and prepayments of HK\$3,601,000 (2023: HK\$34,006,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

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	
	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
PRC, including Hong Kong	–	–	1,229,489	1,489,592
India	–	780	–	–
Mexico	42,239	35,567	–	–
Total	42,239	36,347	1,229,489	1,489,592

(d) Information about major customers

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

	2024	2023
	HK\$'000	HK\$'000
Development and sales of electric vehicles		
Customer A	42,239	35,567

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

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:

	2024 HK\$'000	2023 HK\$'000
Sale of electric vehicles	42,239	36,347

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

(b) Other income

	2024 HK\$'000	2023 HK\$'000
Gain on disposal of property, plant and equipment	–	24
Gain on settlement of a legal case (Note (i))	–	24,149
Gain on deemed disposal of a subsidiary (Note 45)	–	13,484
Gain on lease termination	–	517
Rental income	–	15
Government grants (Note (ii))	275	1,696
Exchange gain	–	829
Sundry income	1,197	746
Interest income	554	681
	2,026	42,141

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

7. REVENUE AND OTHER INCOME (Continued)

(b) Other income (Continued)

Notes:

- (i) In prior years, Chongqing Suitong Vehicles Industrial Development Company Limited ("Chongqing Suitong Industrial"), a subsidiary of the Group, received notices from the Fifth Intermediate People's Court of Chongqing (the "Chongqing Court"), where (i) 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 due to the incomplete Qijiang project on or before 26 January 2021, and (ii) one contractor (the "Chongqing Contractor") initiated litigation against Chongqing Suitong Industrial claiming outstanding construction fees, together with the late penalties, totalling approximately RMB45,477,000 (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 with a carrying amount of HK\$51,571,000 (Note 17), together with all buildings and properties on the land with a carrying amount of HK\$59,914,000 (Note 16), to CQDB. No consideration will be paid by CQDB, while Chongqing Suitong Industrial shall no longer be required to return the government grant of HK\$62,151,000 to the local authority and pay the accrued land use tax of HK\$13,078,000 and late payment penalty of land use tax of HK\$6,336,000 recorded in other payables. Also, the local authority shall reimburse the Chongqing Contractor for the Claimed Amount of HK\$54,069,000 in other payables. As a result, the Group recognised the gain of approximately HK\$24,149,000 in profit or loss for the year ended 31 March 2023.

- (ii) 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

	2024 HK\$'000	2023 HK\$'000
Interest on bank borrowing	267	308
Interest on other borrowing	307	—
Interest on lease liabilities	204	462
	778	770

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

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 2024

	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	-	2,584	-	-	2,584
Mr. Miguel Valdecabres Polop	-	1,742	-	-	1,742
Ms. Chan Hoi Ying	-	1,830	-	18	1,848
Sub-total	-	6,156	-	18	6,174
Independent non-executive directors:					
Mr. Chan Francis Ping Kuen	100	-	-	-	100
Mr. Lee Kwok Leung	100	-	-	-	100
Dato' Tan Yee Boon	100	-	-	-	100
Sub-total	300	-	-	-	300
Total	300	6,156	-	18	6,474

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

9. DIRECTORS' REMUNERATION (Continued)

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 Valdecabres 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

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 2024 and 2023. 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 2024 and 2023.

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 three (2023: two) directors, details of whose remuneration are set out in Note 9. The details of the remuneration of the remaining two (2023: three) non-director highest paid individuals are as follow:

	2024 HK\$'000	2023 HK\$'000
Basic salaries, allowances and benefits in kind	1,476	2,097
Share-based payments	–	9,720
Pension contributions	35	54
	<u>1,511</u>	<u>11,871</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

10. FIVE HIGHEST PAID INDIVIDUALS (Continued)

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

	2024 Number of employees	2023 Number of employees
HK\$nil to HK\$1,000,000	2	–
HK\$3,500,001 to HK\$4,000,000	–	2
HK\$4,000,001 to HK\$4,500,000	–	1
	<u>2</u>	<u>3</u>

No share option was granted to non-director, highest paid individuals in respect of their services to the Group under the share option scheme of the Company during the financial years ended 31 March 2023 and 2024.

During the year ended 31 March 2023, 270,000,000 (equivalent to 27,000,000 after adjustment on Share Consolidation) 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 was recognised in profit or loss and included in the above disclosure of five highest paid individuals, was determined as at the date of grant.

No share has been awarded to non-director, highest paid individuals in respect of their services to the Group under the Share Award Plan during the year ended 31 March 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

11. LOSS BEFORE INCOME TAX

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

	2024 HK\$'000	2023 HK\$'000
Auditor's remuneration	1,756	1,800
Amortisation of other intangible assets (Note 20)	1,857	1,937
Cost of inventories recognised as expenses (Note)	39,538	36,980
Depreciation of property, plant and equipment (Note 15)	5,071	5,550
Depreciation of right-of-use assets (Note 17)	11,990	6,489
Exchange loss/(gain), net	5,659	(829)
Loss on write-off of property, plant and equipment	8	225
Impairment of investment in an associate (Note 21)	2,451	–
Impairment of trade receivables, net	5,173	5,824
Impairment of contract assets	126	–
Impairment of mining assets (Note 19)	170,631	96,364
Impairment of other receivables	–	14,099
Write-off of other receivables and prepayments, net	4,370	4,867
Loss on derecognition of an other receivable	1,858	–
Impairment of amount due from an associate	6,097	–
Short-term and low-value lease expense	763	1,695
Research cost (included in administrative expenses)	–	288
Directors' remuneration (Note 9)	6,474	9,022
Employee costs (excluding directors' remuneration)		
– Salaries and allowances	12,000	18,449
– Share-based payments (Note 35)	–	14,189
– Other benefits	289	453
– Pension contributions	583	995
	12,872	34,086

Note: Cost of inventories recognised as expenses for the year ended 31 March 2024 includes HK\$2,233,000 (2023: HK\$nil) relating to depreciation of property, plant and equipment and HK\$6,879,000 (2023: HK\$4,821,000) relating to write-down of inventories.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

12. INCOME TAX

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

	2024 HK\$'000	2023 HK\$'000
Current tax		
– Provision for PRC enterprise income tax for the year	–	–
Deferred tax (Note 31)		
– Origination and reversal of temporary differences	(122)	(127)
Income tax credit	(122)	(127)

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 2024, subject to the agreement by the Hong Kong Inland Revenue Department, the Group had unused tax losses of HK\$198,860,000 (2023: HK\$188,360,000) available for offsetting against future profits. In addition, the Group had unused tax losses related to subsidiaries operating in Mainland China of HK\$246,599,000 (2023: HK\$231,148,000). No deferred tax asset has been recognised in respect of these losses as it is not probable that taxable profit will be available against which the tax losses can be utilised.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

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:

	2024 HK\$'000	2023 HK\$'000
Loss before income tax	(326,951)	(81,518)
Tax credit at the applicable rates	(61,079)	(23,146)
Tax effect of non-taxable revenue	(247)	(14,448)
Tax effect of non-deductible expenses	49,590	33,277
Utilisation of tax losses previously not recognised	–	(3,466)
Tax effect of tax losses and temporary differences not recognised	11,614	7,656
Income tax credit for the year	(122)	(127)

13. DIVIDEND

No dividend has been proposed or paid by the Company in respect of the years ended 31 March 2024 and 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

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:

	2024 HK\$'000	2023 HK\$'000
Loss for the year attributable to owners of the Company	(319,337)	(81,160)

	2024 Number	2023 Number (restated)
Weighted average number of ordinary shares in issue	927,967,897	909,326,802

The weighted average number of ordinary shares in issue for the years ended 31 March 2024 and 2023 have been adjusted to reflect the share consolidation (Note 34(i)) which took effect on 13 October 2023. Accordingly, the basic and diluted loss per share for the year ended 31 March 2023 are restated.

Basic and diluted loss per share of HK\$0.34 per share (2023: HK\$0.09 per share (restated)) is based on the loss for the year attributable to owners of the Company of HK\$319,337,000 (2023: HK\$81,160,000) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

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 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 and 1 April 2023	7,776	74,470	11,954	94,200
Additions	–	–	1,971	1,971
Disposal	–	–	(308)	(308)
Written off	–	–	(147)	(147)
Exchange realignment	(95)	(3,634)	(372)	(4,101)
At 31 March 2024	7,681	70,836	13,098	91,615
Accumulated depreciation:				
At 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 and 1 April 2023	7,046	41,026	10,835	58,907
Charge for the year	272	4,318	481	5,071
Disposal	–	–	(293)	(293)
Written off	–	–	(139)	(139)
Exchange realignment	(95)	(1,934)	(304)	(2,333)
At 31 March 2024	7,223	43,410	10,580	61,213
Carrying amount:				
At 31 March 2024	458	27,426	2,518	30,402
At 31 March 2023	730	33,444	1,119	35,293

As at 31 March 2024, the plant and machinery with carrying amount of HK\$2,122,000 and motor vehicles with carrying amount of HK\$289,000 were frozen under preservation orders related to the legal case mentioned in Note 47(c) (2023: HK\$nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

16. CONSTRUCTION IN PROGRESS

	Mining assets in the PRC	Manufacturing plant in the PRC	Total
	HK\$'000	HK\$'000	HK\$'000
At 1 April 2022	11,608	65,713	77,321
Additions	–	15,317	15,317
Derecognition	–	(59,914)	(59,914)
Exchange realignment	(861)	(5,022)	(5,883)
At 31 March 2023 and 1 April 2023	10,747	16,094	26,841
Additions	–	1,269	1,269
Exchange realignment	(559)	(848)	(1,407)
At 31 March 2024	10,188	16,515	26,703

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 2024 (2023: HK\$nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

16. CONSTRUCTION IN PROGRESS (Continued)

During the year ended 31 March 2023, pursuant to the Settlement Agreement (Note 7(b)(i)), 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 for settlement of the litigation initiated by the Chongqing Contractor. The transfer of the abovementioned assets to CQDB has been completed during the year ended 31 March 2023.

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	2024 HK\$'000	2023 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)	13,309	23,074
Other properties leased for own use, carried at depreciated cost	(ii)	4,972	3,646
		18,281	26,720

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

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 HK\$'000	Other properties leased for own use HK\$'000	Total HK\$'000
At 1 April 2022	82,352	10,160	92,512
Additions	–	1,768	1,768
Depreciation	(1,421)	(5,068)	(6,489)
Derecognition	(51,571)	–	(51,571)
Lease termination	–	(2,856)	(2,856)
Exchange realignment	(6,286)	(358)	(6,644)
At 31 March 2022 and at 1 April 2023	23,074	3,646	26,720
Additions	–	4,761	4,761
Depreciation	(8,636)	(3,354)	(11,990)
Exchange realignment	(1,129)	(81)	(1,210)
At 31 March 2024	13,309	4,972	18,281

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

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.

During the year ended 31 March 2023, after returning the land use rights of the leasehold land in Chongqing to CQDB (Note 7(b)(i)), the Group's leasehold land in Chongqing with carrying amount of HK\$51,571,000 was derecognised.

As at 31 March 2023, the leasehold land in Guangxi (the "Guangxi Land") with carrying amount of HK\$8,662,000 related to the legal case mentioned in Note 47(a) was frozen. The preservation order was lifted on 30 May 2023.

Subsequently on 18 September 2023, the local bureau issued a notice for the revocation of the land use right of the Guangxi Land as it remained idle since the end of 2018. Pursuant to the notice, the land use right would be revoked 15 days after the public announcement to be made by the local bureau, if the Group did not deregister its title to the Guangxi Land within 30 days after obtaining the notice. As at 31 March 2024, the land use right was already revoked and the Group had fully depreciated the right-of-use asset related to the Guangxi Land during the year ended 31 March 2024.

(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 two years (2023: one to five years).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

18. INTERESTS IN SUBSIDIARIES

Particulars of the principal subsidiaries as at 31 March 2024 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		Principal activities
			2024	2023	
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%	Trading of electric vehicles
China Green Dynamics (Holdings) Limited ⁽²⁾	Hong Kong	HK\$100	100%	100%	Investment holding

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

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		Principal activities
			2024	2023	
Dynamic Union International Limited ⁽²⁾	British Virgin Islands	1,000 shares of US\$1 each	51%	51%	Investment holding
Hong Kong Cable Services 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

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		Principal activities
			2024	2023	
Wise Goal Enterprises Limited ⁽²⁾	Hong Kong	HK\$1	100%	100%	Investment holding
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	RMB30,000,000	100%	100%	Investment holding and trading of electric vehicles
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%	Electric 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	100%	70%	Manufacturing of electric bus
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

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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		Principal activities
			2024	2023	
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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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19. MINING ASSETS

	HK\$'000
Cost:	
At 1 April 2022	2,777,684
Exchange realignment	<u>(206,048)</u>
At 31 March 2023 and 1 April 2023	2,571,636
Exchange realignment	<u>(133,751)</u>
At 31 March 2024	<u>2,437,885</u>
Accumulated impairment loss:	
At 1 April 2022	1,182,684
Impairment loss	96,364
Exchange realignment	<u>(87,412)</u>
At 31 March 2023 and 1 April 2023	1,191,636
Impairment loss	170,631
Exchange realignment	<u>(63,382)</u>
At 31 March 2024	<u>1,298,885</u>
Carrying amount:	
At 31 March 2024	<u>1,139,000</u>
At 31 March 2023	<u>1,380,000</u>

Mining assets have not been amortised since acquisition as the mine has not yet commenced operation since then.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

19. MINING ASSETS (Continued)

In the opinion of management, the mining project is ongoing and is pending for the construction of a processing factory as planned upon adequate land being 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 (i.e. the Guangxi Land) and another RMB8.6 million has been paid for approximately 100,000 square meters of land for a factory site. However, the relevant land use rights have not yet been issued up to the date of this report.

The local bureau has issued two notices for the revocation of the land use right of the Guangxi Land as the Guangxi Land remained idle since the end of 2018 and one of them was received by the Group on 18 September 2023. As at 31 March 2024, the land use right of the Guangxi Land was already revoked. Details are set out in Note 17(i).

As at 31 March 2023, the mining rights with a carrying amount of HK\$1,380,000,000 were frozen and sealed under a preservation order applied by the Guangxi Contractor (as defined in Note 47(a)) and an execution of judgement letter was issued by the People's Court of Qingxin District Nanning Municipality (the "Qingxin Court"). During the year, the Group and the Guangxi Contractor reached a settlement agreement and the preservation order was lifted on 30 May 2023. Details of the related litigation are set out in Note 47(a).

However, on 12 June 2023, the mining rights were frozen again under a preservation order applied by the same Guangxi Contractor due to another litigation initiated by the Guangxi Contractor. As at 31 March 2024, the mining rights with a carrying amount of HK\$1,139,000,000 were frozen. Details of the related litigation are set out in Note 47(b).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

19. MINING ASSETS (Continued)

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 sixteen-year period from 2026 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 2026 to 2031 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 2.54% (2023: 2.90%), which does not exceed the geometric mean of twelve-year average of China Producer Price Index-non ferrous Metals Mining and Dressing Year over Year. Management considers the six years period from 2026 to 2031 reflects the length of time to incur necessary capital expenditure to exploit the economic benefits of the mining business of thenardite. The projected future cash flows are discounted to its present value by the appropriate discount rate determined from market data.

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

	2024	2023
Thenardite price per ton	RMB752	RMB825
Required rate of return for working capital	3.68%	3.68%
Required rate of return for fixed assets	12.55%	12.96%
Required rate of return for assembled workforce	18.41%	20.17%
Post-tax discount rate	23.91%	25.67%
Income growth rate within the projected period	2.54%	2.90%
Costs growth rate within the projected period	1.38%	1.58%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

19. MINING ASSETS (Continued)

Impairment testing of mining assets (Continued)

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 2024 and the costs growth rate represents the China Producer Price Index from 2002 to 2024. 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 to derive the projected future cash flows of the businesses over its economic useful life and is classified within level 3 of the fair value hierarchy.

As at 31 March 2024, the recoverable amount of the mining assets was HK\$1,139.0 million (2023: HK\$1,380.0 million), which was lower than its carrying value of HK\$1,308.2 million (2023: HK\$1,476.4 million), and hence an impairment loss of HK\$170,631,000 was recognised in the profit or loss (2023: HK\$96,364,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

20. OTHER INTANGIBLE ASSETS

	Technical know-how HK\$'000	Industrial proprietary rights HK\$'000	Total HK\$'000
Cost:			
At 1 April 2022	37,871	23,387	61,258
Exchange realignment	(3,200)	(1,734)	(4,934)
At 31 March 2023 and 1 April 2023	34,671	21,653	56,324
Exchange realignment	(2,077)	(1,126)	(3,203)
At 31 March 2024	32,594	20,527	53,121
Accumulated amortisation and impairment loss:			
At 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 and 1 April 2023	34,671	15,871	50,542
Charge for the year	–	1,857	1,857
Exchange realignment	(2,077)	(840)	(2,917)
At 31 March 2024	32,594	16,888	49,482
Carrying amount:			
At 31 March 2024	–	3,639	3,639
At 31 March 2023	–	5,782	5,782

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

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 years 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 cash-generating unit of the development of electric vehicles (the "EV CGU"). The directors determined the recoverable amount of the EV CGU from its fair value less costs of disposal (2023: value-in-use) calculation based on a valuation performed by the Valuers.

Below are the key assumptions used for the fair value less costs of disposal calculation as at 31 March 2024:

	2024
Adjusted unit price per square meter for land	HK\$320
Construction cost per square meter for buildings	HK\$1,879 to HK\$3,004

Below are the key assumptions used for the value-in-use calculation as at 31 March 2023:

	2023
Pre-tax discount rate	24.60%
Gross profit margin	17%-23%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

20. OTHER INTANGIBLE ASSETS (Continued)

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

The fair value less costs of disposal of the EV CGU as at 31 March 2024 was estimated using unobservable market data to derive the fair value of major non-current assets composing the EV CGU using replacement cost approach and direct comparison approach and is a level 3 fair value measurement. Whilst the value-in-use of the EV CGU as at 31 March 2023 was estimated using unobservable market data to derive the projected future cash flows of the businesses over its economic useful life.

As the recoverable amount of the EV CGU exceeded the carrying amount of the EV CGU's non-current assets, which comprises property, plant and equipment of approximately HK\$30,326,000 (2023: HK\$34,762,000), right-of-use assets of approximately HK\$18,146,000 (2023: HK\$16,196,000), construction in progress of approximately HK\$16,515,000 (2023: HK\$16,094,000), other intangible assets of approximately HK\$3,639,000 (2023: HK\$5,782,000) and other non-current assets, the directors are of the opinion that there was no impairment on the assessed non-current assets as at 31 March 2024 (2023: HK\$nil).

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

	2024 HK\$'000	2023 HK\$'000
Share of net assets	2,451	2,863
Less: Accumulated impairment loss	(2,451)	–
	<u>–</u>	<u>2,863</u>

During the year, the directors performed an impairment review on the investment. In the opinion of the directors, due to the slow growth and high barriers to entry of the electric vehicles market in Japan, the recoverable amount of the investment is assessed to be minimal. Accordingly, an impairment loss of HK\$2,451,000 (2023: HK\$nil) was recognised during the year. The investment in an associate belongs to the segment of development and sales of electric vehicles.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

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

(Continued)

(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.

The following table illustrates the financial information of the Group's associate that is not individually material:

	2024 HK\$'000	2023 HK\$'000
Share of the associate's loss for the year	412	—
Share of the associate's other comprehensive income	—	—
Share of the associate's total comprehensive income	412	—
Carrying amount of the investment in the associate (before impairment)	2,451	2,863

(b) Amount due from an associate is interest-free, unsecured and expected to be repayable more than one year. During the year, a full impairment in respect of the gross carrying amount of HK\$6,097,000 (2023: HK\$nil) has been recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

22. FINANCIAL ASSETS AT FVTPL

	2024 HK\$'000	2023 HK\$'000
Financial assets at FVTPL comprise:		
Unlisted equity investments outside Hong Kong	27,008	85,400

Note:

On 23 November 2022, the Company entered into a sale and purchase agreement with an independent third party (the "First Purchaser") to dispose of 3,238 shares 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 outstanding consideration of EUR5,135,000 (equivalent to HK\$43,853,000) related to the sale transaction entered on 23 November 2022 was included in "other receivables" (Note 25).

During the year, the First Purchaser defaulted on settling the outstanding consideration. On 13 November 2023, the Company and the First Purchaser entered into a termination agreement, pursuant to which both parties mutually agreed that the First Purchaser shall return 2,463 shares to the Group and only acquired 775 shares (representing 1.1% of equity interest in Quantron) at a consideration of EUR900,000. On the same date, the Company entered into another sale and purchase agreement with an independent third party (the "Second Purchaser") to dispose of 4,521 shares (representing 6.4% of equity interest in Quantron) for a consideration of EUR1,000,000 (equivalent to HK\$8,300,000). After the sale transactions, the Group held 3,861 (2023: 5,919) shares of Quantron, representing 5.47% (2023: 8.38%) equity interest in Quantron, as at 31 March 2024.

As at 31 March 2024, there was 1,195 shares in Quantron in the process of transferring back to the Group from the First Purchaser because of administrative reason. In the opinion of the Directors, the Group contractually has legal ownership on these shares.

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

	2024 HK\$'000	2023 HK\$'000
Raw materials	4,773	5,019
Work in progress	3,894	12,648
Finished goods	7,430	6,084
	16,097	23,751

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

24. TRADE RECEIVABLES

	2024 HK\$'000	2023 HK\$'000
Trade receivables at amortised cost	39,374	40,814
Less: Accumulated impairment losses	(25,927)	(21,490)
Trade receivables, net	13,447	19,324

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

	2024 HK\$'000	2023 HK\$'000
More than 1 year	13,447	19,324

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\$11,249,000 (2023: HK\$11,979,000), 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

25. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2024 HK\$'000	2023 HK\$'000
Other receivables, net of impairment losses (Note (i))	5,386	37,736
VAT recoverable	8,117	8,022
Deposits	1,936	2,559
Prepayments (Note (ii))	34,528	37,339
	49,967	85,656
Less: Non-current portion	(11,464)	(12,093)
	38,503	73,563

Notes:

- (i) As at 31 March 2023, included in other receivables was amount due from the First Purchaser with net carrying amount of HK\$29,754,000 related to the disposal of 3,238 shares in Quantron. Up to the date of the termination agreement (i.e. 13 November 2023) (Note 22), the net carrying amount of the receivable was HK\$25,598,000. Pursuant to the termination agreement, the First Purchaser is no longer required to settle the outstanding consideration as long as it returns 2,463 shares to the Group. As a result, the other receivable was derecognised on that date and a loss on derecognition of HK\$1,858,000 representing the difference between the net carrying value of the receivable and the fair value of the returned shares of HK\$23,740,000 (Note 43) was recognised in profit or loss.
- (ii) As at 31 March 2024, the balance included prepayments of HK\$15,798,000 (2023: HK\$16,483,000) to an independent supplier for the purchase of electric vehicles for sales purpose.

26. ACCOUNTS PAYABLE

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

	2024 HK\$'000	2023 HK\$'000
31–90 days	1	1
91–180 days	10	1
181–365 days	1	1,166
More than 1 year	7,196	8,617
	7,208	9,785

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

27. OTHER PAYABLES AND ACCRUALS

	2024 HK\$'000	2023 HK\$'000
Other payables and accruals (Note)	29,896	29,415
Deposit received related to the Suitong Disposal (as defined Note 46)	36,840	—
	66,736	29,415

Note:

As at 31 March 2024, the balance included amounts due to the directors of the Company in aggregate amount of HK\$4,383,000 (2023: HK\$3,028,000). The amounts are interest-free, unsecured and repayable on demand.

28. CONTRACT ASSETS/CONTRACT LIABILITIES

Contract Assets

Certain portion of the consideration from the sales of electric vehicles of the Group will be receivable from 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. As at 31 March 2024 and 2023, the subsidy receivables from the PRC government, net of impairment losses, amounting to HK\$12,723,000 and HK\$10,246,000, 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 to be 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

28. CONTRACT ASSETS/CONTRACT LIABILITIES (Continued)

Contract Liabilities

The contract liabilities represented the receipt in advance 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\$14,599,000 (2023: HK\$310,000).

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

	2024 HK\$'000	2023 HK\$'000
Current – Secured		
Bank loan due for repayment within one year (Note (i))	4,876	686
Other borrowing (Note (iii))	5,016	–
Current – Unsecured		
Other borrowing (Note (ii))	–	4,064
	9,892	4,750
Non-current – Secured		
Bank loan (Note (i))	–	5,143
	9,892	9,893

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

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 (2023: 5% per annum). Right-of-use assets with net carrying amount of HK\$13,309,000 or RMB12,283,000 equivalent (2023: HK\$14,411,000 or RMB12,609,000 equivalent) and plant and machinery with net carrying amount of HK\$19,584,000 or RMB18,074,000 equivalent (2023: HK\$21,668,000 or RMB18,957,000 equivalent) 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:

	2024 HK\$'000	2023 HK\$'000
On demand or within one year	4,876	686
More than one year, but not exceeding two years	—	5,143
	4,876	5,829

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 2024, none of the covenants relating to the bank loan had been breached (2023: nil). Further details of the Company's management of liquidity risk are set out in Note 42.

On 16 April 2024, the bank loan was fully settled.

- (ii) The balance as at 31 March 2023 was other borrowing of HK\$4,064,000 from a company controlled by a director of certain subsidiaries of the Company. The amount was unsecured, interest-bearing at 2% per month and was fully repaid during the year.
- (iii) The balance was other borrowing of EUR594,339 (equivalent to approximately HK\$5,016,000) (2023: HK\$nil) from an independent third party (the "Lender"). The other borrowing is pledged by 2,666 shares of or 3.78% equity interest in Quantron held by the Group with carrying amount of EUR2,210,000 (equivalent to approximately HK\$18,649,000) (2023: EURnil) and repayable in June 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

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 space. 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 2024 and 2023:

	2024		2023	
	Present value HK\$'000	Future lease payments HK\$'000	Present value HK\$'000	lease payments HK\$'000
Not later than 1 year	4,648	4,835	4,050	4,113
Later than 1 year and not later than 2 years	2,026	2,076	485	527
Later than 2 years and not later than 5 years	187	189	603	627
	<u>6,861</u>	<u>7,100</u>	<u>5,138</u>	<u>5,267</u>
Less: total future interest expenses		(239)		(129)
Present value of lease liabilities		<u>6,861</u>		<u>5,138</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

31. DEFERRED TAX LIABILITIES

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

	Fair value adjustment of land and building arising from business combination HK\$'000
At 1 April 2022	5,022
Credited to profit or loss	(127)
Exchange alignment	(373)
At 31 March 2023 and 1 April 2023	4,522
Credited to profit or loss	(122)
Exchange alignment	(234)
At 31 March 2024	4,166

32. LOANS FROM SHAREHOLDERS

The loans are unsecured, interest-free with principal amounts of HK\$12,277,000 (2023: HK\$6,938,000) and HK\$nil (2023: HK\$4,458,000) repayable on demand or within one year and after one year respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

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\$7.50 (after adjustment for the share consolidation (Note 34(i)) or HK\$0.75 per share (before adjustment for the share consolidation) 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 on or 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 or another financial assets. The fair value of the Convertible Notes as at 28 February 2014 amounted to HK\$2,570,158,000 was credited to the “convertible notes equity reserve” on the issuance of the Convertible Notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

33. CONVERTIBLE NOTES (Continued)

Details of Convertible Notes outstanding are as follows:

	Principal amount HK\$'000	Number of conversion shares	Convertible notes equity reserve HK\$'000
Balance as at 1 April 2022, 31 March 2023 and 1 April 2023	7,500	10,000,000	6,625
Share consolidation (Note (i))	–	(9,000,000)	–
Transfer to accumulated losses on maturity date (Note (ii))	–	–	(6,625)
Balance as at 31 March 2024 (Note (ii))	7,500	1,000,000	–

Notes:

- (i) Pursuant to the terms of the subscription agreement of the Convertible Notes, the conversion price of the Convertible Notes and the number of conversion shares issuable upon exercise of the conversion rights attaching to the Convertible Notes have been adjusted with effect from 13 October 2023 following the share consolidation (Note 34(i)) became effective.
- (ii) No conversion of the Convertible Notes during both years despite the maturity of the Convertible Notes on 27 February 2024. On 14 February 2024, the Company sent a written notification to one holder (the "Noteholder") holding the outstanding Convertible Notes with principal amount of HK\$7,500,000 for the issuance of 1,000,000 conversion shares. As there was no acknowledgement from the Noteholder until the maturity date, no conversion shares were allotted or issued. On 25 April 2024, the Company and the Noteholder entered into an agreement to settle the outstanding Convertible Notes by purchasing 1,000,000 shares from the market to be transferred to the Noteholder. As the conversion options embedded in the Convertible Notes remain unexercised on the maturity date, the remaining balance in convertible notes equity reserve has been transferred to accumulated losses in accordance with the accounting policy of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

34. SHARE CAPITAL

	2024		2023	
	Number of shares	HK\$'000	Number of shares	HK\$'000
Authorised:				
Ordinary shares of HK\$0.1 (2023: HK\$0.01) each				
Authorised:				
At beginning of the year	50,000,000,000	500,000	50,000,000,000	500,000
Share consolidation (Note (i))	(45,000,000,000)	—	—	—
At end of the year	5,000,000,000	500,000	50,000,000,000	500,000
Issued and fully paid:				
At beginning of the year	9,279,678,975	92,796	9,009,678,975	90,096
Issue of shares from share award plan (Note (ii))	—	—	270,000,000	2,700
Share consolidation (Note (i))	(8,351,711,078)	—	—	—
At end of the year	927,967,897	92,796	9,279,678,975	92,796

Notes:

- (i) On 13 October 2023, the Company underwent a share consolidation for every ten (10) issued and unissued ordinary shares of the Company be consolidated into one (1) ordinary share of the Company whereby the par value of all the then issued and unissued consolidated shares increases from HK\$0.01 to HK\$0.1 each (the "Share Consolidation"). Immediately after the Share Consolidation became effective, there were 927,967,897 shares in issue.
- (ii) On 9 December 2022, before adjustment of the Share Consolidation, 270,000,000 share awards were granted to the selected participants under the share award plan. All awards were vested immediately on the date of grant.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

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 "2013 Share Option Scheme"). The 2013 Share Option Scheme is governed by Chapter 17 of the Listing Rules and will remain in force for 10 years from the adoption date on 30 August 2013.

Pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 29 August 2023 (the "Adoption Date"), the Company's new share option scheme (the "2023 Share Option Scheme") was adopted. The 2023 Share Option Scheme will remain in force for 10 years from the Adoption Date and the terms under the 2023 Share Option Scheme had been prepared in compliance with the Chapter 17 of the Listing Rules currently in force, taking into account of amendments therein relating to shares schemes of listed issuers, which took effect on 1 January 2023 to the extent it is applicable.

There was no share option granted under the 2023 Share Option Scheme during the year. The total number of options available for grant (including awards) was 92,796,789 (the "Overall Scheme Limit", after the effect on the Share Consolidation), representing 10% of the issued share capital of the Company as at the Adoption Date.

On 20 December 2022, before the adjustment of the Share Consolidation, 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 is HK\$0.032 per share. Among the options granted during the financial year ended 31 March 2023, a total of 239,000,000 share options 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 share options were granted to the directors of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

35. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

Share option scheme (Continued)

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

Date of offer of grant	At 01/04/2022	Granted during the year	Forfeited during the year	At 31/03/2023	Adjusted during the year	At 31/03/2024	Exercise price	Adjusted exercise price	Exercise period	Vesting period
11/04/2014	49,000,000	-	(15,000,000)	34,000,000	(30,600,000)	3,400,000	HK\$1.15	HK\$11.5	12/04/2016 to 10/04/2024	11/04/2014 to 12/04/2020
10/03/2016	278,600,000	-	(17,500,000)	261,100,000	(234,990,000)	26,110,000	HK\$0.30	HK\$3.0	10/03/2016 to 09/03/2026	10/03/2016 to 11/03/2020
25/02/2021	278,000,000	-	(19,000,000)	259,000,000	(233,100,000)	25,900,000	HK\$0.13	HK\$1.3	25/02/2021 to 25/02/2031	N/A
07/04/2021	15,000,000	-	(15,000,000)	-	-	-	HK\$0.142	HK\$1.42	07/04/2022 to 06/04/2032	07/04/2021 to 07/04/2022
20/12/2022	-	374,000,000	(4,000,000)	370,000,000	(333,000,000)	37,000,000	HK\$0.038	HK\$0.38	20/12/2022 to 19/12/2032	N/A
	<u>620,600,000</u>	<u>374,000,000</u>	<u>(70,500,000)</u>	<u>924,100,000</u>	<u>(831,690,000)</u>	<u>92,410,000</u>				

The exercise prices and numbers of share options have been adjusted with effect from 13 October 2023 due to the Share Consolidation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

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 5.95 years (2023: 6.95 years). The weighted average exercise price of options outstanding at the end of the year was HK\$1.8 (2023: HK\$1.8 (after adjustment of the Share Consolidation)).

92,410,000 (2023: 92,410,000 (after adjustment of the Share Consolidation)) share options were exercisable at the end of the year.

There was no exercise of share options during the years ended 31 March 2024 and 2023.

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:

20 December 2022

Fair value at measurement date	HK\$0.019/HK\$0.0203
Share price at the date of offer of grant	HK\$0.032
Exercise price	HK\$0.038
Expected volatility	70.70%
Expected life	10 years
Expected dividend rate	0%
Risk-free interest rate	3.99%

During the year ended 31 March 2023, an equity-settled share-based payment expense of approximately HK\$7,206,000 was recognised in relation to the share options.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

35. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

Share award plan

The Company adopted the share award plan (the “Share Award Plan”) on 8 May 2019 and will remain in force for 10 years.

Pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 29 August 2023, the Company’s Share Award Plan was amended and restated. The amended and restated rules relating to the Share Award Plan was prepared in compliance with the Chapter 17 of the Listing Rules currently in force, taking into account of amendments therein relating to shares schemes of listed issuers, which took effect on 1 January 2023 to the extent it is applicable. Details of the amendments to the Share Award Plan are set out in the circular of the Company dated 28 July 2023.

On 9 December 2022, a total of 270,000,000 (equivalent to 27,000,000 after adjustment on the Share Consolidation) 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 (equivalent to HK\$0.36 after adjustment on the Share Consolidation), being the closing price at the date of grant.

During the year ended 31 March 2023, an equity-settled share-based payment expense of approximately HK\$9,720,000 was recognised in relation to the share awards.

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For the year ended 31 March 2024

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 76 of this 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.

(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).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

36. RESERVES (Continued)

(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 the outstanding Convertible Notes recognised in accordance with the accounting policy set out in Note 4(h)(vi).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

36. RESERVES (Continued)

(h) Movement of reserves of the Company

	Share premium HK\$'000	Contributed surplus HK\$'000	Convertible notes equity reserve HK\$'000 (Note 33)	Share options reserve HK\$'000	Share award reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 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 and 1 April 2023	3,970,029	87,109	6,625	80,421	–	(2,743,142)	1,401,042
Loss for the year and total comprehensive income	–	–	–	–	–	(420,608)	(420,608)
Expiration of convertible notes	–	–	(6,625)	–	–	6,625	–
At 31 March 2024	3,970,029	87,109	–	80,421	–	(3,157,125)	980,434

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

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	
	2024	2023
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.

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For the year ended 31 March 2024

37. NON-CONTROLLING INTERESTS (Continued)

	2024 HK\$'000	2023 HK\$'000
Dynamic Union International Limited		
Current assets	728	728
Current liabilities	(21,413)	(21,386)
Equity attributable to owners of the Company	(10,549)	(10,535)
Non-controlling interests	(10,136)	(10,123)
Revenue	–	–
Loss for the year	(27)	(24)
Loss attributable to owners of the Company	(14)	(12)
Loss attributable to the non-controlling interests	(13)	(12)
Loss for the year	(27)	(24)
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	(14)	(12)
Total comprehensive income attributable to the non-controlling interests	(13)	(12)
Total comprehensive income for the year	(27)	(24)
Net cash flow from operating activities	–	–
Net cash flow from investing activities	–	–
Net cash flow from financing activities	–	–
Net cash flow	–	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

37. NON-CONTROLLING INTERESTS (Continued)

	2024 HK\$'000	2023 HK\$'000
Tong Guan La Plata Company Limited		
Current assets	71,992	74,513
Non-current assets	–	–
Current liabilities	(21,866)	(26,693)
Equity attributable to owners of the Company	44,236	42,853
Non-controlling interests	5,890	4,967
Revenue and other income	16	18
Loss for the year	(1,336)	(946)
Loss attributable to owners of the Company	(802)	(568)
Loss attributable to the non-controlling interests	(534)	(378)
Loss for the year	(1,336)	(946)
Other comprehensive income attributable to owners of the Company	2,185	(45)
Other comprehensive income attributable to the non-controlling interests	1,457	(30)
Other comprehensive income for the year	3,642	(75)
Total comprehensive income attributable to owners of the Company	1,383	(613)
Total comprehensive income attributable to the non-controlling interests	923	(408)
Total comprehensive income for the year	2,306	(1,021)
Net cash outflow from operating activities	(47)	(213)
Net cash inflow from investing activities	2	–
Net cash inflow from financing activities	19	14
Net cash outflow	(26)	(199)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

37. NON-CONTROLLING INTERESTS (Continued)

	2024 HK\$'000	2023 HK\$'000
Chongqing Suitong New Energy Automotive Manufacturing Co., Ltd.		
Current assets	38,384	44,466
Non-current assets	56,742	64,439
Current liabilities	(152,705)	(193,502)
Non-current liabilities	(4,166)	(9,665)
Equity attributable to owners of the Company	(43,221)	(65,983)
Non-controlling interests	(18,524)	(28,279)
Revenue	1,624	1,457
(Loss)/profit for the year	(22,078)	530
(Loss)/profit attributable to owners of the Company	(15,455)	371
(Loss)/profit attributable to the non-controlling interests	(6,623)	159
(Loss)/profit for the year	(22,078)	530
Other comprehensive income attributable to owners of the Company	2,320	5,370
Other comprehensive income attributable to the non-controlling interests	994	2,302
Other comprehensive income for the year	3,314	7,672
Total comprehensive income attributable to owners of the Company	(13,135)	5,741
Total comprehensive income attributable to the non-controlling interests	(5,629)	2,461
Total comprehensive income for the year	(18,764)	8,202
Net cash inflow/(outflow) from operating activities	12,459	(1,890)
Net cash (outflow)/inflow from investing activities	(1,275)	167
Net cash (outflow)/inflow from financing activities	(923)	1,723
Net cash inflow	10,261	—

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For the year ended 31 March 2024

38. STATEMENT OF FINANCIAL POSITION OF COMPANY AS AT 31 MARCH 2024

	Notes	2024 HK\$'000	2023 HK\$'000
Non-current assets			
Interests in subsidiaries	18	1,052,360	1,384,651
Total non-current assets		1,052,360	1,384,651
Current assets			
Other receivables and prepayments		354	30,295
Financial assets at FVTPL		27,008	85,400
Cash and bank balances		1,816	73
Total current assets		29,178	115,768
Total assets		1,081,538	1,500,419
Current liabilities			
Accruals		3,292	6,581
Other borrowing		5,016	–
Total current liabilities		8,308	6,581
Net current assets		20,870	109,187
NET ASSETS		1,073,230	1,493,838
Equity			
Share capital	34	92,796	92,796
Reserves	36(h)	980,434	1,401,042
TOTAL EQUITY		1,073,230	1,493,838

On behalf of the Board

Cheung Ngan
Director

Chan Hoi Ying
Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

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:

	2024 HK\$'000	2023 HK\$'000
Acquisition of property, plant and equipment	18,943	19,982
Capital expenditure in respect of the construction of the ores processing plant	3,673	3,698
Capital expenditure in respect of the mining operations	17,346	8,011
Capital expenditure in respect of the development of electric vehicles	779	1,076
	40,741	32,767

40. RELATED PARTY TRANSACTIONS

Members of key management personnel during the year comprised only of the Company's 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 material transactions with its related parties during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

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 loans from shareholders, bank and other borrowings and lease liabilities) 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.

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

	2024 HK\$'000	2023 HK\$'000
Loans from shareholders	12,277	11,396
Bank and other borrowings	9,892	9,893
Lease liabilities	6,861	5,138
	<u>29,030</u>	<u>26,427</u>
Equity attributable to owners of the Company	<u>1,246,213</u>	<u>1,658,925</u>
Gearing ratio	<u>2.33%</u>	<u>1.59%</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

42. FINANCIAL RISK MANAGEMENT

Exposure to credit, liquidity, interest rate and foreign currency risks arises 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, deposits, 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 51% (2023: 55%) and 100% (2023: 100%) of the trade receivables and contract assets were due from the Group's largest debtor and the five largest debtors respectively.

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 and 2024, the expected loss rates applied in the provision matrix are determined with reference to the debtors' characteristics, including historical actual loss experience 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

42. FINANCIAL RISK MANAGEMENT

Credit risk (Continued)

Trade receivables

	ECL rate – weighted average	At 31 March 2024		Net carrying amount HK\$'000
		Gross carrying amount HK\$'000	Loss allowance HK\$'000	
Collective assessment:				
More than six months but less than one year past due	5%	2,317	(119)	2,198
More than two years but less than three years past due	100%	8,435	(8,435)	–
More than three years past due	100%	10,956	(10,956)	–
		<u>21,708</u>	<u>(19,510)</u>	<u>2,198</u>
Individual assessment:				
Not yet past due	13%	9,755	(1,263)	8,492
Less than one month past due	13%	235	(30)	205
One to three months past due	13%	466	(61)	405
More than three months but less than six months past due	13%	692	(91)	601
More than six months but less than one year past due	13%	1,359	(183)	1,176
More than one year but less than two years past due	16%	442	(72)	370
More than two years past due	100%	4,717	(4,717)	–
		<u>17,666</u>	<u>(6,417)</u>	<u>11,249</u>
		<u>39,374</u>	<u>(25,927)</u>	<u>13,447</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

42. FINANCIAL RISK MANAGEMENT (Continued)

Credit risk (Continued)

Trade receivables (Continued)

		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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

42. FINANCIAL RISK MANAGEMENT (Continued)

Credit risk (Continued)

Contract assets

	ECL rate – weighted average	At 31 March 2024		Net carrying amount HK\$'000
		Gross carrying amount HK\$'000	Loss allowance HK\$'000	
Not yet past due	4%	13,253	(530)	12,723

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

Other receivables and deposits and amount due from an associate

For other receivables and deposits and amount due from an associate as at 31 March 2023 and 2024, the Group measures loss allowances 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

42. FINANCIAL RISK MANAGEMENT (Continued)

Credit risk (Continued)

Other receivables and deposits and amount due from an associate (Continued)

These receivables and deposits that are not credit-impaired since 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". 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.
- 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

42. FINANCIAL RISK MANAGEMENT (Continued)

Credit risk (Continued)

Other receivables and deposits and amount due from an associate (Continued)

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:

At 31 March 2024					
	ECL rate	12-month ECLs	Lifetime ECLs	Gross carrying amount	Loss allowance
	(%)	Stage 1	Stage 3		
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Not yet past due	6%	7,322	–	7,322	–*
		7,322	–	7,322	–

At 31 March 2023					
	ECL rate	12-month ECLs	Lifetime ECLs	Gross carrying amount	Loss allowance
	(%)	Stage 1	Stage 3		
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Not yet 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

* 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

42. FINANCIAL RISK MANAGEMENT (Continued)

Credit risk (Continued)

Other receivables and deposits and amount due from an associate (Continued)

The following table provides information about the Group's exposure to credit risk and ECL for amount due from an associate at the end of the reporting period:

	At 31 March 2024			
	Expected loss rate (%)	Lifetime ECLs Stage 3 HK\$'000	Gross carrying amount HK\$'000	Loss allowance HK\$'000
More than six months but less than one year past due	100%	6,097	6,097	6,097

	At 31 March 2023			
	Expected loss rate (%)	12 months ECLs Stage 1 HK\$'000	Gross carrying amount HK\$'000	Loss allowance HK\$'000
Not yet past due	0%	6,565	6,565	–

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 high credit-rating assigned by international credit rating agencies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

42. FINANCIAL RISK MANAGEMENT (Continued)

Credit risk (Continued)

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

	Impairment loss allowance HK\$'000
At 1 April 2022	16,725
Impairment loss recognised	5,939
Impairment loss reversed	(115)
Exchange realignment	(1,059)
At 31 March 2023 and 1 April 2023	21,490
Impairment loss recognised	5,594
Impairment loss reversed	(421)
Exchange realignment	(736)
At 31 March 2024	25,927

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

	Impairment loss allowance HK\$'000
At 1 April 2022	461
Exchange realignment	(34)
At 31 March 2023 and 1 April 2023	427
Impairment loss recognised	126
Exchange realignment	(23)
At 31 March 2024	530

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

42. FINANCIAL RISK MANAGEMENT (Continued)

Credit risk (Continued)

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 2022	–
Impairment loss recognised	<u>14,099</u>
At 31 March 2023 and 1 April 2023	14,099
Derecognition of an other receivable	<u>(14,099)</u>
At 31 March 2024	<u>–</u>

Movement in loss allowance account in respect of amount due from an associate during the year is as follows:

	Impairment loss allowance HK\$'000
At 1 April 2022, 31 March 2023 and 1 April 2023	–
Impairment loss recognised	<u>6,097</u>
At 31 March 2024	<u>6,097</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

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:

	Carrying amount HK\$'000	Total HK\$'000	Within 1 year or on demand HK\$'000	More than 1 year but less than 5 years HK\$'000
2024				
Accounts payable	7,208	7,208	7,208	–
Other payables and accruals	66,736	66,736	66,736	–
Loans from shareholders	12,277	12,277	12,277	–
Bank and other borrowings	9,892	10,752	10,752	–
Lease liabilities	6,861	7,100	4,835	2,265
	102,974	104,073	101,808	2,265
2023				
Accounts payable	9,785	9,785	9,785	–
Other payables and accruals	29,415	29,415	29,415	–
Loans from shareholders	11,396	11,396	6,938	4,458
Bank and other borrowings	9,893	10,430	5,253	5,177
Lease liabilities	5,138	5,267	4,113	1,154
	65,627	66,293	55,504	10,789

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

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 2024. 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 recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate.

	Liabilities		Assets	
	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
RMB	37,179	4,324	196	14
USD	359	16,297	14,090	35,362
EUR	5,016	3,255	1,644	29,755

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

If the exchange rate of RMB against HK\$ had appreciated/depreciated by 5%, loss for the year would increase/decrease by HK\$1,849,000 (2023: HK\$216,000) respectively.

Apart from the RMB, the management of the Group considers the currency risk of the Group is insignificant for the years ended 31 March 2024 and 2023, hence no sensitivity analysis is presented.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

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 2024 and 2023 are categorised as follows:

	2024 HK\$'000	2023 HK\$'000
Financial assets		
Financial assets at amortised cost (including cash and bank balances)	34,670	67,613
Financial assets at FVTPL – unlisted equity investments	27,008	85,400
	61,678	153,013
Financial liabilities		
Financial liabilities at amortised cost	96,113	60,489
Lease liabilities	6,861	5,138
	102,974	65,627

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

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).

	As at 31 March 2024				As at 31 March 2023			
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Financial assets at fair value								
– unlisted equity investments	–	–	27,008	27,008	–	–	85,400	85,400

There were no transfers between levels during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

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 market to reflect the market change.

The significant unobservable inputs

	2024	2023
Adjustment factor in stock price index	72.09%	96.85%

Increased/decreased stock price index by 5% would increase/decrease the fair value by HK\$1,688,000 (2023: HK\$4,270,000).

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

	2024 HK\$'000	2023 HK\$'000
Unlisted equity investments		
At the beginning of the year	85,400	42,768
Additions arising from the termination of the contract (Note 25)	23,740	–
Fair value change	(36,783)	87,712
Disposal	(43,577)	(45,080)
Exchange realignment	(1,772)	–
At the end of the year	27,008	85,400

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

44. NOTE SUPPORTING CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of liabilities arising from financing activities:

	Loans from shareholders HK\$'000	Bank and other borrowings HK\$'000	Lease liabilities HK\$'000	Total HK\$'000
At 1 April 2023	11,396	9,893	5,138	26,427
Changes from financing cash flows:				
Proceeds from loans from shareholders	1,271	–	–	1,271
Proceeds from other borrowing	–	5,016	–	5,016
Repayment of bank borrowing	–	(656)	–	(656)
Repayment of other borrowing	–	(4,064)	–	(4,064)
Repayment of principal portion of lease liabilities	–	–	(2,887)	(2,887)
Interest paid on bank borrowing	–	(267)	–	(267)
Interest paid on other borrowing	–	(307)	–	(307)
Interest paid on lease liabilities	–	–	(204)	(204)
Total changes from financing cash flow	1,271	(278)	(3,091)	(2,098)
Exchange realignment	(390)	(297)	(151)	(838)
Other changes:				
Increase in lease liabilities from entering into new leases during the year	–	–	4,761	4,761
Interest on other borrowing	–	307	–	307
Interest on bank borrowing	–	267	–	267
Interest on lease liabilities	–	–	204	204
	–	574	4,965	5,539
At 31 March 2024	12,277	9,892	6,861	29,030

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

44. NOTE 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 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
Exchange realignment	(292)	(524)	(715)	(1,531)
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)
	–	308	(1,143)	(835)
At 31 March 2023	11,396	9,893	5,138	26,427

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

44. NOTE SUPPORTING CONSOLIDATED STATEMENT OF CASH FLOWS

(Continued)

(b) Significant non-cash transaction

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

During the year ended 31 March 2024, inventory with carrying amount of HK\$1,965,000 (2023: HK\$nil) was transferred to property, plant and equipment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

45. DEEMED DISPOSAL OF SUBSIDIARY IN PREVIOUS YEAR

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		<u>(3,958)</u>
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	<u>13,484</u>
Total consideration		<u>9,514</u>
Satisfied by:		
Cash consideration		86
Fair value of 49% equity interest retained by the Group	21	2,863
Amount due from Japan Dynamics		<u>6,565</u>
Total		<u>9,514</u>
Net cash outflow from the Deemed Disposal		
Cash and bank balances disposed of		(1,402)
Cash consideration received		<u>86</u>
Total		<u>(1,316)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

46. ACQUISITION OF ADDITIONAL INTERESTS OF SUBSIDIARIES IN CHONGQING RESULTING FROM REORGANISATION

On 2 June 2023, the Group entered into a sale and purchase agreement for selling its entire equity interest in a group of subsidiaries (the "Target Group") to an independent third party at a consideration of RMB34 million (the "Suitong Disposal"). The intended assets to be disposed of are certain intangible assets including modified bus enterprise status. According to the terms of the agreement, the Group is required to reorganise the group structure (the "Reorganisation") and transfer assets and liabilities of the Target Group excluding certain intangible assets to other group entities. During the year ended 31 March 2024, certain steps of the Reorganisation has been completed.

On 9 May 2023 and 8 June 2023, a 70%-owned subsidiary ("Subsidiary A") of the Target Group agreed to transfer the entire equity interests of its two wholly owned subsidiaries ("Subsidiary B" and "Subsidiary C") to another wholly owned subsidiary of the Group at a consideration of RMB1,000 and RMB10,000 respectively. Accordingly, the proportionate share of the carrying amounts of the net liabilities of Subsidiary B and Subsidiary C of HK\$15,384,000 attributable to the non-controlling interests were debited to the accumulated losses account.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

47. LITIGATIONS

- (a) On 29 April 2021, one contractor 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(ii)) of Guangxi Weiri has been ordered to be detained for a period of three years from 29 April 2021. The Arbitration 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 Judgment letter to notify the Group that the payment specified in the Judgement dated 1 April 2022 remains unpaid. Consequently, the Court 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 the Guangxi Contractor reached a settlement agreement. In accordance with the agreement, the Group 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.

- (b) On 9 December 2022, Guangxi Contractor has commenced an arbitration against Guangxi Weiri (the "Arbitration 2") and applied to the Court claiming the outstanding contract sum and respective interest in the aggregate amount of approximately RMB2.5 million in relation to a construction and exploration contract entered into between Guangxi Weiri and Guangxi Contractor in December 2014. On 13 April 2023, the first hearing was held by the Court in relation to the Arbitration 2. On 25 May 2023, Guangxi Contractor applied to the Court for judicial preservation to freeze the assets of Guangxi Weiri up to RMB2.5 million. Accordingly, the mining rights of the Group were frozen for a period of three years from 26 May 2023 in accordance with the notice from the Court dated 12 June 2023, which was received by the management of the Company on 5 July 2023. On 30 June 2023, the Court issued an civil judgment letter and ordered Guangxi Weiri to pay the outstanding contract sum and respective interest, totalling approximately RMB1,583,000, which has been provided and included in "other payables and accruals" as at 31 March 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

47. LITIGATIONS (Continued)

- (c) On 29 May 2023, one contractor in Chongqing initiated a litigation against a subsidiary of the Group claiming outstanding construction payable, together with the late penalties, totalling approximately RMB193,000. On 22 August 2023, a judgement was made by the court where the Group is required to repay the contractor the outstanding construction payable, together with the late penalties, totalling approximately RMB130,000 (equivalent to HK\$141,000), which had been provided and included in “other payables and accruals” as at 31 March 2024. The settlement has not yet been made at the end of the reporting period. Based on the notices from the court dated 9 January 2024 and 10 April 2024, the plant and machinery of the Group was frozen for a period of three years from 9 January 2024 and the motor vehicles were frozen for a period of two years from 10 April 2024.

48. EVENTS AFTER THE REPORTING DATE

Subsequent to the end of the reporting period, on 30 May 2024, the Group signed a share transfer agreement with a buyer to dispose of its 49% equity interest in Japan Dynamics at a consideration of JPY10,000 (equivalent to HK\$500). Up to the date of the report, the disposal was completed and Japan Dynamics ceased to be an associate of the Group since then.

Apart from the above, pursuant to a supplement agreement dated 4 June 2024 entered into between the Company and the Lender (Note 29(iii)), the Company agreed to transfer the collateral of 2,666 shares in Quantron to the Lender as full settlement of the other borrowing.

On 26 June 2024, the Board proposed to implement the capital reorganisation (the “Capital Reorganisation”) for the purpose of reducing the par value of each ordinary share, pursuant to which (i) the par value of each issued ordinary share will be reduced from HK\$0.10 to HK\$0.01 (the “Capital Reduction”); and (ii) immediately following the Capital Reduction, each of the authorised but unissued ordinary shares will be subdivided into ten authorised but unissued ordinary shares. On the same date, the Company proposed, subject to the Capital Reorganisation becoming effective, to conduct a rights issue (the “Rights Issue”) to raise up to approximately HK\$132.2 million before expenses by way of the issuing up to 1,391,951,844 rights shares at the subscription price of HK\$0.095 per rights share on the basis of three rights shares for every two existing ordinary shares. Details of the Rights Issue are set out in the announcement published on 26 June 2024.

49. APPROVAL OF THE FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 27 June 2024.